

**Northwest Territories Business Development and Investment Corporation**

**Consolidated Financial Statements**

**For the year ended**

**March 31, 2013**

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## Northwest Territories Business Development and Investment Corporation

### Management's Responsibility for Financial Reporting

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The accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation (the Corporation) are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these consolidated financial statements.

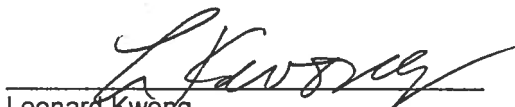
In discharging its responsibility for the integrity, fairness and quality of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, proper records are maintained, and the Corporation complies with applicable laws and conflict of interest rules. These controls and practices help to ensure the orderly conduct of business, the accuracy of the accounting records, the timely preparation of financial information, and adherence to the Corporation's policies and statutory requirements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility through the Audit Committee, which is comprised of directors who are not employees of the Corporation. The Audit Committee meets with management on a regular basis. The external auditors also have full and free access to the Audit Committee.

The Corporation's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and consolidated financial statements of the Corporation and for issuing his report thereon.



Pawan Chugh  
Chief Executive Officer

  
Leonard Kwong  
Director, Finance and Subsidiaries

August 26, 2013



## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Business Development and Investment Corporation

### Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Business Development and Investment Corporation as at 31 March 2013, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Report on Other Legal and Regulatory Requirements**

As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Northwest Territories Business Development and Investment Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Business Development and Investment Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Business Development and Investment Corporation Act* and regulations, and the by-laws of the Northwest Territories Business Development and Investment Corporation.



Terrance DeJong, CA  
Assistant Auditor General  
for the Auditor General of Canada

26 August 2013  
Edmonton, Canada

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**Northwest Territories Business Development and Investment Corporation****Consolidated Financial Statements (March 31, 2013)**

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Financial Position (000's)**

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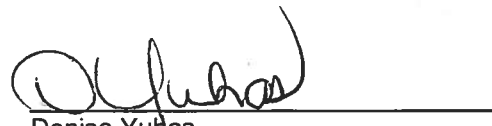
	March 31, 2013	March 31, 2012
	\$	\$
<b>Financial Assets</b>		
Cash (Note 3)	13,931	13,010
Accounts receivable	169	113
Inventories held for resale (Note 4)	343	585
Loans receivable (Notes 5 and 6)	37,511	37,741
Venture investments (Note 7)	78	91
Asset held for sale (Note 8)	-	130
	52,032	51,670
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 13)	1,137	818
Post-employment benefits (Note 9)	419	405
Advances from the Government (Note 10)	30,372	32,203
Asset retirement obligations (Note 11)	265	105
Environmental liability (Note 12)	-	35
	32,193	33,566
<b>Net financial assets</b>	19,839	18,104
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	466	605
Inventories held for use (Note 4)	157	231
Prepaid expenses	20	31
	643	867
<b>Accumulated surplus</b>	20,482	18,971

Commitments and contingencies (Notes 15 and 16)

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.*

**Approved by:**

  
Darrell Beaulieu  
Chairperson of the Board of Directors

  
Denise Yuhas  
Chairperson of the Audit Committee

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Financial Position (000's)**

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	March 31, 2013	March 31, 2012
	\$	\$
<b>Financial Assets</b>		
Cash (Note 3)	13,931	13,010
Accounts receivable	169	113
Inventories held for resale (Note 4)	343	585
Loans receivable (Notes 5 and 6)	37,511	37,741
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Environmental liability (Note 12)	-	35
	32,193	33,566
<b>Net financial assets</b>	19,839	18,104
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	466	605
Inventories held for use (Note 4)	157	231
Prepaid expenses	20	31
	643	867
<b>Accumulated surplus</b>	20,482	18,971

Commitments and contingencies (Notes 15 and 16)

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.*

**Approved by:**

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Darrell Beaulieu  
Chairperson of the Board of Directors

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Denise Yuhas  
Chairperson of the Audit Committee

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Change in Net Financial Assets (000's)**

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<b>For the year ended March 31</b>	<b>Budget 2013</b>	<b>Actual 2013</b>	<b>Actual 2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Annual surplus	950	1,511	2,130
Acquisition of tangible capital assets	-	(12)	(339)
Amortization of tangible capital assets	145	127	143
Loss on disposal of tangible capital assets	-	12	-
Proceeds on sale of tangible capital assets	-	1	-
Write-down of tangible capital assets	-	11	-
	145	139	(196)
Acquisition of inventories held for use	-	(123)	(146)
Acquisition of prepaid expenses	-	(30)	(28)
Use of inventories held for use	(50)	197	68
Use of prepaid expenses	-	41	5
	(50)	85	(101)
Increase in net financial assets	1,045	1,735	1,833
<b>Net financial assets, beginning of year</b>	<b>18,104</b>	<b>18,104</b>	<b>16,271</b>
<b>Net financial assets, end of year</b>	<b>19,149</b>	<b>19,839</b>	<b>18,104</b>

