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# 2017-2018

# **ANNUAL REPORT**





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Director

**Joanne Bérubé-Gagné,**  
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**Bradford Cameron,**  
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and Customer Service

**Paul Henderson,**  
Vice-President, Category Management,  
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170 Wilsey Road, P.O. Box 20787,  
Fredericton, N.B., Canada  
E3B 5B8

**ANBL.COM**

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# TABLE OF CONTENTS

Chair's Letter	4
Four-Year Strategic Goals	6
President's Message	7
2017-2018 Year In Review	8
Store Locations	28
Sales By Location	30
Agent Sales By Location	31
Financial Statements	32

## LITRES

Category	2017-2018	2016-2017	Change	%
Spirits	3,041,918	2,970,428	71,490	2.4%
Wine	7,027,198	6,713,131	314,067	4.7%
Beer	46,592,927	46,803,724	-210,797	-0.5%
Coolers & Ciders	4,095,788	3,604,341	491,447	13.6%
Totals	60,757,831	60,091,624	666,207	1.1%

## SALES PER LITRE

Category	2017-2018	2016-2017
Spirits	\$ 33.12	\$ 32.72
Wine	\$ 14.09	\$ 13.64
Beer	\$ 4.28	\$ 4.27
Coolers & Ciders	\$ 7.07	\$ 7.30

# CHAIR'S LETTER



*Honourable Cathy Rogers  
Minister of Finance  
Province of New Brunswick,  
Fredericton, N.B.*

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 ending April 1, 2018.

On behalf of the Board of Directors, we strive to provide support and leadership to the Corporation as well as ensuring good governance.

During the past year, the Board has welcomed three new members: Joanne Berubé-Gagné, Jocelyne Hachey, and Pierre LaFrance. They bring to the Board a wide range of skills, competencies and experience. Their addition to the Board now ensures gender parity while representing the province in regards to geographic locations and official languages.

The Corporation has continued to focus on implementing improvements: from enhancing the customer experience with better product offerings and support for our local

producers and craft breweries, to renovated stores, an updated website, more training for employees, new processes to manage our social responsibility, and adopting innovative practices for greater efficiency.

The Corporation has also provided support and guidance to the newly formed Crown Corporation in preparation for the launch of adult use cannabis. The Province of New Brunswick is one of the few provinces who has been proactive preparing for this tremendous change and ANBL is well positioned to manage it.

A key factor in ANBL's success is the quality and engagement of its employees throughout the province who strive every day to be the B.E.S.T. (Better. Every. Single. Time). Our CEO's leadership and his engaged management team provide the guidance and direction needed to take the organization to new levels.

Respectfully submitted,

**Rachelle Gagnon**  
Chair, Board of Directors

# OUR OPERATION



NUMBER OF  
**ANBL STORES**



NUMBER OF  
**AGENCY STORES**



NUMBER OF  
**EMPLOYEES**



NUMBER OF  
**REGULAR LISTED  
PRODUCTS**



NUMBER OF  
**GROCERY STORES**

# 2018 VISION

Our engaged  
team delivers the

## B.E.S.T.

*(Better. Every. Single. Time.)*

retail customer experience.

**MISSION** To responsibly manage a successful business for the people of New Brunswick.

## FOUR-YEAR STRATEGIC GOALS

We are 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, private agency outlets, and grocery stores.

## 2016-2020 STRATEGY

Our four-year strategic plan focuses on growth, eliminating waste and adding value, building a high-performance culture, enhancing our customer relevance, and improving our corporate citizenship. Fiscal 2017-2018 is the second year of the four year plan.

## FOUR-YEAR VISION GOALS



1

### Accelerate growth

Achieve an average  
net income growth of  
1.5%.



2

### Eliminate waste and add value

Conduct a  
LEAN review of 80%  
of processes.



3

### Establish a high performance culture

Implement trusted  
and trained teams  
at all levels.



4

### Focus on optimizing our relevance to our customer

Become the  
preferred retailer in  
New Brunswick.



5

### Be recognized as a good Corporate Citizen

Provide a positive  
impact in society.

6

2017-2018 ANNUAL REPORT

# PRESIDENT'S MESSAGE 2017-2018

The past year was an exciting one – not only for ANBL but for our customers and the entire province. We unveiled the Salisbury Depot concept store and the results have exceeded our expectations. Customers have embraced this destination as a one-of-a-kind beverage alcohol shopping experience. The lessons learned from the implementation of this retail model have proven to be inspirational, educational and will be an excellent resource to draw from as we continue to evolve and challenge ourselves to be better every single time.

Customer relevance fuels our efforts in order to successfully achieve our mandate of socially responsible distribution and retailing of beverage alcohol throughout New Brunswick. Strategic investment in our portfolio listings, in combination with streamlined focus and exciting new venues, will enable ANBL to partner with New Brunswickers to stimulate economic viability and growth for the province.

I continue to be extremely proud and amazed by the ANBL team who strive to exceed customers' expectations with stellar customer service. Their significant contributions, either independently or collectively, are often subtle and humble; the accolades are not expected or requested. However they are to be commended and celebrated. Quite often it sounds cliché, but our teams within the ANBL Stores, Distribution, and the Retail Operations Centre (ROC) truly are our best resource. Drawing upon their collective expertise, insight and information garnered from within the industry, input from our customers, and guidance and support from our stakeholders within government, I am confident ANBL's business results will continue to mirror, or exceed, the success achieved over the past four years.

Cheers,



**Brian Harriman**  
President and CEO



# 2017-2018 YEAR IN REVIEW

## STRATEGIC GOAL #1: ACCELERATE GROWTH

In fiscal year 2017-2018, we generated \$168.4 million in net income compared to a budget of \$165.0 million. Overall sales for the year were \$428.7 million – a 3.3% increase from last year. Volume for the year was 60.8 million litres.

### SALES BY PRODUCTS

Sales	2017-2018 (\$ 000s)	2016-2017 (\$ 000s)	CHANGE (%)
Spirits	100,755	97,188	3.7
Wine	99,047	91,567	8.2
Beer	199,507	199,730	-0.1
Coolers & Ciders	29,358	26,635	10.2
<b>Total</b>	<b>428,667</b>	<b>415,120</b>	<b>3.3</b>

### SALES BY SOURCE

Channel	2017-2018 (\$ 000s)	% OF SALES	2016-2017 (\$ 000s)	% OF SALES
Public	276,718	64.6	274,118	66.0
Licensee	45,777	10.7	44,381	10.7
Agent	98,347	22.9	92,260	22.2
Grocery	6,475	1.5	3,148	0.8
Other	1,350	0.3	1,213	0.3
<b>Total</b>	<b>428,667</b>	<b>100.0</b>	<b>415,120</b>	<b>100.0</b>

## SPIRITS

Spirits sales increased by 3.7%, to \$100.8 million in 2017-2018 from \$97.2 million in 2016-2017, a positive increase in a category which consistently remains stable. Volume increased by 2.4%.

Spirits sales from ANBL's November on-site store at the New Brunswick Spirits Festival in Fredericton, totalled \$306,500, an increase of 52% over last year.

## WINE

Wine sales increased by 8.2%, to \$99 million in 2017-2018 from \$91.6 million in 2016-2017. Volume increased by 4.7%.

Sales at the World Wine and Food Expo on-site store, held in Moncton in early November, totalled \$393,000 an increase of 7% over last year.

## BEER

Beer sales decreased by 0.1 %, totalling \$199.5 million in 2017-2018 compared to \$199.7 million in 2016-2017. Volume decreased by 0.5%

## COOLERS & CIDERS

Sales of coolers and ciders continued to rapidly grow in 2017-2018. We saw an increase of 10.2%, totalling \$29.4 million compared to \$26.6 million in 2016-2017. Volume increased by 13.6%.



## REMITTANCES TO GOVERNMENTS

### TO THE PROVINCE OF NEW BRUNSWICK

	2017-2018	2016-2017
Payments from net income	\$ 171 456 450	\$ 157 575 743
Environmental Trust Fund	2 817 174	2 807 894
Property taxes	299 903	297 333
	<b>\$ 174 573 527</b>	<b>\$ 160 680 970</b>

### TO THE GOVERNMENT OF CANADA

Harmonized Sales Tax	\$ 40 358 673	\$ 32 691 562
Excise tax and customs duties	18 076 770	17 376 061
	<b>\$ 58 435 443</b>	<b>\$ 50 067 623</b>
<b>Total</b>	<b>\$ 233 008 970</b>	<b>\$ 210 748 593</b>

# 2017-2018 YEAR IN REVIEW



## STRATEGIC GOAL #2: ELIMINATE WASTE AND ADD VALUE

### PROCESS REVIEW & WORKPLACE SAFETY

#### *Supply Chain and Warehouse*

The Supply Chain team members participated in an ANBL-wide project to define product lifecycle management processes for the organization. We continued to strengthen regional cooperation by working with the other Atlantic liquor boards to negotiate the expansion of a Regional Distribution Centre (RDC) in Halifax, N.S. to warehouse a number of products. These RDCs will service all four Atlantic liquor boards. Benefits include a reduction in procurement of product lead time, improved inventory turnover, and reduced inventory on hand.

Warehouse operations continued their focus on streamlining outbound transportation. Overall productivity in the warehouse increased 12% as a result of a LEAN

process review in 2016-2017. The warehouse team developed an action plan which was implemented this fiscal year. The action plan included coaching on the floor with a focus on occupational health & safety to ensure a balanced approach to warehouse operations.

Our warehouse team is dedicated to ensuring that employee safety is our number one priority. The team participated in an ANBL-wide Safety Leadership program with support from WorkSafe NB. As a result, a new safety initiative around safety awareness was implemented that emphasizes education and awareness. Our goal is to ensure that each team member is fully aware of best practices as well as potential risks that may be present in their work environment.