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.*



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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Operations and Accumulated Surplus (000's)**

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<b>For the year ended March 31</b>	<b>Budget 2013</b>	<b>Actual 2013</b>	<b>Actual 2012</b>
	\$	\$	\$
<b>Revenues</b>			
Interest on loans receivable	2,010	2,099	2,078
Sales and other income	1,177	895	906
Interest on pooled cash (Note 3)	149	156	162
Recovery of venture investments	15	114	50
Dividends	8	16	28
	3,359	3,280	3,224
Government transfers (Note 13)	4,786	4,679	4,837
	8,145	7,959	8,061
<b>Expenses (Note 14)</b>			
Lending and investments	4,900	3,908	3,798
Retail and manufacturing	2,295	2,540	2,133
	7,195	6,448	5,931
Annual surplus	950	1,511	2,130
<b>Accumulated surplus, beginning of year</b>	<b>18,971</b>	<b>18,971</b>	<b>16,841</b>
<b>Accumulated surplus, end of year</b>	<b>19,921</b>	<b>20,482</b>	<b>18,971</b>

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.*

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Cash Flows (000's)**

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<b>For the year ended March 31</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Operating transactions</b>		
Cash received from:		
Governments	3,897	3,883
Customers	953	1,229
Interest	2,058	1,959
Dividends	8	6
	6,916	7,077
Cash paid for:		
Compensation and benefits	2,273	2,504
Payments to suppliers	1,947	1,754
Grants and contributions	242	243
	4,462	4,501
<b>Cash provided by operating transactions</b>	<b>2,454</b>	<b>2,576</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(12)	(217)
Proceeds on sale of tangible capital assets	1	-
<b>Cash used for capital transactions</b>	<b>(11)</b>	<b>(217)</b>
<b>Investing transactions</b>		
Loans receivable disbursed	(4,366)	(5,352)
Loans receivable repaid	4,792	5,050
Redemptions of venture investments	127	63
Proceeds on sale of asset held for sale	125	7
<b>Cash provided by (used for) investing transactions</b>	<b>678</b>	<b>(232)</b>
<b>Financing transactions</b>		
Repayment of advances from the Government	(2,200)	(3,000)
<b>Cash used for financing transactions</b>	<b>(2,200)</b>	<b>(3,000)</b>
<b>Increase (decrease) in cash</b>	<b>921</b>	<b>(873)</b>
Cash, beginning of year	13,010	13,883
<b>Cash, end of year</b>	<b>13,931</b>	<b>13,010</b>

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.*

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2013

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#### 1. The Corporation

##### (a) Authority

The Northwest Territories Business Development and Investment Corporation (the Corporation) was established on April 1, 2005 pursuant to the *Northwest Territories Business Development and Investment Corporation Act* (the Act).

The Corporation is a territorial corporation of the Government of the Northwest Territories (the Government) named in Schedule B of the *Financial Administration Act* (the FAA). Accordingly, the Corporation operates in accordance with Part IX of the FAA, the Act and its regulations, and any directives issued to it by the Minister responsible for the Corporation under Section 4 of the Act.

##### (b) Mandate

The mandate of the Corporation is to support the economic objectives of the Government by encouraging the creation and development of business enterprises in the Northwest Territories and by providing information and financial assistance to, and making investments in, such enterprises.

##### (c) Government transfers and advances

In accordance with Section 30 of the Act, the Corporation must annually submit a corporate plan, operating budget and capital budget identifying the transfers requested from the Government for approval by the Financial Management Board (the FMB) prior to the commencement of the fiscal year. The transfers received from the Government are for the purposes of financing the Corporation's general operations; making capital investments in, and providing working capital advances and operating subsidies to, business enterprises based on need; providing transfers for business development projects; and purchasing tangible capital assets for the Corporation. The transfers are repayable to the Government if not completely spent within the fiscal year in which they were provided.

The Corporation and its organizations are economically dependent upon the transfers received from the Government for their ongoing operations.

Section 26 of the Act also authorizes the Government to advance to the Corporation an amount out of the Consolidated Revenue Fund not exceeding \$150 million for the purposes of providing financial assistance to, or making investments in, business enterprises. These advances are repayable to the Government on demand.

##### (d) Taxes

The Corporation and its organizations are exempt from the payment of municipal and territorial taxes pursuant to Section 35 of the Act and federal income tax pursuant to Section 149 of the *Income Tax Act* of Canada.

##### (e) Budget

The consolidated budget figures have been derived from the budgets approved by the FMB and the Corporation's board of directors. Other budgeted amounts have been approved by the Corporation's senior management.

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**Northwest Territories Business Development and Investment Corporation**

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**Notes to the Consolidated Financial Statements**  
**March 31, 2013**

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**2. Summary of significant accounting policies**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (the PSAB) of the Canadian Institute of Chartered Accountants (the CICA).

**(a) Measurement uncertainty**

The preparation of the consolidated financial statements, in accordance with PSAS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect on the consolidated financial statements of changes to such estimates and assumptions in future periods could be significant, although at the time of preparation of these consolidated financial statements, management believes the estimates and assumptions to be reasonable.

The more significant estimates relate to the determination of the allowance for credit losses, the useful lives of tangible capital assets, the provision for termination and removal benefits, environmental liabilities, asset retirement obligations, and services received without charge. A variation in the quality of the loan portfolio or economic conditions under which these estimates are made could result in significant changes in these management estimates.

The significant accounting policies followed by the Corporation in the preparation of these consolidated financial statements are summarized below:

**(b) Principles of consolidation**

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity, which includes the Corporation and the organizations it controls. All inter-entity transactions and balances have been eliminated upon consolidation. These consolidated financial statements include the accounts of the following organizations:

<b>Organization</b>	<b>Location</b>	<b>Percentage Ownership</b>	<b>Incorporation Date</b>
<b>Light manufacturing</b>			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NT	100%	September 25, 1991
Aklavik & Tuktoyaktuk Furs Ltd.	Tuktoyaktuk, NT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NT	100%	December 18, 1997
<b>Fine arts and souvenirs</b>			
Acho Dene Native Crafts Ltd.	Fort Liard, NT	100%	October 15, 1992
5983 N.W.T. Ltd. (o/a Ulukhaktok Arts Centre)	Ulukhaktok, NT	100%	February 12, 2008
<b>Wholesale/retail stores</b>			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
Nahanni Butte General Store Ltd.	Nahanni Butte, NT	51%	October 15, 1992
<b>Muskox Harvesting</b>			
6355 N.W.T. Ltd.	Sach's Harbour, NT	100%	May 12, 2011

**2. Summary of significant accounting policies (continued)****(b) Principles of consolidation (continued)**

The non-controlling interest in the organization the Corporation does not wholly own is reduced by the losses applicable to the non-controlling interest. Accumulated losses applicable to the non-controlling interest that exceed the non-controlling interest's capital investment are allocated to the Corporation's interest. Subsequent earnings will be allocated proportionately to the non-controlling interest when the Corporation's previously absorbed losses are recovered. The Corporation has provided significant financial subsidies to Nahanni Butte General Store Ltd. for many years. The organization is financially dependent on these subsidies. The subsidy provided for fiscal 2013 was \$335,000 (2012: \$125,000). The Corporation has been approved to provide a subsidy up to \$125,000 for fiscal 2014.

**(c) Cash**

Cash is comprised of bank account balances (net of outstanding cheques). Surplus cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets which can be withdrawn at any time, and are not restricted by maturity dates on investments made by the Government. Cash also includes funds and reserves subject to restrictions as described in Note 3.

**(d) Inventories**

Inventories held for resale consist of finished goods and are carried at the lower of cost and net realizable value, with cost being determined on a first in, first out basis. Inventories held for use consists of raw materials and work-in-process and are carried at the lower of cost and net realizable value, with cost determined on a first in, first out basis.

**(e) Loans receivable**

Loans receivable are initially recorded at amortized cost. Valuation allowances are used to adjust the carrying amount of loans receivable to the lower of cost and net recoverable value. Loans are classified as impaired when, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. When payment is three months past due (unless the loan is fully secured), or six months past due (regardless of whether or not the loan is fully secured), the underlying loan is classified as impaired.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated net recoverable value through an adjustment to the allowance for credit losses. Changes in the estimated net recoverable value arising subsequent to initial impairment are adjusted through the allowance for credit losses.

Interest income is recorded on an accrual basis using the effective interest rate method until such time as the loan is classified as impaired. All payments received (i.e. recoveries) on an impaired loan are credited against the carrying amount of the loan and recorded as an adjustment to the allowance for credit losses. The loan reverts to performing status when all provisions for credit losses are reversed and, in management's opinion, the ultimate collection of principal and interest is reasonably assured. At that time, previously non-accrued interest income is recognized as interest income.

**2. Summary of significant accounting policies (continued)****(e) Loans receivable (continued)**

Under the provisions of the FAA, an account (loan or venture investment) can only be approved for write-off by either the Board of Directors (\$20,000 or less) or the Legislative Assembly (over \$20,000). An account that has been written off is still subject to collection action. An account can only be approved for forgiveness by the FMB (\$1,000 or less) or the Legislative Assembly (over \$1,000). Once an account has been forgiven, no further collection action is possible.

**(f) Allowance for credit losses**

The allowance for credit losses represents management's best estimate of the probable credit losses existing in the loan portfolio. In determining the allowance for credit losses, management segregates probable credit losses into two components: specific and general.

The specific allowance is established on an individual loan basis to recognize credit losses. When a loan is considered impaired, the carrying amount of the loan is reduced to its estimated net recoverable value by discounting the expected future cash flows at the effective interest rate inherent in the loan. If the expected future cash flows cannot be reasonably determined, the fair value of the underlying security of the loan is used to determine net recoverable value.

The general allowance is established using management's best judgement to reflect the probable losses on performing loans which cannot yet be specifically identified as impaired. The general allowance is based on the Corporation's historical loan loss experience, aggregate exposure to particular industries or geographical regions and prevailing economic conditions.