The warehouse developed five key Safety Pillars that are crucial to maintaining a safe work environment. In order for these to always be top of mind, a bright, on-brand banner featuring the safety pillars was installed, which



now surrounds the point of entry into the warehouse. This signifies that our team members are entering an environment with increased risk and that safety should be top of mind. Upon entry into the warehouse, more on-brand signage was installed in the assembly area where our team meets to conduct their morning stretches and safety talk. Each morning, the warehouse Health and Safety representative conducts a safety talk related to one of the five Safety Pillars. This serves as a reminder to our team that safety is a priority and that they're encouraged to think safely while they work.

The goal in the warehouse is to continuously facilitate safety developments to ensure that our team is able to enjoy work, and most importantly, return home safely to their families.

In addition to the focus on workplace safety, ANBL's Supply Chain department continues to find efficiencies in their operation. Cost per case shipped decreased to \$1.44 in 2017-2018 from \$1.59 in 2016-2017.

## STORE BUILDS

### *Efficiencies and Changes for Improved Service Delivery*

ANBL continues to invest in efficient technology, renovating its largest stores in the network with LED lighting, while at the same time executing the current ANBL brand experience.

## NB POWER DEMAND RESPONSE PILOT PROGRAM

In 2017-2018, ANBL participated in the NB Power Demand Response pilot program. In the pilot, ANBL utilized their backup generator to remove electrical demand from the NB Power grid during peak times allowing NB Power to assess the need for delivering excess power to the grid.

# 2017-2018 YEAR IN REVIEW



## STRATEGIC GOAL #3: ESTABLISH A HIGH-PERFORMANCE CULTURE

### PEOPLE & CULTURE

#### *Employee Engagement*

ANBL's 2017 Employee Engagement Survey saw 98% participation from employees, a 6% increase in participation from the prior year. Results indicated an 11% increase in the number of actively engaged employees. Similar to last year, we focused on the delivery of team and individual action plans to increase employee engagement. Action plans include:

- Providing coaching and training on increasing team engagement to all managers.
- Creating team goals to drive engagement.
- Prioritizing engagement goals and focusing on team commitments.
- Continuing to change conversations by focusing on successful outcomes.
- Celebrating success!

### PROFESSIONAL DEVELOPMENT

#### *Accelerated Leadership Development Program (ALDP)*

The Accelerated Leadership Development Program (ALDP) develops leadership from within ANBL, and 88 employees have completed ALDP since its 2007 inception. For 2017-2018, eighteen new participants began their personal leadership development journey with a focus on Retail Operations leadership development.

At ANBL, the ALDP program has developed participants who have been promoted to leadership roles, in which they experience professional success and exceptional performance/business results. This year, ten participants from the 2016-2017 ALDP group concluded their individual development plans. This group delivered on major projects such as district and store manager acting assignments, new location openings and developing and implementing the Salisbury Depot Store strategy.



## ORGANIZATIONAL EXCELLENCE

### Safety Leadership

#### **Safety Vision:** **Be Safe. Be Kind. Be Successful.**

We recognize Safety as a key indicator of organizational excellence. Our goal is to create, build and establish safety into every process, kindness in every interaction, and success in our business.

- We strive for a zero injury environment.
- We believe that all injuries are preventable.
- We operate on the basis of continuous improvement.

ANBL partnered with WorkSafe NB to pilot a new Safety Leadership program. The program provided training and tools to empower leaders in the creation of a safety culture at ANBL.

A culture of safety requires a consistent ongoing focus by all team members at ANBL. We believe that consistent ongoing safety coaching by leaders will help shape teams and increase a culture of safety throughout the organization.

The initiative involved a safety culture assessment and a 2017-18 action plan targeting deeper safety awareness and continuous improvement efforts for best safety practices. The Safety Leadership Program had a total of

160 participants across the organization who attended four training modules held throughout the year.

## CUSTOMER SERVICE

### Coaching

During the 2017-2018 year, ANBL re-certified 68.5% of Managers and Assistant Managers as coaches in our SERVICE Excellence customer service program. The objective of coaching is to review customer service techniques with store team members to improve our customers' shopping experience. Further to the online Coaching-on-the-Floor training video created last fiscal, ANBL created and implemented a Coaching-at-the-Cash training video to ensure that ANBL team members are able to provide customers with exceptional customer service from the floor to the point of sale.

## INTENSIVE SELLING

In 2017-2018, the third phase of the "Intensive Selling" program was successful in producing seven additional certified Intensive Sellers. Since its introduction in 2015-2016, there have been 23 successful candidates, three of which have advanced to Product Advisor positions. The program has evolved while maintaining its focus on selling skills, merchandising standards, business acumen, and product knowledge. The Intensive Seller program has been very successful in changing the selling culture in stores and it will continue throughout fiscal 2018-2019.

# 2017-2018 YEAR IN REVIEW

## STORE IMPROVEMENTS TO INCREASE PERFORMANCE

Redi-Rack display systems were rolled out to all the remaining stores that could physically incorporate them into the cold room (35 of the 41 corporate stores now have these systems). These racks make it easier for customers to locate their products, and increases efficiency for staff load time, rotating products, and reduces overall inventory.

Service Excellence continues to be a top priority in corporate stores. The intensive selling and coaching-on-the-floor programs continue to be two key elements that are contributing to the culture shift that is happening in our corporate stores.

This year, three corporate stores were converted to Agency stores: Cap Pelé, Petit Rocher, and Lamèque.

ANBL continued to expand our new brand throughout the province with renovations to our Depot (Salisbury), York Street (Fredericton), Regis Street (Dieppe), and Vaughan Harvey Boulevard (Moncton), and the Kennebecasis Valley locations. These updated stores are focused on providing customers with a modern, relevant, and exciting experience. These locations with the exception of Salisbury Depot, offer our customers several enhancements such as growler bars, wine tasting stations, cocktail areas, and tasting/education rooms.

# CUSTOMER SERVICE & RETAIL OPERATIONS STORE AWARDS

The awards were presented to Managers and Assistant Managers at the 2018 Spring Conference on behalf of all the retail team.

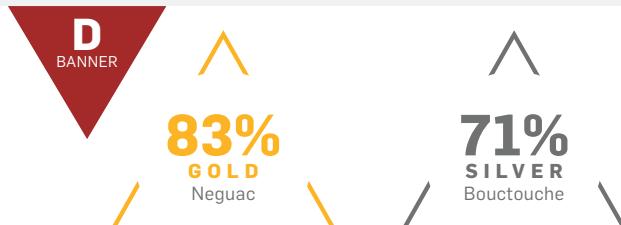
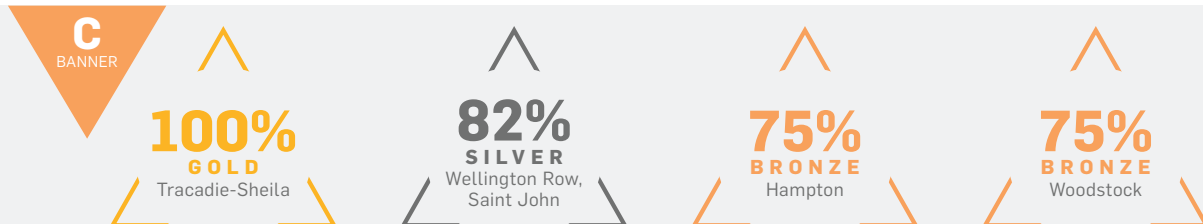
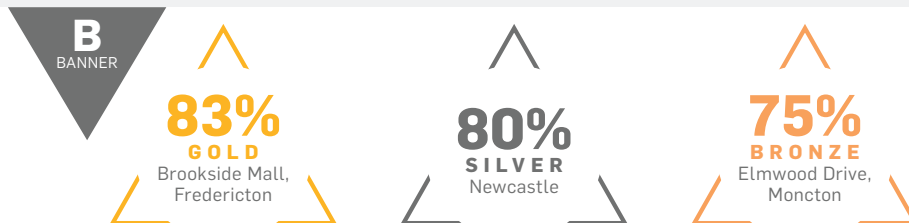
## SERVICE **EXCELLENCE** AWARDS

These awards are given to the stores with the top overall scores on their best three out of four mystery shops.



## STORE **SCORECARD** AWARDS

Awarded to stores in each banner with the highest scores on their balanced scorecard.



**EAST POINT,  
SAINT JOHN**

# 2017-2018 YEAR IN REVIEW



## STRATEGIC GOAL #4: FOCUS ON OPTIMIZING OUR RELEVANCE TO OUR CUSTOMER

### *The Journey Continues: ANBL's New Look and Feel Continues to "Wow."*

In year two of our four-year strategic plan, ANBL continues to focus on being an ultra-relevant retailer for our customers. Our teams work hard to ensure that the customer experiences are aligned with the ANBL brand and that relevance is felt by every customer, every single time.

In addition to the updates on the existing stores in the corporate network, we debuted two new store concepts in 2017-2018: our Depot concept store in Salisbury, and the Craft Beer Room, located in the historic Train Station

(York St.) in Fredericton. These two stores play unique roles in appealing to customers looking for a different shopping experience. The Depot store in Salisbury rewards customers with a graduated buy-up program that allows the customer to save more as they purchase more. Sporting large floor-to-ceiling warehouse-style racking, this store offers excellent value and selection at all price ranges. The store features images from throughout the province on its perimeter, highlighting some of the beauty found throughout New Brunswick. Due to the central



location of the store, and the area's reputation for being a travelling pit-stop destination – we claim:

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***“All roads lead to Salisbury.”***

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In contrast, the Craft Beer Room in Fredericton offers a more intimate shopping experience. Located in the same building as our historic Train Station (York St.) location, the Craft Beer Room features craft beer from around-the-world, with a large focus on local products. In addition, the space offers a rotating tap list and the innovative Pegas system on a state-of-the-art growler station. Customers interact with our beer experts while tasting the latest product offerings and viewing content, pricing, and more on nearby digital screens.