The allowance for credit losses is an accounting estimate based on historical loan loss experience and an assessment of current economic conditions. Events may occur that render the underlying assumptions invalid and thus cause actual credit losses to vary significantly from management's best estimate.

The allowance is increased or decreased by changes in the estimated net recoverable values during the current period and is reduced by recoveries and loan write-offs.

**(g) Venture investments**

Venture investments are recorded at cost less any write-downs to reflect impairment in value.

Gains and losses on disposal are recognized in income when realized. Where there has been a significant and other than temporary decline in value, the investment is written down to recognize the loss. Dividends from venture investments are included in revenue when declared. When they are received they are deposited to the Venture Investment Fund to be used for additional investments in venture activities.

There is no active quoted market.

**(h) Assets held for sale**

Assets held for sale are expected to be sold within one year. They are valued at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the assets for sale.

**2. Summary of significant accounting policies (continued)****(i) Asset retirement obligations**

The fair value of an asset retirement obligation is recognized in the period in which the obligation is incurred and is discounted from the expected date of settlement back to its present value using the Corporation's credit-adjusted risk-free rate. The fair value of the estimated obligation is recorded as a liability, with a corresponding increase in the carrying amount of the related asset. The costs capitalized to the related assets are amortized to net income in a manner consistent with the amortization of the underlying asset. The liability amount is increased in each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of a retirement obligation are charged against the obligation to the extent of the liability recorded.

**(j) Government transfers**

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

The Government provides certain services without charge to the Corporation. The estimated cost of these services is recorded as services received without charge, which is included in government transfers, and is included in the Corporation's expenses.

**(k) Employee future benefits**

- i) Pension benefits:** Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.
- ii) Termination and removal benefits:** Employees are entitled to termination benefits and reimbursement of removal costs, as provided for under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these benefits is accrued as employees render the services necessary to earn them. Termination benefits are also recorded when employees are identified for lay-off. The cost of the benefits has been determined based on management's best estimates using the expected compensation level and employee leave credits.

**(l) Environmental liabilities**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries.

**2. Summary of significant accounting policies (continued)****(l) Environmental liabilities (continued)**

The estimate of the liability is based on significant assumptions made by management, including: the likely action required to meet the appropriate legislation, regulations and industry practice; the nature and extent of past and present environmental concerns; and discount rates used. The estimate of the liability could be materially different if the key assumptions used by management for determination of the estimate vary from those planned.

**(m) Tangible capital assets**

Tangible capital assets are carried at cost less accumulated amortization and write-downs. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Equipment	4 years
Leasehold improvements	4 years
Computer equipment	4 years
Vehicles	4 years

Tangible capital assets are reviewed for impairment whenever events and changes in circumstances suggest that the carrying amount of an asset may not be recoverable. Impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted projected future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value.

**(n) Financial instruments**

The Corporation's financial instruments consists of cash, accounts receivable, loans receivable, venture investments, accounts payable and accrued liabilities, and the advances from the Government. These financial instruments are measured at amortized cost.

**(o) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change net financial assets during the year.

**(p) Segment disclosure**

The Corporation presents segment information for lending and investment and retail and manufacturing activities. Lending and investment represents the activities of the Corporation and retail and manufacturing represents the activities of the organizations the Corporation controls.

**(q) Change in accounting policy**

On April 1, 2012, the Corporation adopted new standards PS 2601 – Foreign Currency Translation, PS 1201 – Financial Statement Presentation and PS 3450 – Financial Instruments. The standards were adopted prospectively from the date of adoption. The new standards provide



**2. Summary of significant accounting policies (continued)****(q) Change in accounting policy (continued)**

comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Corporation's accounting policy choices.

The adoption of these new standards had no significant impact on the Corporation's consolidated financial statements.

**3. Cash**

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for employee future benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. Cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service Limited. The Corporation's average investment yield was 1.10% during the year (2012: 1.12%). In accordance with Section 27 of the Act, the Corporation is required to establish a Loan and Investments Fund for its lending and investing activities. The Program, Projects and Services Continuation Regulations (Regulations) of the Corporation specifies in Part 1 Section 4 (2), that a Loans and Bonds Fund will be used to record the lending operations while in Part 2 Section 19 (2), a Venture Investment Fund will be used to record the venture investment operations. Furthermore, under the Regulations Part 2 Section 18 (2), the Corporation has the obligation to continue to maintain a Capital Fund and the Subsidy Fund.

In addition to these funds, the Corporation is required under the Regulations Part 2 Sections 18 (6) and 19 (5) to establish a Capital Reserve Fund and Venture Reserve Fund respectively. The Corporation will continue to deposit to the reserve funds an amount equal to 10% of each capital or venture investment made. The Corporation may use the reserve funds for further investment or financing for its organizations and venture investments through approved drawdowns.

The Corporation is responsible for administering post-employment benefits including the cash held (Note 9b).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2013**

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**3. Cash (continued)**

	000's	
	2013	2012
	\$	\$
Cash held by the Corporation for operations	5,793	5,420
Cash held by the Corporation's organizations	1,157	1,089
Cash held for post-employment benefits	429	405
	7,379	6,914
Venture Investment Fund	4,045	3,911
Capital Fund	873	873
Subsidy Fund	518	460
Venture Reserve Fund	485	485
Loans and Bonds Fund	484	220
Capital Reserve Fund	147	147
	6,552	6,096
	<b>13,931</b>	<b>13,010</b>

**4. Inventories**

	000's	
	2013	2012
	\$	\$
<b>Inventories held for resale:</b>		
Arts and crafts	233	205
Canvas products	84	82
Retail store	22	161
Muskox products	4	137
	<b>343</b>	<b>585</b>
<b>Inventories held for use:</b>		
Materials and supplies	<b>157</b>	<b>231</b>

During the year, no inventories were written down (2012: nil) and no inventories were pledged as security. Also during the year, the Corporation had no recoveries on inventory that had been previously written down to nil carrying value (2012: nil). Inventory write-downs and recoveries are included in the cost of goods sold.

**5. Loans receivable**

The Corporation provides variable and fixed rate loans for periods up to five years with the amortization period not to exceed twenty-five years.

The Corporation charges its clients prime plus 2%, 3%, or 4%, depending on the security provided, client's management ability, the client's investment, and the amortization period. The Corporation holds various types of security on its loans, including real property, aircraft, heavy equipment, and general security agreements.

# Northwest Territories Business Development and Investment Corporation

## Notes to the Consolidated Financial Statements March 31, 2013

### 5. Loans receivable (continued)

Loans receivable are expected to mature as follows:

		000's			
		2013		2012	
		Rate	Balances	Rate	Balances
		%	\$	%	\$
Performing	1 year	6.50	513	5.00	218
loans due	1-2 years	5.14	5,580	6.25	729
within:	2-3 years	5.11	5,349	5.35	6,246
	3-4 years	5.14	18,930	5.39	6,107
	over 4 years	5.67	4,877	5.22	20,480
			35,249		33,780
Accrued loan interest receivable			173		167
Impaired loans			8,518		10,226
			43,940		44,173
Less: allowance for credit losses (Note 6)			6,429		6,432
			<b>37,511</b>		<b>37,741</b>

In 2013, no accounts were written off by the Legislative Assembly (2012: nine accounts totalling \$772,000). One loan account representing one borrower totalling \$5,000 (2012: one account totalling \$9,000) was written off by the Board of Directors. In 2013, no accounts were forgiven by the Legislative Assembly (2012: eight accounts totalling \$1,034,000). No accounts were forgiven by the FMB during the current year (2012: nil). In 2013, recoveries on loans previously written off totalled \$23,000 (2012: \$17,000).

### Concentration of credit risk

Concentration of credit risk may arise from exposure to groups of debtors having similar characteristics such that their ability to meet their obligations may be affected similarly by changes in economic or other conditions. The concentrations of performing loans and impaired loans by geographic and enterprise concentrations are displayed in the following tables:

### Geographic concentration

		000's			
		2013		2012	
Region		Performing	Impaired	Performing	Impaired
		\$	\$	\$	\$
South Slave		17,201	3,016	15,661	3,410
North Slave		7,613	4,080	6,671	5,039
Dehcho		6,610	336	6,664	482
Inuvik		2,141	482	2,471	503
Sahtu		1,684	604	2,313	792
		<b>35,249</b>	<b>8,518</b>	<b>33,780</b>	<b>10,226</b>

# Northwest Territories Business Development and Investment Corporation

## Notes to the Consolidated Financial Statements March 31, 2013

### 5. Loans receivable (continued)

#### Enterprise concentration

Enterprise	000's			
	2013		2012	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Construction	9,307	761	6,538	1,923
Retail trade	6,943	905	7,334	1,212
Transportation and storage	4,111	90	4,129	143
Accommodations, food and beverage	3,876	2,522	4,657	2,356
Real estate and rentals	3,326	-	2,941	-
Wholesale trade	3,108	-	3,334	-
Other services	1,018	305	1,283	290
Travel and tourism	911	1,734	1,031	1,793
Manufacturing	704	-	777	-
Management of companies	535	-	611	-
Business services	464	-	361	-
Finance and insurance	380	788	201	913
Health care	378	-	386	-
Arts and craft	188	-	197	-
Oil and gas	-	1,153	-	1,307
Communication	-	131	-	152
Educational services	-	61	-	69
Fisheries and wildlife	-	57	-	58
Forestry and logging	-	11	-	10
	<b>35,249</b>	<b>8,518</b>	<b>33,780</b>	<b>10,226</b>

The loans receivable balance contains loans, totalling \$189,000, made to venture investees (2012: \$626,000). These loans are in addition to the venture investments shown in Note 7.