## **CATEGORY MANAGEMENT & MARKETING:**

### ***Creating a Total Retail Experience***

In 2017-2018, ANBL stayed top-of-mind by not only renovating our website, ANBL.com, but by overhauling our in-store marketing programs. Drawing on research from both in-house projects and third-party data from our supplier partners, ANBL created a consistent, yet enticing shopping experience in every corporate store throughout the province. In addition to the store experience being more engaging, the changes created significant efficiencies for store operations teams.

ANBL's new Execution Guide provides teams with the tools and information they need to ensure every customer leaves satisfied with their shopping experience. The new ANBL.com is a content-rich, easy-to-navigate site designed to be a one-stop shop for customers. Whether they are searching to see how many bottles of their favourite wine are in-stock at their preferred store, or they want to find out what temperature their Champagne should be served at, ANBL.com has them covered. In addition to the above-mentioned content, the web renovation gives the e-commerce capability necessary for the “total retail” experience our customers are looking for. Those customers visiting both our online and in-store channels will notice a consistent look, feel, and experience between the two as we attempt to ensure that the amazing experiences we provide in our stores are available whenever the customer visits us online.

ANBL's brand is more engaging than ever, proven by our social media interactions with our customers and potential customers. As ANBL's brand begins to permeate into all aspects of our business, the online community is now engaging more with us via Facebook, Twitter, and Instagram. ANBL is changing the conversation online to not only entice customers with offers, campaigns and promotions, but to listen to feedback, resolve problems, and humanize our business. One of our goals is to showcase the passion, dedication, and hard work that goes into not only providing the products customers want, but everything that goes into our unparalleled customer service and experience.



## ***No Special Occasion Needed***

In 2017-2018, ANBL focused on two key areas: guiding new customers into the exciting world of premium wines, offering a more enhanced wine drinking experience. For customers interested in trying wine, we focused on themes and in-store programs that helped educate while making it easy to find pairings for things like turkey, or to find hot trends like rosé and sparkling. In 2017-2018, we focused on streamlining our promotions to ensure we had fewer, bigger, better deals for customers. As a result, our promotional revenue grew by \$289,941 to \$6,693,075

For the experienced wine customer, we introduced them to ANBL's EXPÉRIENCE program. Now in its second year, the program has evolved tremendously, and offers over 30 new products each month, and is featured in over 20 stores across the province. Starting at \$17.99, these wines are hand-selected, and feature themes like showcased producers/suppliers, to more occasion driven ones such as "summer whites" or "sparkling." In addition, we launched a comprehensive e-flyer for the program that highlights new arrivals, gives information of all themes and the products associated, and the relevant content our wines customers love, including recipes paired with wines from the new release.

The Grocery wine program continued to grow as the number of stores increased to 44 in the 2017-2018 fiscal year. In addition to more locations, a refreshed portfolio was implemented to give customers more choice, and to ensure the program was as successful as it could be. The program generated \$6.5 million in revenue over the fiscal year.



## ***Keeping Customers Hoppy***

As ANBL's beer customer and beer landscape continues to evolve and change, significant investments were made to ensure that we stayed relevant with beer customers regardless of their preferences. In order to satisfy the largest segment of ANBL's beer customers (mainstream beer drinkers), we modified our everyday value offer and began offering 24 can units of our mainstream beer products for an everyday price of \$35.99. Using learnings from previous campaigns and promotions, ANBL wanted to ensure that, in addition to the beer customer being satisfied, other categories would still be shopped due to the everyday offer having a smaller out-of-pocket expense for the customer. In addition to being beneficial to categories like red wine and spirits, this also benefited premium and import beer drinkers as they were able to pick up beer at a great price for their occasion, and still have room in their budget to try the newest release from the world of craft beer, or their favourite import.

Craft beer, proven by the development and success of the Craft Beer Room in Fredericton, continues to grow in New Brunswick. In particular, local craft beer (micro-brewed beer produced in the Maritime Provinces) leads the charge. In 2017-2018, we recorded sales of \$41.8 million, which represents a growth of 38.8% from the previous fiscal year. Local producers are certain that the craft beer surge is not a blip on the radar, but part of a revolution.



## SPIRITS

### ***Cocktails and More!***

Three years ago, ANBL brought the cocktail culture to New Brunswick. Through recipes, usage suggestions, and a dynamic portfolio, our aim was to show the versatility of spirits, and to show the people of NB why the world was buzzing about cocktails.

We continued to do exactly that in 2017-2018, while at the same time ensuring that we offered simple options for those looking for something close to their regular purchase, but perhaps a little different. New programs focused on premium products, and the benefits of “drinking better.” Promotions focused on unique value add offers such as sodas and mixes paired with items like premium vodka or gin, in an attempt to take the focus away from price discounting, and to focus more on quality.

ANBL’s two main spirits programs, “Stock up the Cottage” and “Bar-in-a-Box” both continued to grow year-over-year. Customers now look forward to these promotions, and actively engage with us online and in-store.



## COOLERS/CIDER

ANBL made radical changes to the category formerly known as “other beverages” in an attempt to show customers what they are all about. As this category covers cider, sodas, iced teas, cocktails, refreshment wines, and traditional coolers – education and assortment have been key. By offering new listings and engaging promotions throughout the year instead of simply in the summer, the category is beginning to become not only a seasonal drink, but the favourite choice of many ANBL customers year-round. ANBL has been highlighted by many other jurisdictions and suppliers at a national level for their work in this category.

# 2017-2018 YEAR IN REVIEW

## COMMITTED TO NEW BRUNSWICK CRAFT BEVERAGE ALCOHOL

### *New Brunswick Craft Beer*

Following industry consultation, ANBL announced major changes to its Brewery Agency Store Policy. As a result, craft producers operating in New Brunswick pay less in total markup than ever before.

ANBL is invested and committed to creating conditions for the local craft brewing industry to thrive. ANBL has provided over \$3.5 million in annual subsidies through a reduced markup structure. We will also maintain open

dialogue with the New Brunswick Craft Alcohol Producers Association (NBCAPA) to ensure this relationship prospers.

During a brewer's first 500HL of production, we eliminated any product markup sold through the breweries' on-site retail stores. Further, ANBL increased upper limits for established local craft producers. There's now an additional tier for local producers in excess of 10,000HL of production, where previous policies ended our support at 10,000HL of production.

ANBL is also working with the NBCAPA to finalize an economic impact statement for the NB craft beer industry. Soon, stakeholders will be able to quantify the industry's provincial economic impact.





## **New Brunswick Cottage Wineries**

ANBL worked with Vins N.B. Wines members to update the Cottage Winery Policy. Changes help members work through their strategic plan to improve N.B. wines' quality and enhance crops and property development around the province.

Through policy revisions, cottage producers have increased retail sales points. Local cottage wineries have direct access to ANBL Corporate and Agency Stores as well as licensees around the province. Cottage winery operators can also participate in the Grocery Wine Program, which has increased sales and the public's exposure to local products.



## **New Brunswick Cider**

New Brunswick crafted Cider continues to grow and evolve in our stores and has quickly become an exciting destination category for our shoppers. We are pleased to support this progress by offering two unique programs tailored to the producer.

The first policy is known as the Cottage Wineries Program. It was created to support producers who own their own raw materials and produce their own finished product. For cider, that means they are using apples grown on their own farm. There are currently six cider producers participating in the cottage program. These products make up 12.9% of our annual cider sales.

The second policy is the Craft Cider Program. It was created for New Brunswick cider producers who purchase raw materials to make their cider. These products make up 8.3% of our annual cider sales. There are currently two producers participating in this Craft Cider program.

# 2017-2018 YEAR IN REVIEW

## New Brunswick Craft Spirits

After consultation with local producers, we introduced a new craft distillers Agency Store program to help local producers to grow and prosper. The new policy led to a dramatic increase in local entrepreneurs filing business plans.