The following table illustrates performing loans outstanding classified by the Corporation's credit risk rating system:

Credit risk rating	000's	
	2013	2012
	\$	\$
Low	24,470	23,804
Medium	8,335	7,342
High	2,444	2,634
	<b>35,249</b>	<b>33,780</b>

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2013**

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**5. Loans receivable (continued)**

The Corporation considers a loan past due when a client has not made a payment in accordance with the payment terms. The following table presents the carrying value of loans that are past due but not classified as impaired because they did not meet the criteria of impairment:

Loans past due but not impaired	000's	
	2013	2012
	\$	\$
30 – 59 days	857	653
60 – 89 days	40	-
Over 90 days	-	51
	<b>897</b>	<b>704</b>

The risk exposure relating to loans is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of the Northwest Territories. To mitigate this risk, the Corporation limits the concentration of loans with any individual client. Under its regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is \$2 million. Amounts greater than \$2 million must be approved by the FMB. There were no loans approved by the FMB in 2013 (2012: nil).

**6. Allowance for credit losses**

	000's	
	2013	2012
	\$	\$
Balance, beginning of year	6,432	7,464
Provision for credit losses	317	499
Recoveries from repayments	(320)	(736)
Write-offs and forgiveness (Note 5)	-	(795)
<b>Balance, end of year</b>	<b>6,429</b>	<b>6,432</b>
Comprised of:		
Specific allowance	5,724	5,756
General allowance	705	676
	<b>6,429</b>	<b>6,432</b>

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2013**

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**7. Venture investments**

The Corporation's portfolio of venture investments is focused on providing financing in the form of preferred shares and debt to companies in the Northwest Territories. As at March 31, 2013, the Corporation does not have significant influence in the companies in which it has invested.

	000's	
	2013	2012
	\$	\$
Balance, beginning of year	91	104
Recoveries	114	50
Redemptions	(127)	(63)
<b>Balance, end of year</b>	<b>78</b>	<b>91</b>

The total cumulative venture investments at March 31, 2013 was \$1,912,000 (2012: \$2,034,000) with accumulated write-downs of \$1,834,000 (2012: \$1,943,000).

**Preferred shares and dividends**

Investments in preferred shares carry the right of conversion to common shares. This right, if exercised, may result in the holding of a controlling interest under certain circumstances. Preferred shares are redeemable at the option of the Corporation, and earn dividends at variable rates. Investment yields vary from year to year due to the amount and timing of the dividends received.

**8. Asset held for sale**

The asset held for sale is real property acquired in fiscal 2011 in settlement of a loan receivable, and was sold in the current fiscal year. A write down of \$22,000 was recorded in fiscal 2012.

**9. Post-employment benefits****(a) Pension benefits**

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(k)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was 2.00%, (2012: 2.00%). The benefits are fully indexed to the increase in the Consumer Price Index. The Corporation's and employees' contributions to the Plan for the year were as follows:

	000's	
	2013	2012
	\$	\$
Corporation's contributions	249	262
Employees' contributions	116	112

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2013**

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**9. Post-employment benefits (continued)****(a) Pension benefits (continued)**

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan and they are indexed to inflation.

**(b) Termination and removal benefits**

The Corporation provides termination benefits to employees based on years of service and final salary (Note 2(k)(ii)). The Corporation also provides removal assistance to employees, as provided under labour contracts. This benefit plan is pre-funded from current contributions and recognized as part of cash.

	000's	
	2013	2012
	\$	\$
Post-employment benefits, beginning of year	405	378
Cost for the year	14	27
<b>Post-employment benefits, end of year</b>	<b>419</b>	<b>405</b>

**10. Advances from the Government**

The Act authorizes the Corporation to borrow, for the purpose of providing financial assistance to or making investments in business enterprises, up to \$150 million from the Government through advances. Increases to the outstanding balance of the advances must be approved by the FMB based on the needs of the Corporation. The balance was not to exceed \$45 million (2012: \$45 million) as at March 31, 2013.

Interest on the advances is based on the rate set during the last week of each month for the Government of Canada 3-year bonds, compounded annually. The rate varied from 1.0% to 1.5% (2012: 1.0% to 2.1%) during the year.

**11. Asset retirement obligations**

	000's	
	2013	2012
	\$	\$
Balance, beginning of year	105	97
Accretion expense	-	9
Decrease due to disposal of tangible capital assets	(61)	(1)
Additions during the year (Note 21)	221	-
<b>Balance, end of year</b>	<b>265</b>	<b>105</b>

The asset retirement obligations relate to the estimated costs of demolition, removal of structures, and site remediation associated with various buildings. No amount has been paid during the year related to the asset retirement obligations.

# Northwest Territories Business Development and Investment Corporation

## Notes to the Consolidated Financial Statements March 31, 2013

### 12. Environmental liability

In 2012, the Corporation recorded its best estimate of anticipated future costs for environmental remediation related to a property owned by one of its organizations which incurred an oil leak on its property. During the year, the Corporation engaged an engineering firm to remediate the property, and the actual cost was \$18,000. The balance of the accrual has been reversed in the current year.

	000's	
	2013	2012
	\$	\$
Balance, beginning of year	35	-
Payments	(18)	-
Accretion expense	-	-
Estimate revisions	(17)	35
<b>Balance, end of year</b>	<b>-</b>	<b>35</b>

### 13. Government transfers

	000's					
	2013			2012		
	Lending	Retail/ Manufac- turing	Total	Lending	Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government:						
Operations and maintenance	2,326	1,199	3,525	2,733	980	3,713
Services received without charge (Note 18)	879	100	979	842	112	954
Capital contributions	-	-	-	71	-	71
	3,205	1,299	4,504	3,646	1,092	4,738
Federal programs	175	-	175	99	-	99
	<b>3,380</b>	<b>1,299</b>	<b>4,679</b>	<b>3,745</b>	<b>1,092</b>	<b>4,837</b>

During the current fiscal year the Corporation had surplus funding of \$303,000 (2012: nil). A stipulation included in the agreement is for any unspent funds to be repaid to the Government. This amount has been recorded in accounts payable and accrued liabilities at year end.



# Northwest Territories Business Development and Investment Corporation

## Notes to the Consolidated Financial Statements March 31, 2013

### 14. Expenses by object

	000's					
	2013			2012		
	Lending	Retail/ Manu- factur- ing	Total	Lending	Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Accretion, asset retirement (Notes 11 and 21)	(61)	221	160	2	7	9
Advertising and promotion	20	16	36	7	27	34
Amortization	-	127	127	7	136	143
Bad debts (recovery)	(1)	1	-	-	2	2
Bank charges and interest	2	21	23	2	21	23
Board members	44	2	46	38	3	41
Business Development Fund	242	-	242	243	-	243
Business Service Centre	97	-	97	86	-	86
Computers and communications	14	21	35	15	21	36
Cost of goods sold	-	855	855	-	656	656
Flood expense (Note 21)	-	352	352	-	-	-
Interest expense on advances from the Government	374	-	374	469	-	469
Loss on disposal of tangible capital assets	-	12	12	-	-	-
Office and general	109	52	161	126	121	247
Professional services	225	95	320	85	103	188
(Recovery) provision for environmental liability	-	(17)	(17)	-	35	35
Recovery of credit losses, net	(3)	-	(3)	(238)	-	(238)
Rent	201	31	232	216	22	238
Salaries and benefits	2,518	479	2,997	2,636	673	3,309
Supplies	-	37	37	-	67	67
Training and workshops	33	-	33	16	-	16
Travel	94	90	184	66	109	175
Utilities	-	134	134	-	130	130
Write-down of asset held for sale	-	-	-	22	-	22
Write-down of tangible capital assets	-	11	11	-	-	-
	3,908	2,540	6,448	3,798	2,133	5,931

### 15. Commitments

As at March 31, 2013, loans to businesses, approved but not yet disbursed, totalled \$1.8 million at a weighted average interest rate of 4.3% (2012: \$4.9 million at a weighted average interest rate of 5.1%). These loans do not form part of the loans receivable balance until disbursed. Also as at March 31, 2013, contributions to businesses approved but not yet disbursed totalled \$10,000 (2012: \$34,000).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2013**

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**16. Contingencies****Loans**

The Corporation has six outstanding loans to three Northern Community Futures organizations for their own lending purposes totalling \$1,000,000 (2012: four outstanding loans totalling \$913,000). Loans provided by these three organizations may be assigned to the Corporation when impaired. If assigned, the Corporation would then write off the Northern Community Futures organization loan balance and would attempt to recuperate its loss directly from the borrowers. In 2013, no accounts were assigned to the Corporation (2012: nil).

**Letters of credit**

The Corporation has five outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled \$2,450,000 and expire in 2013. Payment by the Corporation is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2012: nil).

**17. Related party transactions**

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services are provided without charge (Note 18).

Transactions with related parties during the year and balances at year end are as follows:

	000's	
	2013	2012
	\$	\$
<b>Revenues</b>		
Sales	8	28
Government transfers (Note 13)	4,504	4,738
<b>Expenses</b>		
Purchases	147	255
Interest on advances from the Government	374	469
<b>Balances at year end</b>		
Accounts receivable	26	11
Accounts payable and accrued liabilities	549	220
Advances from the Government	30,372	32,203

# Northwest Territories Business Development and Investment Corporation

## Notes to the Consolidated Financial Statements March 31, 2013

### 18. Services received without charge

The Corporation records the estimated cost of services provided by the Government without charge. Services received without charge from the Government include regional and human resource services and office accommodation. The estimated cost of such services is as follows:

	000's	
	2013	2012
	\$	\$
Staff support	762	740
Accommodation	217	214
	<b>979</b>	<b>954</b>

### 19. Budgeted figures

Budgeted figures have been derived from the budgets approved by the FMB and the Corporation's Board of Directors. The budget figures for the Corporation's organizations have been approved by the Corporation's senior management.