## Results

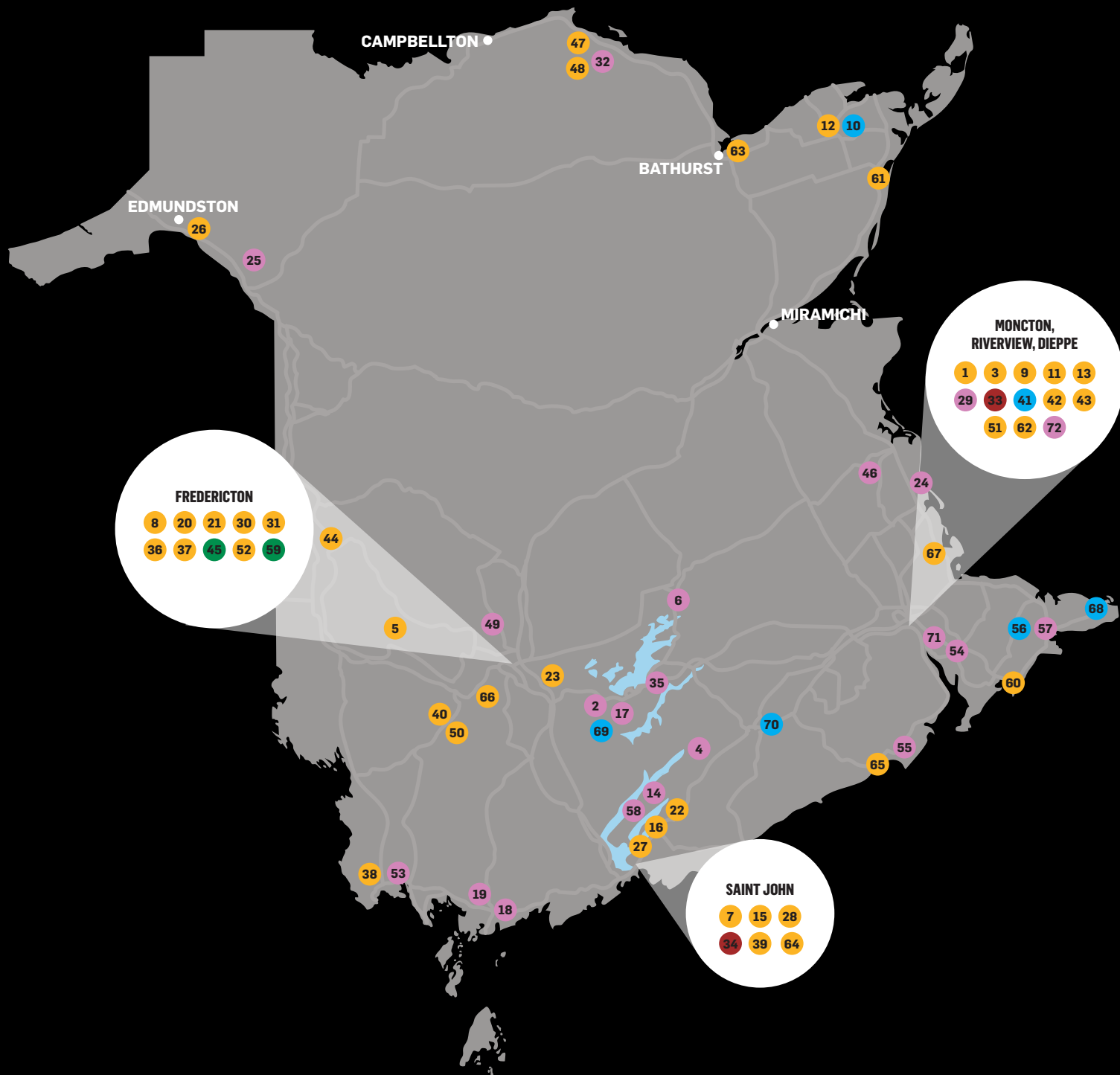
New Brunswick's craft industry consists of 42 brewers, 2 cider producers, 21 cottage wineries and 6 distillers. Thanks to policies and programs to support local, industry expansion is already in the works for next year.

## LIST OF PRODUCERS

- 1 Acadie-Broue Inc.
- 60 Bagtown Brewing Company
- 3 Beckwith Road Brewing Company
- 5 Big Axe Brewery Inc.
- 7 Big Tide Brewing
- 8 Bogtrotter Craft Brewery
- 9 Bore City Brewing
- 61 Brasseux d'la Côte
- 13 Brule Brewing Company (Flying Boats)
- 62 Cavok Brewing
- 11 Celtic Knot
- 12 Distillerie Fils du Roy Inc.
- 15 First City Brewing
- 16 Foghorn Brewing Company
- 63 Four Rivers Brewing
- 64 Gahan House Port City
- 20 Gray Stone Brewing
- 21 Grimross Brewing Corp.
- 22 Hammond River
- 65 Holy Whale Brewing
- 23 Johnny Jacks
- 26 Les Brasseurs de Petit-Sault
- 27 Long Bay Brewing
- 28 Loyalist City Brewing Co.
- 30 Mama's Brew Pub
- 31 Maybee Brewing Company
- 66 Niche Brewing
- 36 Northampton Brewing (Picaroons - Queen Street, Fredericton)

- 39 Northampton Brewing (Picaroons - Saint John)
- 38 Northampton Brewing (Picaroons - St. Stephen)
- 37 Northampton Brewing (Picaroons - Union Street, Fredericton)
- 40 Off Grid Ales
- 43 Pump House (Mill Street, Moncton)
- 42 Pump House (Orange Lane, Moncton)
- 44 Railcar Brewing Company
- 47 Savoie's Brewhouse
- 48 Shiretown Beer Inc.
- 50 Think Brewing Co.
- 51 Tide & Boar
- 52 TrailWay Brewing
- 67 Valonray Farmhouse Brewery
- 33 Molson-Coors Brewing
- 34 Moosehead Breweries Limited
- 68 Blue Roof Distillers
- 10 Distillerie Fils du Roy Inc.
- 69 Gagetown Food & Fermentation
- 41 Port Royal Distillers (Snow Fox)
- 70 Sussex Craft Distillery
- 56 Winegarden Estate Ltd. Distillery
- 45 Red Rover Craft Cider
- 59 York County Cider
- 2 Appleman Farms Ltd.
- 4 Belleisle Vineyards
- 6 Big Sky Ventures
- 14 Dunham's Run Estate Winery
- 17 Gagetown Fruit Farms
- 18 Gordon McKay & Sons 1996 Ltd.
- 19 Granite Town Farms
- 35 La Framboise Francoeur
- 71 Latitude 46 Estate Winery
- 24 Le Ferme Maury
- 29 Magnetic Hill Winery
- 32 Miel-N-Bee Honey
- 35 Motts Landing Vineyards
- 72 Pioneer Mountain Estates
- 46 Richibucto River Wine Estates
- 49 Sunset Heights Meadery
- 53 Tuddenham Farms
- 54 Verger Belliveau Orchard
- 55 Waterside Farms Cottage Winery
- 57 Winegarden Estate Ltd. Winery
- 58 Yip Cider

# NB MANUFACTURERS OF BEVERAGE ALCOHOL



## LEGEND

● Small Brewery
 ● Distillery
 ● Large Brewery
 ● Cottage Winery
 ● Cider Agency Store

# 2017-2018 YEAR IN REVIEW

## STRATEGIC GOAL #5: BE RECOGNIZED AS A GOOD CORPORATE CITIZEN

### COMMUNITY CORPORATE CITIZENSHIP

#### *Daffodil Campaign*

#### *Canadian Cancer Society of New Brunswick*

ANBL hosted a two-week long daffodil pin sales campaign across the province. The 2018 campaign was held March 19 – March 25, 2018 and raised \$44,824.

#### *United Way/Centraide*

ANBL employees participated in the United Way National Day of Caring, contributed through payroll deductions and completed a three-day long prompt-at-cash program. On behalf of ANBL employees and customers, ANBL donated over \$29,000 in 2017-2018 from these various fundraising efforts. We're proud of our team's dedication to the United Way of New Brunswick.

In tandem with the United Way prompt-at-cash campaign, ANBL also raised \$4,164 during a prompt-at-cash campaign for the Centre Bénévolat de la Péninsule Acadienne.



## **Canadian Mental Health Association of New Brunswick**

From May 4 – May 6, 2017, ANBL held a prompt-at-cash campaign for the Canadian Mental Health Association of New Brunswick (CMHANSB). Due to the generosity of our customers, \$37,886 was donated to this important cause.

## **Canadian Red Cross New Brunswick Chapter**

From July 13 – July 15, 2017, ANBL held a prompt-at-cash campaign in support of those impacted by the fires in British Columbia. Due to the generosity of our customers, \$53,362 was donated to the Canadian Red Cross.

## **ANBL Community Foundation**

Through the ANBL Community Foundation Quarterly Lottery Program, ANBL donated \$2,000 awards for each of the seven zones each quarter. A total of \$56,000 was donated through this program to assist local not-for-profit organizations with their important work.

## **Protect Our Rivers**

From August 21 – September 24, 2017, ANBL ran the annual Protect Our Rivers campaign. \$57,560 was donated to the Atlantic Salmon Conservation Foundation thanks to our suppliers, customers, ANBL team members and River Keepers.

## **Festivals**

The 11th annual Atlantic Beer Festival took place in Moncton on May 26 and 27, 2017. Over 3,000 people attended and close to \$4,000 was donated to local registered charities.

FestiVin kicked off the Acadian peninsula tourism season in Caraquet on June 2 and 3, 2017. \$18,670 was generated in sales at the on-site wine boutique.

Over 800 people attended the 22nd annual N.B. Spirit Festival on November 17, 2017. Sales reached a record high of \$306,500. We offered festival patrons purchasing opportunities after all seminars and dinners as well as at our first ever “day after” on-site store. In total, organizers hosted over 30 classes throughout the week and donated \$7,000 to various local not-for-profit organizations.

The 26th annual World Wine and Food Expo hosted over 5,000 attendees during the November 3 and 4 shows in Moncton. Sales at the on site store were \$393,000.



# 2017-2018 YEAR IN REVIEW

## CORPORATE SOCIAL RESPONSIBILITY

### **MADD Canada**

MADD Canada and its New Brunswick chapters continue to be a key partner in our social responsibility program. At ANBL, we believe by educating the middle school level about responsible consumption of beverage alcohol they will carry the information into adulthood. ANBL provided MADD Canada with the following:



### **New Brunswick High School Safe Grad Video Contest**

For the tenth consecutive year, ANBL offered our Safe Grad initiative to all New Brunswick high schools. Sanctioned by the Department of Education, we engaged high school students to help deliver the message about making responsible choices when it comes to beverage alcohol. Students created videos and submitted them for evaluation. A total of \$17,500 was equally distributed and awarded to 14 graduating classes in New Brunswick.

### **Keep It Social University Program**

Keep It Social is a branded social responsibility platform informed by students and delivered by students. The program's goal is a long-term, collaborative strategy aimed at promoting responsible consumption and harm reduction among university and college students. The program began as a partnership between the Nova Scotia Liquor Corporation and Nova Scotia Universities. The program has since expanded to universities across Atlantic Canada through local liquor jurisdictions.

Keep It Social is the branded platform to demonstrate normalized versus at risk drinking behaviour. Scenarios and collateral are relatable to and approved by students.

ANBL used this program with the University of New Brunswick, Mount Allison University, and St. Thomas University for the entire 2017-2018 school year.