The 2013 and 2012 budgeted expenses are as follows:

	000's					
	2013			2012		
	Lending	Retail/ Manu- factur- ing	Total	Lending	Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Accretion, asset retirement	5	17	22	5	17	22
Advertising and promotion	50	29	79	65	26	91
Amortization	5	140	145	18	78	96
Bad debts	-	5	5	-	21	21
Bank charges and interest	-	24	24	-	23	23
Board members	58	5	63	95	3	98
Business Development Fund	300	-	300	300	-	300
Business Service Centre	97	-	97	-	-	-
Computers and communications	100	23	123	110	24	134
Cost of goods sold	-	898	898	-	763	763
Freight and courier	-	20	20	-	73	73
Interest expense	475	-	475	520	-	520
Office and general	60	43	103	75	38	113
Professional services	100	108	208	200	111	311
Provision for credit losses, net	500	-	500	500	-	500
Rent	240	18	258	230	17	247
Repairs and maintenance	-	26	26	-	28	28
Salaries and benefits	2,810	625	3,435	2,670	628	3,298
Supplies	-	50	50	-	75	75
Travel	100	120	220	100	130	230
Utilities	-	144	144	-	170	170
	<b>4,900</b>	<b>2,295</b>	<b>7,195</b>	<b>4,888</b>	<b>2,225</b>	<b>7,113</b>

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2013

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#### 20. Risk Management

The Corporation is exposed to the following risks as a result of holding financial instruments:

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligations.

The risk associated with cash is minimized substantially by ensuring that these financial assets are placed with well-capitalized financial institutions.

Credit granting and loan management are based on established credit policies. The maximum exposure to credit risk from borrowers and investees is limited to the carrying amount of the loans and investments. The Corporation's management of credit exposures from borrowers and investees includes:

- a standardized credit risk rating classification system established for all loans;
- credit policies and directives, communicated to lending officers whose activities and responsibilities include credit granting and monitoring client performance;
- independent review of loan applications in excess of \$1 million; and,
- limiting the concentration of loans and investments with any one business enterprise or group of related enterprises to \$2 million. Amounts greater than \$2 million must be approved by the FMB.

The principal collateral held as security and other credit enhancements for loans include: (i) real estate; (ii) equipment; (iii) corporate and personal guarantees; and (iv) assignment of leases.

As at March 31, 2013, \$690,000 (2012: \$1,435,000) of the impaired loans are secured by assets the Corporation has the ability to sell in order to satisfy borrowers' commitments. There were no significant changes to the Corporation's credit risk management policies and practices from the prior year.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2013:

	000's	
	2013	2012
	\$	\$
Cash	13,931	13,010
Accounts receivable	169	113
Loans receivable	37,511	37,741
Venture investments	78	91

**20. Risk Management (continued)****Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the future cash flows of the advances from the Government, fluctuations in the fair value and future cash flows of loans receivable, and interest revenue from cash.

The Corporation's borrowing from the Government is based on a variable market rate and it lends to the majority of its clients at fixed term rates. The Corporation's interest rate margin or spread widens when interest rates fall and it narrows when interest rates rise.

The Corporation manages its interest rate risk by paying down the advances from the Government with excess cash available from the Loans and Bonds fund.

Based on the Corporation's advances from the Government as at March 31, 2013 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease net income by \$131,000 (2012: \$134,000). A 100 basis point decrease in interest rates would increase net income by the same amounts.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows.

The advances from the Government are due on demand with no fixed repayment terms. Repayment on advances is made whenever the Corporation has sufficient cash on hand which is not earmarked for lending purposes (Note 10).

**21. Flood**

In June of 2012, the community of Nahanni Butte experienced severe flooding. Due to this flooding the Nahanni Butte General Store Ltd. building was damaged. Flood expense relates to the clean-up and removal of all damaged items from the building (Note 14).

The Corporation has recorded a liability for an asset retirement obligation of \$221,000, which represents the legal and contractual obligations associated with the estimated cost of demolition and removal of existing building and general site restoration (Note 11).

**22. Comparative figures**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

**Northwest Territories Business Development and Investment Corporation**

**Consolidated Schedule of Tangible Capital Assets**

**Schedule A**  
**000's**

							<b>March 31,</b>	<b>March 31,</b>
	<b>Land</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Leasehold Improve- ments</b>	<b>Computer Equipment</b>	<b>Vehicles</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cost of tangible capital assets, opening	82	4,072	857	449	30	50	5,540	5,202
Acquisitions	-	12	-	-	-	-	12	339
Disposals	-	(1,127)	(20)	-	-	(32)	(1,179)	(1)
Cost of tangible capital assets, closing	82	2,957	837	449	30	18	4,373	5,540
Accumulated amortization, opening	-	3,849	752	254	30	50	4,935	4,793
Amortization expense	-	14	35	78	-	-	127	143
Disposals	-	(1,115)	(19)	-	-	(32)	(1,166)	(1)
Write-down of tangible capital assets	-	11	-	-	-	-	11	-
Accumulated amortization, closing	-	2,759	768	332	30	18	3,907	4,935
<b>Net book value</b>	<b>82</b>	<b>198</b>	<b>69</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>466</b>	<b>605</b>