### **Check 30**

ANBL continued to raise the bar on our Check 30 program. ANBL saw an increase in the number of customers challenged. In the fiscal year, 936,736 customers were challenged and 15,073 were refused. The challenges rose from 10.0% (of total transactions) challenged to 10.8%.

### **Safe Ride Program**

In an effort to eliminate impaired driving, ANBL sponsored transportation at ten major events held throughout the province:

- FestiVin, Caraquet
- Atlantic Beer Festival, Moncton
- Fredericton Craft Beer Festival, Fredericton
- OktoberFest, Moncton
- Frichi Festival, Moncton
- Harvest Jazz and Blues Festival, Fredericton
- World Wine and Food Expo, Moncton
- N.B. Spirits Festival, Fredericton
- Saint John Red Cross Wine Festival, Saint John
- World Pond Hockey Championship, Plaster Rock

Although a safe ride program was not feasible for the Shediac Lobster Festival and the Area506 Festival in Saint John, ANBL was a sponsor at both events. ANBL also partnered with both organizers and promoted social responsibility with marketing in prime locations to influence attendees and impact safe choices with the consumption of beverage alcohol.

## SOME OF THE **WATER BAR** HIGHLIGHTS ARE:

### **The Water Bar**

In November of 2016, ANBL introduced its Water Bar concept. It was so well received in the 2017-2018 fiscal year, ANBL decided to make this a permanent program.

As a major sponsor at various alcohol related festivals, it was observed that not enough water was being consumed, and that there was usually a cost to purchase water. ANBL believes that this initiative follows the spirit and intent of the Act as it relates to being a socially responsible retailer. ANBL was able to keep festival patrons well hydrated by offering 17,000 bottles, free of charge.



**World Wine  
and Food Expo,**  
Moncton, NB

**3,240 BOTTLES**



**Area506,**  
Saint John, NB

**6,200 BOTTLES**



**Harvest Jazz and  
Blues Festival,**  
Fredericton, NB

**4,000 BOTTLES**

## **GOVERNANCE**

### **Board of Directors Mandate Letter**

The Government of New Brunswick's Mandate Letter continues to be a key component of governance of ANBL. This mandate letter is formalized for the Board of Directors of the New Brunswick Liquor Corporation to inform them of the government's current intentions and expectations. ANBL is central to the future economic platform of New Brunswick and through this letter the government reinforces its strong and constructive relationship with ANBL's Board and Management.

ANBL welcomed three new Board Members to its highly professional team of Directors responsible for administering the affairs of the Corporation.

### **Labour Relations**

ANBL supports an interest-focused strategy in regards to labour relations. Regular meetings of the Labour and Management Committee are held to constructively address items of mutual interest.

There were four grievances during the 2017-2018 year. Of the four, two were withdrawn, one was settled at arbitration and one is still outstanding.

There were no Human Rights complaints filed in 2017-2018.

### **Official Languages**

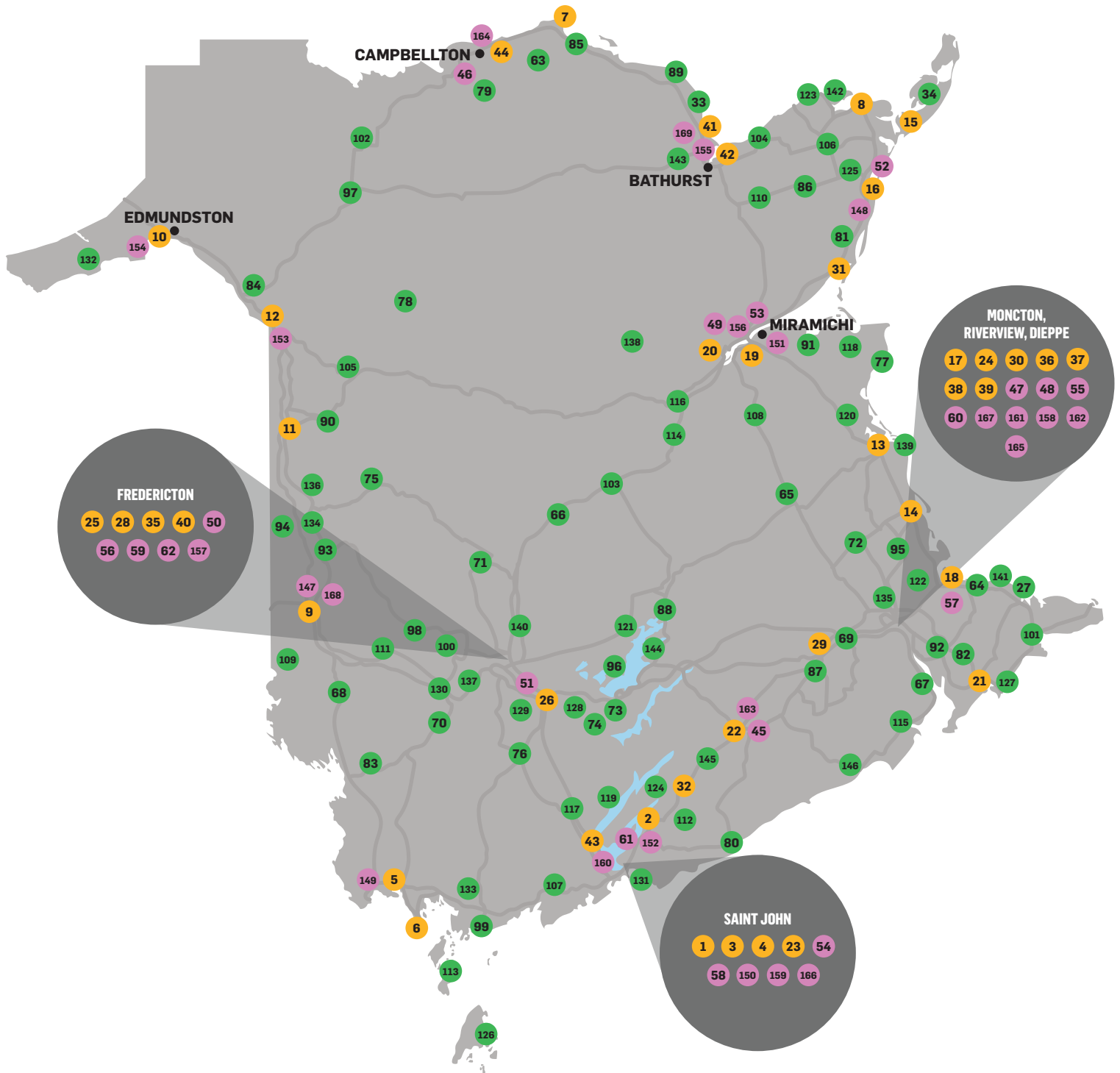
There were 14 language complaints received throughout the year. All complaints were duly investigated. ANBL worked in collaboration with the Office of the Commission of Official Languages to develop a working strategy to address the complaints and is implementing the recommendations.

## **REPORT ON THE PUBLIC INTEREST DISCLOSURE ACT**

As provided under section 18(1) of the Public Interest Disclosure Act, the chief executive shall prepare a report of any disclosures of wrongdoing that have been made to a supervisor or designated officer of the portion of the public service for which the chief executive officer is responsible. ANBL received zero disclosure(s) of wrongdoing in the 2017-2018 fiscal year.

42	Bathurst	49	Atlantic Superstore Miramichi	113	Campobello	78	Riley Brook
41	Beresford	50	Atlantic Superstore Nashwaaksis, Fredericton	68	Canterbury	115	Riverside-Albert
14	Bouctouche	51	Atlantic Superstore Oromocto	27	Cap-Pelé	108	Rogersville
40	Brookside Mall, Fredericton	47	Atlantic Superstore Riverview	94	Centerville	95	Saint-Antoine
44	Campbellton	54	Atlantic Superstore Rothesay Ave., Saint John	85	Charlo	79	Saint-Arthur
8	Caraquet	56	Atlantic Superstore Smythe St., Fredericton	88	Chipman	125	Saint-Isidore
19	Chatham	149	Atlantic Superstore St. Stephen	132	Clair	84	Saint-Léonard
7	Dalhousie	45	Atlantic Superstore Sussex	122	Cocagne	120	Saint-Louis-de-Kent
25	Devon Park, Fredericton	148	Atlantic Superstore Tracadie	108	Debec	72	Saint-Paul
36	Dieppe Blvd., Dieppe	55	Atlantic Superstore Trinity Dr., Moncton	103	Doaktown	97	Saint-Quentin
23	East Point, Saint John	147	Atlantic Superstore Woodstock	82	Dorchester	86	Saint-Sauveur
10	Edmundston	62	Fredericton Co-op	96	Douglas Harbour	69	Salisbury
38	Elmwood Dr., Moncton	169	Sobeys Bathurst	134	Florenceville	64	Shediac
1	Fairville Blvd., Saint John	157	Sobeys Brookside Mall, Fredericton	76	Fredericton Junction	143	South Tetagouche
43	Grand Bay-Westfield	164	Sobeys Campbellton	74	Gagetown	133	St. George
12	Grand Falls	53	Sobeys Douglastown	126	Grand Manan	80	St. Martins
32	Hampton	159	Sobeys East Point, Saint John	141	Grand-Barachois	71	Stanley
2	Kennebecasis Valley	167	Sobeys Elmwood Dr., Moncton	123	Grande-Anse	138	Sunny Corner
30	Moncton North	160	Sobeys Grand Bay	137	Hanwell	129	Waasis
24	Mountain Rd., Moncton	58	Sobeys Lansdowne Ave., Saint John	65	Harcourt	117	Welsford
31	Neguac	156	Sobeys Miramichi	93	Hartland	144	Youngs Cove
20	Newcastle	60	Sobeys Mountain Rd., Moncton	70	Harvey	98	Zealand
26	Oromocto	161	Sobeys Paul St., Dieppe	67	Hillsborough		
11	Perth-Andover	59	Sobeys Prospect St., Fredericton	135	Irishtown		
35	Corbett Centre, Fredericton	158	Sobeys Regis St., Dieppe	104	Janeville		
39	Regis St., Dieppe	162	Sobeys Riverview	75	Juniper		
13	Richibucto	61	Sobeys Rothesay	102	Kedgwick		
37	Riverview	166	Sobeys Saint John West	124	Kingston		
21	Sackville	57	Sobeys Shediac	34	Lamèque		
29	Salisbury	163	Sobeys Sussex	107	Lepreau		
18	Shediac	165	Sobeys Vaughan Harvey Blvd., Moncton	131	Loch Lomond		
15	Shippagan	168	Sobeys Woodstock	100	Mactaquac		
3	Somerset St., Saint John	52	Tracadie Co-op	142	Maisonnette		
6	St. Andrews	110	Allardville	83	McAdam		
5	St. Stephen	146	Alma	92	Memramcook		
22	Sussex	90	Arthurette	121	Minto		
16	Tracadie-Sheila	127	Aulac	111	Nackawic		
17	Vaughan Harvey Blvd., Moncton	118	Baie-Ste-Anne	145	Norton		
4	Wellington Row, Saint John	63	Balmoral	106	Paquetville		
9	Woodstock	112	Barnesville	140	Penniac		
28	York St., Fredericton	136	Bath	87	Petitcodiac		
46	Atlantic Superstore Atholville	91	Bay du Vin	33	Petit-Rocher		
155	Atlantic Superstore Bathurst	89	Belledune	105	Plaster Rock		
151	Atlantic Superstore Chatham	99	Blacks Harbour	77	Pointe-Sapin		
154	Atlantic Superstore Edmundston	114	Blackville	101	Port Elgin		
153	Atlantic Superstore Grand Falls	66	Boiestown	130	Prince William		
152	Atlantic Superstore Kennebecasis	81	Brantville	119	Public Landing		
48	Atlantic Superstore Main St., Moncton	128	Burton	116	Renous		
150	Atlantic Superstore Millidgeville, Saint John	73	Cambridge Narrows	139	Richibucto-Village		

# STORE LOCATIONS



## LEGEND

● Corporate
 ● Grocery
 ● Agency

# SALES BY LOCATION

LOCATION	2017 - 2018 (\$000'S)			2016 - 2017 (\$000'S)	
	PUBLIC	LICENSEE	TOTAL	TOTAL	
Bathurst (3)	\$ 8,663	\$ 1,467	\$ 10,130	\$ 10,136	
Beresford (2)	3,891	233	4,124	3,488	
Bouctouche (2)	2,916	216	3,132	3,225	
Campbellton (2)	2,822	837	3,658	3,661	
Cap Pele **	2,104	130	2,235	3,017	
Caraquet (3)	4,211	729	4,941	4,759	
Dalhousie (2)	1,756	199	1,955	2,002	

## Dieppe City

Dieppe Blvd.	7,067	763	7,830	6,989	
Regis St.	12,113	3,378	15,491	16,787	

## Total Dieppe Stores

Edmundston (3)	8,753	2,074	10,827	10,397	
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## Fredericton City

Brookside Mall (3)	7,826	2,431	10,258	10,334	
Corbett Centre (1)	12,975	1,248	14,224	13,835	
Devon Park (6)	9,120	907	10,027	10,385	
York St. (2)	12,618	2,138	14,756	14,025	

## Total Fredericton Stores

Grand Bay-Westfield (2)	3,029	260	3,290	3,254	
Grand Falls (3)	5,721	512	6,233	6,032	
Hampton	4,132	111	4,243	4,032	
Kennebecasis Valley (4)	12,866	819	13,685	14,013	
Lameque**	1,021	62	1,083	2,176	

## Miramichi City

Chatham (3)	4,750	688	5,438	5,663	
Newcastle (3)	7,431	842	8,273	7,952	

## Total Miramichi Stores

LOCATION	2017 - 2018 (\$000'S)			2016 - 2017 (\$000'S)	
	PUBLIC	LICENSEE	TOTAL	TOTAL	
<b>Moncton City</b>					
Elmwood Drive (2)	\$ 7,487	\$ 1,116	\$ 8,603	\$ 7,531	
Moncton North	10,217	1,610	11,826	10,991	
Mountain Rd. (1)	8,348	2,615	10,962	10,518	
Vaughan Harvey Blvd.	10,511	2,006	12,517	12,277	

## Total Moncton Stores

Neguac	2,301	284	2,585	2,613	
Oromocto (5)	7,920	1,116	9,036	9,021	
Perth Andover (4)	3,473	196	3,670	3,566	
Petit-Rocher**	554	23	577	2,565	
Richibucto (4)	4,335	409	4,744	5,047	
Riverview (3)	8,513	1,755	10,268	9,943	
Sackville (3)	5,487	572	6,058	6,083	

## Saint John City

East Point Center (2)	11,845	1,532	13,376	13,270	
Fairville Blvd. (3)	10,229	2,080	12,309	12,128	
Somerset St.	7,311	1,831	9,142	9,986	
Wellington Row	6,762	2,404	9,166	5,907	

## Total Saint John Stores

Salisbury	6,286	9	6,295	6,407	
Shediac (4)	6,028	976	7,004	7,351	
Shippagan (1)	2,776	397	3,173	2,876	
St. Andrews	2,451	985	3,436	3,084	
St. Stephen (2)	5,922	355	6,277	6,258	
Sussex (3)	6,509	628	7,137	6,885	
Tracadie (3)	5,265	652	5,917	5,931	
Woodstock (6)	6,517	602	7,119	7,022	
Warehouse *	100,058	1,581	101,639	91,699	

## TOTAL

\$ 382,890 \$ 45,777 \$ 428,667 \$ 415,120

(#) Indicates number of agents at this location

\*Includes web-based ordering for Licensees

\*\*closed during the year



# AGENT SALES BY LOCATION

AGENCY LOCATION	ANBL LOCATION	2017-2018 (\$000S)	2016-2017 (\$000S)
Allardville	Bathurst	\$ 596	\$ 543
Alma	Riverview	487	358
Arthurette	Perth-Andover	417	348
Aulac	Sackville	2,434	2,223
Baie-Sainte-Anne	Chatham	863	832
Balmoral	Dalhousie	836	790
Barnesville	Kennebecasis Valley	568	587
Bath	Perth-Andover	979	910
Bay du Vin	Chatham	457	444
Belledune	Beresford	628	673
Black's Harbour	Fairville Blvd., Saint John	813	826
Blackville	Newcastle	925	1,013
Boisetown	Devon Park, Fredericton	694	699
Brantville	Tracadie	1,332	1,313
Burton	Oromocto	920	905
Cambridge Narrows	Sussex	849	840
Campobello Island	St. Stephen	346	322
Canterbury	Woodstock	484	478
Cape Pele***	Shediac	769	
Centerville	Woodstock	835	914
Charlo	Dalhousie	781	775
Chipman	Devon Park, Fredericton	1,213	1,208
Clair	Edmundston	529	486
Cocagne	Shediac	2,466	2,546
Debec	Woodstock	436	483
Doaktown	Devon Park, Fredericton	714	722
Dorchester	Sackville	125	209
Douglas Harbour	Oromocto	512	531
Florenceville	Perth-Andover	1,819	1,681
Fredericton Junction	Oromocto	997	1,026
Gagetown	Oromocto	579	526
Grand Barachois	Shediac	1,393	402
Grand Manan	East Point, Saint John	1,812	1,781
Grande-Anse	Caraguet	872	1,040
Hanwell	Corbett Centre, Fredericton	4,060	4,031
Harcourt	Richibucto	618	602
Hartland	Woodstock	1,567	1,567
Harvey Station	Devon Park, Fredericton	1,234	1,138
Hillsborough	Riverview	1,207	1,074
Irishtown	Elmwood Dr., Moncton	1,692	1,634
Janeville	Bathurst	393	393
Juniper	Woodstock	308	299
Kedgwick	Campbellton	997	978
Kingston	Kennebecasis Valley	1,189	1,140
Lake George**	York St., Fredericton		1,283
Lameque***	Shippagan	1,117	
Lepreau	Fairville Blvd., Saint John	1,067	985
Loch Lomond	Kennebecasis Valley	3,521	3,329
Mactaquac	Brookside Mall, Fredericton	1,565	1,440
Maissonnette*	Caraguet	403	38
McAdam	St. Stephen	559	536
Memramcook	Elmwood Drive, Moncton	2,030	2,041
Minto	Devon Park, Fredericton	1,684	1,704
Nackawic	Woodstock	1,399	1,408
Norton	Sussex	2,054	2,141
Paquetville	Caraguet	1,906	1,952
Penniac	Devon Park, Fredericton	837	220

AGENCY LOCATION	ANBL LOCATION	2017-2018 (\$000S)	2016-2017 (\$000S)
Petit Rocher***	Beresford	\$ 1,735	\$
Petitcodiac	Sussex	2,014	1,852
Plaster Rock	Perth-Andover	900	930
Pointe-Sapin	Richibucto	278	268
Port Elgin	Sackville	1,838	2,102
Prince William***	York Str, Fredericton	1,312	
Public Landing	Grand Bay	691	694
Renous	Newcastle	867	909
Richibouctou Village	Richibucto	552	430
Riley Brook	Grand Falls	261	263
Riverside-Albert	Riverview	223	323
Riviere-Verte**	Edmundston		540
Rogersville	Chatham	1,498	1,526
Sainte-Anne-de-Madawaska**	Edmundston		71
Saint-Arthur	Campbellton	238	220
Saint-Louis-de-Kent	Richibucto	1,500	1,329
Saint-Paul-de-Kent	Bouctouche	339	320
Saint-Sauveur	Tracadie	216	220
Salisbury	Mountain Road, Moncton	2,411	2,053
Shediac	Shediac	2,328	2,764
South Tetagouche	Bathurst	369	303
St. George	Fairville Blvd., Saint John	3,183	3,096
St. Isidore	Tracadie	829	858
St. Leonard	Grand falls	1,065	899
St. Martins	East Point, Saint John	626	629
Stanley	Brookside Mall, Fredericton	887	942
St-Antoine	Bouctouche	1,631	1,612
St-Quentin	Grand Falls	1,662	1,548
Sunny Corner	Newcastle	1,134	1,038
Waasis	Oromocto	2,939	2,958
Welsford	Grand Bay	759	710
Youngs Cove	Kennebecasis Valley	799	809
Zealand	Brookside Mall, Fredericton	938	934
Manufacturer Agents	Head Office, Fredericton	437	743

**TOTAL AGENT SALES** \$ **98,347** \$ **92,260**

## GROCERY

Fredericton Coop Limited	\$ 147	\$ 69
La Co-Op Regionale de la Baie Ltee	69	61
Loblaws Distribution Centre (19)	3,458	1,989
Sobeys Distribution Centre (20)	2,801	1,029

**TOTAL GROCERY SALES** \$ **6,475** \$ **3,147**

\*\*\*opened during the year \*\* closed in the previous year \*closed in the previous year and re-opened 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 Director of Strategic Compliance and Audit and the external auditors, concerning internal controls and all other matters relating to financial reporting.

KPMG, 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 AND  
CHIEF EXECUTIVE  
OFFICER  
June 28, 2018

  
Reid Estey  
VICE-PRESIDENT,  
PEOPLE & CULTURE  
June 28, 2018

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the New Brunswick Liquor Corporation

We have audited the accompanying financial statements of the New Brunswick Liquor Corporation, which comprise the statement of financial position as at April 1, 2018, the statements of operations and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 April 1, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants  
Fredericton, Canada  
June 24, 2018

# 2017-2018 FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION (IN 000'S)

As at

### ASSETS

**APRIL 1**  
2018

**MARCH 26**  
2017

#### *Current Assets*

Cash	\$ 3 543	\$ 3 206
Trade and other receivables	7 298	13 773
Inventories	36 603	33 938
Prepaid expenses	1 290	900
	<u>48 734</u>	<u>51 817</u>

Property and equipment (note 5)

12 438

11 406

Intangible assets (note 6)

6 066

5 086

**\$ 67 238**

**\$ 68 309**

### LIABILITIES

#### *Current Liabilities*

Trade and other payables	\$ 24 331	\$ 21 626
Beverage container redemptions	532	532
	<u>24 863</u>	<u>22 158</u>

#### *Non Current Liabilities*

Beverage container redemptions	529	1 061
Retiring allowances (note 7)	2 350	2 487
	<u>27 742</u>	<u>25 706</u>

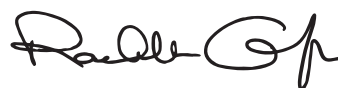
## EQUITY OF THE PROVINCE OF NEW BRUNSWICK

Equity	39 496	42 603
	<u><b>\$ 67 238</b></u>	<u><b>\$ 68 309</b></u>

Commitments and Contingencies (notes 12 and 13)

*See accompanying notes to the financial statements*

**Approved on behalf of the Board:**



Director



Director

# 2017-2018 FINANCIAL STATEMENTS

## STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (IN 000'S)

Year ended	APRIL 1 2018	MARCH 26 2017
Total sales (note 9)	\$ 428 667	\$ 415 120
Less: discounts	7 710	7 372
Net sales	420 957	407 748
Cost of sales	190 095	182 648
Gross profit	230 862	225 100
Other income	3 606	3 444
Operating expenses (note 10)	66 118	60 137
Net income and comprehensive income	<b>\$ 168 350</b>	<b>\$ 168 407</b>

*See accompanying notes to the financial statements*

## STATEMENTS OF CHANGES IN EQUITY (IN 000'S)

Year ended	APRIL 1 2018	MARCH 26 2017
Balance at beginning of year	\$ 42 603	\$ 31 772
Net income and comprehensive income	168 350	168 407
Distributions to the Province of New Brunswick	(171 457)	(157 576)
Balance at end of the year	<b>\$ 39 496</b>	<b>\$ 42 603</b>

*See accompanying notes to the financial statements*

## STATEMENTS OF CASH FLOWS (IN 000'S)

Year ended

### OPERATING

**APRIL 1**  
2018

**MARCH 26**  
2017

Net income and comprehensive income	\$ 168 350	\$ 168 407
Items not involving cash:		
Depreciation	2 271	2 450
Amortization of intangible assets	696	676
Gain on sale of property and equipment	( 50)	-
Decrease in retiring allowances	( 137)	( 150)
Change in non-cash working capital (note 8)	6 125	( 9 516)
Cash available from operations	<b>177 255</b>	<b>161 867</b>

### INVESTING

Additions to property and equipment	( 3 446)	( 3 749)
Additions to intangible assets	( 1 676)	( 1 237)
Proceeds from sale of property and equipment	193	8
Net cash used for capital investments	<b>( 4 929)</b>	<b>( 4 978)</b>

### FINANCING

Decrease in beverage container redemptions	( 532)	( 532)
Distributions to the Province of New Brunswick	( 171 457)	( 157 576)
Net cash used for financing activities	<b>( 171 989)</b>	<b>( 158 108)</b>

<b>Increase (decrease) in cash</b>	337	( 1 219)
<b>Cash at beginning of year</b>	3 206	4 425
<b>Cash at end of year</b>	<b>\$ 3 543</b>	<b>\$ 3 206</b>

See accompanying notes to the financial statements



# NOTES TO THE FINANCIAL STATEMENTS

## 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 Standards. The immediate parent and ultimate controlling party is the Province of New Brunswick. 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. Basis of Preparation

### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements for the year ended April 1, 2018 were approved and authorized for issue by the Board of Directors on June 28, 2018.

### Basis of measurement

The financial statements have been prepared on the historical cost basis except for post-employment benefits which are measured as described below. These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

## 3. Summary of Significant Accounting Policies

### Use of estimates and judgements

The preparation of financial statements requires management to make certain judgements, estimations and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and any future years affected.

### Significant management judgement

The following are significant management judgements in applying the accounting policies of the Corporation that have the most significant effect on the financial statements.

#### *Impairment of property and equipment and intangible assets*

Judgement is used in determining the aggregate grouping of assets identified as Cash Generating Units (CGUs) for purposes of testing for impairment of property and equipment and intangibles. Judgement is required in determining the lowest level at which independent cash inflows are generated. The Corporation has defined CGUs as its retail stores. In addition, judgement is used to determine whether a triggering event has occurred requiring an impairment test to be conducted.

#### *Capitalization of internally developed software*

Judgement is required in distinguishing the research and development phases of a new customized software project and determining whether the recognition requirements for the capitalization of development costs are met. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.

### Significant estimations and assumptions

The following are areas where estimates and assumptions have the most significant effect on recognition and measurement of the assets, liabilities, income and expenses of the Corporation. Actual results may be substantially different.

#### *Net realizable value of inventories*

Estimates are required in the determination of the net realizable value of inventories, taking into account the most reliable evidence available at each reporting date. Future selling prices may be impacted by changes in the market and vendor rebates on costs.

#### *Useful lives of property, equipment and intangibles*

The Corporation is required to estimate the useful lives and depreciation method for property and equipment and intangible assets. Management determines the estimated useful lives based on historical experience and the expected pattern of consumption of the future economic benefits of the asset. 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.



#### *Retiring allowances*

The Corporation makes estimates in recording costs and liabilities associated with retiring allowances. These are 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.

### **Cash**

Cash includes cash and bank deposits.

### **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. The amount of inventory expensed during the year is shown as cost of sales on the statements of earnings and comprehensive income.

### **Property and equipment**

Property 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 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.

#### *Derecognition*

An item of property 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.

#### *Subsequent costs*

The Corporation recognizes in the carrying amount of an item of property 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.

#### *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 over their estimated useful lives after considering their estimated residual value using the following rates per annum:

Paving	10 years
Buildings	40 years
Furniture, fixtures and equipment	5 years
Automotive	4 years
Retail equipment	5 years
Refrigeration equipment	10 years

Leasehold improvements are depreciated on the straight-line basis over the lesser of the estimated useful life and the lease term. Property 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 \$3 208 299 (\$446 866 in 2017) of which \$157 664 (none in 2017) is included in buildings, \$877 508 (\$438 704 in 2017) is included in leasehold improvements, \$500 321 (\$3 309 in 2017) is included in furniture, fixtures and equipment, \$38 989 (none in 2017) is included in automotive, \$190 915 (none in 2017) is included in retail equipment, \$51 885 (none in 2017) is included in refrigeration equipment and \$1 391 017 (\$4 853 in 2017) is included in intangible assets.

#### *Impairment*

The carrying amounts of the Corporation's non-financial assets (property and equipment and intangible 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Summary of Significant Accounting Policies (continued)

### Property and equipment (continued)

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 April 1, 2018 and March 26, 2017 there were no indications of impairment.

### 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 April 1, 2018 and March 26, 2017 there were no indicators of impairment. Computer software is amortized on a straight-line basis over 10 years.

### 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. All other leases are classified as operating leases.

#### Corporation as Lessee

Assets held under finance leases are initially recognized at their fair value or, if lower, at amounts equal to the present

value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included on the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Corporation's accounting policy on borrowing costs. Finance leased assets are depreciated on a straight-line basis over the estimated useful life of the asset. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

#### Lease Incentives

Lease incentives received to enter into operating leases are recognized as liabilities. The aggregate benefits of incentives are recognized as a reduction of rental expense on a straight-line basis over the term of the lease.

### Financial instruments

#### *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.

#### *Classification and subsequent measurement of financial assets*

For the purpose of subsequent measurement, all financial assets have been classified as loans and receivables.

The Corporation's loans and receivables include cash and trade and other 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 does not hold any financial assets in the other categories.

#### *Classification and subsequent measurement of 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### *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.

#### *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.

#### *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.

## **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.

## **Post-employment benefits**

#### *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:

	April 1, 2018	March 26, 2017
Discount rate - beginning of year	3.0%	3.0%
Discount rate - end of year	3.0%	3.0%
Future salary increases	2.3%	2.3%
Retirement age	Varies depending on member's current age	

#### *Pension plan*

Employees of the Corporation are members of the New Brunswick Public Service Pension Plan (NBPSPP), a multi-employer, shared risk pension plan. 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 for defined contribution pension plans. Contributions made by the Corporation during the year totaled \$2 841 572 (\$2 759 890 in 2017).

## **Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

#### *Sales to retail customers*

Revenue is recognized at the point of sale to customers.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Summary of Significant Accounting Policies (continued)

### Revenue (continued)

*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.

### Vendor rebates

The Corporation records cash consideration received from vendors as a reduction to the cost of related inventory or, if the related inventory has been sold, to the cost of producing revenue.

## 4. Future accounting pronouncements that are not yet effective and have not been adopted early by the Corporation

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 April 1, 2018 and although early adoption is permitted, they have not been applied in preparing these financial statements.

### IFRS 9 Financial Instruments

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the

use of hindsight. IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model. The Corporation does not expect the standard to have a material impact on the financial statements.

### IFRS 15 Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. On April 12, 2016, the IASB issued Clarifications to IFRS 15, Revenue from Contracts with Customers, which is effective at the same time as IFRS 15. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the Standard to licenses of intellectual property. The Corporation does not expect the standard to have a material impact on the financial statements.



### **IFRS 16 Leases**

On January 13, 2016 the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 Leases.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. It is expected that IFRS 16 will have a significant impact on the assets and liabilities of the Corporation. The Corporation leases buildings, premises and equipment under operating leases. The Corporation is not able, at this time, to estimate, reasonably, the impact that IFRS 16 will have in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 5. Property and Equipment (IN 000'S)

COST	LAND		PAVING		BUILDINGS		LEASEHOLD IMPROVEMENTS		FURNITURE, FIXTURES & EQUIPMENT		AUTOMOTIVE		RETAIL EQUIPMENT		REFRIGERATION EQUIPMENT		TOTAL	
Balance at March 27, 2016	\$	98	\$	420	\$	10 546	\$	4 112	\$	20 074	\$	352	\$	1 310	\$	3 000	\$	39 912
Additions						415		497		2 144		126		69		498		3 749
Disposals										21		37						58
Balance at March 26, 2017	\$	98	\$	420	\$	10 961	\$	4 609	\$	22 197	\$	441	\$	1 379	\$	3 498	\$	43 603

Balance at March 26, 2017	\$	98	\$	420	\$	10 961	\$	4 609	\$	22 197	\$	441	\$	1 379	\$	3 498	\$	43 603
Additions					540	1 271	1 072	94	191	278	3 446							
Disposals				26	425	9	258	103		72	893							
Balance at April 1, 2018	\$	98	\$	394	\$	11 076	\$	5 871	\$	23 011	\$	432	\$	1 570	\$	3 704	\$	46 156

### Accumulated Depreciation

Balance at March 27, 2016	\$	396	\$	6 472	\$	2 777	\$	16 518	\$	244	\$	1 292	\$	2 098	\$	29 797
Depreciation		6		175		352		1 628		74		18		197		2 450
Disposals								13		37						50
Balance at March 26, 2017	\$	402	\$	6 647	\$	3 129	\$	18 133	\$	281	\$	1 310	\$	2 295	\$	32 197

Balance at March 26, 2017	\$	402	\$	6 647	\$	3 129	\$	18 133	\$	281	\$	1 310	\$	2 295	\$	32 197
Depreciation			6	177	202	1 582	76	21	207	2 271						
Disposals			26	296	9	258	89		72	750						
Balance at April 1, 2018	\$	382	\$	6 528	\$	3 322	\$	19 457	\$	268	\$	1 331	\$	2 430	\$	33 718

### Carrying Amounts

At March 26, 2017	\$	98	\$	18	\$	4 314	\$	1 480	\$	4 064	\$	160	\$	69	\$	1 203	\$	11 406
At April 1, 2018	\$	98	\$	12	\$	4 548	\$	2 549	\$	3 554	\$	164	\$	239	\$	1 274	\$	12 438



## 6. Intangible Assets (IN 000'S)

### Software

<b>Cost</b>	<b>2018</b>	<b>2017</b>
Opening	\$ 10 327	\$ 9 090
Additions	1 676	1 237
Closing	<u>12 003</u>	<u>10 327</u>
<b>Accumulated Amortization</b>		
Opening	5 241	4 565
Amortization	696	676
Closing	<u>5 937</u>	<u>5 241</u>
<b>Carrying Amount</b>	<b><u>\$ 6 066</u></b>	<b><u>\$ 5 086</u></b>

## 7. Post-employment Benefits (IN 000'S)

### Retiring Allowances

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. An extrapolation of the plan was performed as of March 31, 2018.

Information relating to the plan is as follows:

### Reconciliation of defined benefit obligation

	<b>2018</b>	<b>2017</b>
Opening balance	\$ 2 487	\$ 2 637
Employer current service cost	135	132
Interest cost	74	77
Benefit payments	( 293)	( 359)
Actuarial gain due to changes in financial assumptions	( 53)	-
Closing balance	<b><u>\$ 2 350</u></b>	<b><u>\$ 2 487</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

## 8. Change in Non-Cash Operating Working Capital (IN 000'S)

	2018	2017
Trade and other receivables	\$ 6 475	\$ ( 8 980)
Inventories	( 2 665)	( 4 370)
Prepaid expenses	( 390)	( 276)
Trade and other payables	2 705	4 110
	<b>\$ 6 125</b>	<b>\$ ( 9 516)</b>

## 9. Sales (IN 000'S)

	2018	2017
Spirits	\$ 100 755	\$ 97 188
Wine	99 047	91 567
Coolers & Ciders	28 946	26 316
Non Liquor	412	319
Beer	199 507	199 730
	<b>\$ 428 667</b>	<b>\$ 415 120</b>

## 10. Operating Expenses (IN 000'S)

	2018	2017
Salaries - stores	\$ 21 124	\$ 19 682
Rent	8 878	7 533
Salaries - administration and warehouse	8 208	7 630
Employee benefits	7 845	7 074
Beverage container redemption costs	3 448	2 793
Bank charges and debit/credit card fees	2 735	2 801
Depreciation	2 271	2 450
Heat and light	1 541	1 512
Advertising and promotions	1 335	1 329
Professional services	1 182	1 119
Data processing	1 050	644
Minor equipment and supplies	931	704
Shortages	906	431
Amortization of intangible assets	696	676
Repairs to property and equipment	504	599
Travel	466	416
Telecommunications	442	446
Other	361	347
Security	330	326
Property taxes	300	297
Shopping bags	294	179
Training programs	293	198
Retail automation system maintenance	257	225
Management meetings	202	202
Cleaning	170	175
Motor vehicle operation	107	107
Insurance	101	99
Warehouse maintenance and supplies	76	81
Directors' remuneration	45	41
Postage	20	21
	<b>\$ 66 118</b>	<b>\$ 60 137</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 11. Financial Risk Management Objectives and Policies

### *Liquidity risk*

Liquidity risk is the risk the Corporation will be unable to meet its financial obligations as they become due. The Corporation manages this risk through monitoring of future cash flows to ensure that they will have sufficient cash from operations to meeting these obligations. All financial liabilities are due within one year with the exception of beverage container redemptions which are expected to be paid over the next 2 years.

### *Foreign currency risk*

In preparing the financial statements, transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the date of the transaction. The Corporation is exposed to foreign currency risk on purchases that are denominated in a currency other than the Canadian dollar. Currencies giving rise to this risk are primarily the U.S. and Euro dollars. Management has mitigated this risk by limiting the number of purchase transactions originating in foreign currency.

### *Credit risk*

Credit risk is the risk the Corporation will incur a loss because a customer fails to meet an obligation. The Corporation's exposure is related to the value of trade and other receivables. The Corporation has mitigated the exposure to this risk through limited extension of credit and contractual relationships with business partners. As at April 1, 2018 there are no significant financial receivables greater than 30 days, and no customer accounts amount to more than 10% of total receivables.

### *Capital Management*

The Corporation does not have share capital or long term debt. Its definition of capital is cash and equity. The Corporation's main objectives for managing capital is to ensure sufficient liquidity in support of its financial obligations and to maximize returns to the Province of New Brunswick.

## 12. Commitments (IN 000'S)

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2019 and 2038. 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 April 1, 2018, initial lease terms in excess of one year.

Due within one year or less	\$ 7 832
Between one and five years	27 631
More than five years	42 242
	<u><u>\$ 77 705</u></u>

Subsequent to April 1, 2018, the Corporation entered into 13 lease arrangements with yearly lease payments of \$1 915.

## 13. 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.

## 14. Related Party Transactions

The ultimate controlling party of the Corporation is the Province of New Brunswick. Remittances to the Province are disclosed in the Statements of Changes in Equity. The Corporation is related through common ownership with all provincial departments, agencies and Crown Corporations. Transactions with these entities occur in the normal course of business and are recorded at the exchange amount unless disclosed in these financial statements. Transactions with related entities and the Province of New Brunswick are deemed to be collectively insignificant to these financial statements.

### *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 \$946 198 (\$1 033 792 in 2017).