

73

6

6

30, 2017

6

6

2 - 3

6

Balance Sheet

4

Statement of Operations and Retained Earnings

5

Statement of Cash Flows

6

Notes to Financial Statements

7 - 12

Schedules

13 - 14



Tel: 250-372-9505
Fax: 250-374-6323
Toll-free: 1-800-482-4531
www.bdo.ca

BDO Canada LLP
300 - 275 Lansdowne Street
Kamloops, BC V2C 6J3

151

151
15173 151



ρ
In our opinion, these financial statements pres6

	\$0, 2017	March 31, 2017	March 31, 2016, restated
66			
66			
Cash	\$ 1,181,697	\$ 1,147,156	\$ 528,601
Accounts receivable	88,451	214,655	229,761
Prepaid expenses	22,072	1,625	1,662
Due from Virtual School Society	2,000	2,000	2,000
	1,294,220	1,365,436	762,024
66 (Note 5)	93,388	99,324	109,485
	\$ 1,387,608	\$ 1,464,760	\$ 871,509

66			
66			
Accounts payable and accrued liabilities (Note 8)	\$ 122,450	\$ 5,493	\$ 62,023
Deferred revenue	300,000	375,000	11,000
Due to shareholder (Note 3)	55,369	53,175	112,021
	477,819	433,668	185,044
66			
66			
Share capital (Note 4)	1	1	1
Contributed surplus (Note 6)	370,101	370,101	370,101
Retained earnings	539,687	660,990	316,363
	909,789	1,031,092	686,465
	\$ 1,387,608	\$ 1,464,760	\$ 871,509

Contingencies (Note 10)

Approved on behalf of the Board:

Signature on file _____ Dire 0 mor0)

Signature on file

73

605

	\$0,	March 31,	March 31,
	2017	2017	2016,
			restated
	(3 months)	(12 months)	(12 months)
LearnNowBC	\$ -	\$ 500,000	\$ 1,900,000
Course fees	51,100	602,937	221,413
Interest revenue	2,954	7,112	6,115
Other revenue	3,803	23,731	111,413
	<u>57,857</u>	<u>1,133,780</u>	<u>2,238,941</u>
Agent fees	92,287	78,279	13,380
Amortization	5,936	22,347	27,388
Bank charges and interest	203	3,768	1,875
Global Education website	267	21,604	14,590
Global Education contractors	43,350	106,673	109,689
Insurance	405	2,177	3,134
LearnNowBC academic advising	-	565	1,270
LearnNowBC contracted management services	-	44,002	89,546
LearnNowBC office lease	-	19,554	59,090
LearnNowBC website	-	188,306	1,184,927
Management fees (Note 3)	2,893	56,689	111,947
Office expenses	8,516	31,031	29,341
Professional fees	-	17,336	9,878
Training	877	-	-
Travel and marketing	4,680	22,560	21,994
Tutoring	-	88,848	329,651
Wages and benefits	19,746	85,416	161,233
	<u>179,160</u>	<u>789,155</u>	<u>2,168,933</u>
(b)	<u>(121,303)</u>	<u>344,625</u>	<u>70,008</u>
, beginning of the year,	660,990	452,878	246,355
(1)	-	(136,513)	-
, beginning of the year,	660,990	316,365	246,355
, end of the year	\$ 539,687	\$ 660,990	\$ 316,363

The accompanying notes are an integral part of these financial statements.

~~6073~~

~~615~~

	\$0,	March 31,	March 31,
	2017	2017	2016
	(3 months)	(12 months)	(12 months)
			restated
603			
Cash receipts from customers	\$ 226,107	\$ 1,505,773	\$ 2,097,150
Cash paid to suppliers and employees	(193,821)	(824,005)	(2,073,954)
Interest received	2,954	7,112	6,115
	<u>35,240</u>	<u>688,880</u>	<u>29,311</u>
603			
Acquisition of property and equipment	-	(12,186)	(1,108)
Advances to related parties	(699)	(58,139)	(5,723)
	<u>(699)</u>	<u>(70,325)</u>	<u>(6,831)</u>
603	34,541	618,555	22,480
beginning of the year	<u>1,147,156</u>	<u>528,601</u>	<u>506,121</u>
end of the year	<u>\$ 1,181,697</u>	<u>\$ 1,147,156</u>	<u>\$ 528,601</u>

The accompanying notes are an integral part of these financial statements.

2017

1.

89

As a government business enterprise, Canadian public sector accounting standards require School District No.73 Business Company (the "Business Company") to adhere to the standards applicable to publicly accountable enterprises in the CPA Handbook- Accounting. Accordingly the Company is required under Canadian generally accepted accounting principles to prepare its financial statements using the International Financial Reporting Standards. Management has determined that the internal reporting

needs of the Company and its shareholder, School District No.73 (Kamloops/Thompson), are met through the use of Canadian accounting standards for private enterprises ("ASPE") and, therefore, these financial statements have been prepared in accordance with that framework. Since ASPE is not designed to necessarily meet the needs of all users of the financial statements of a government business enterprise, the readers of these financial statements may require additional information.

89

Course fees are recognized as revenue once 14 days or 5% of the courses has been completed as course fees become non refundable at this point.

Service contract revenues are recognized as revenue in the year that the services are provided.

89

Property and equipment are stated at the cost less accumulated amortization. In the event that the facts and circumstances indicate that the Business Company's property and equipment may be impaired, an evaluation of the recoverability would be performed. 5% the ssec' circumsta117.0002 amort(.4112 Tw [ymort. Siortservices on oation.stim01menc .fulo prepare its)]TJ T

2017

1. Financial Instruments

Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent years, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

2. Accounting Estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates.

3. Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period except for the foreign currency gains and losses on long-term monetary items which are deferred and amortized over the remaining terms of the related items.

73

73

80, 2017

2. 73

The Business Company is a wholly owned subsidiary of the School District No.73 (Kamloops/Thompson) (the "School District") with a 100% ownership interest.

17,730

6,411

2017

5.

	2017		March 31, 2017		March 31, 2016	
	€	th	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 17,730	\$ 6,411	\$ 17,730	\$ 4,794	\$ 5,544	\$ 4,044
Computer software	256,345	176,546	256,345	172,346	256,345	151,346
Furniture and equipment	5,892	3,622	5,892	3,503	5,892	2,906
	<u>279,967</u>	<u>186,579</u>	<u>279,967</u>	<u>180,643</u>	<u>267,781</u>	<u>158,296</u>
	\$ 93,388		\$ 99,324		\$ 109,485	

6.

During the 2013 year, the Virtual School Society transferred the operations and assets of LearnNowBC to the Business Company. As a result of the transfer of operations, the Business Company acquired the infrastructure and working capital relating to this contract from the Virtual School Society ("VSS"). The Province, by way of Memorandum of Understanding and Transfer Under Agreement with the Business Company, was able to provide continued funding which LearnNowBC is economically dependant upon. As such, the transfer of operations was transacted at carrying value and the Business Company acquired the following, which resulted in contributed surplus in the financial statements.

Property and equipment	\$ 263,370
Working capital	50,004
Adjustment	56,727
Contributed Surplus	<u>\$ 370,101</u>

73

Nil

2017

7. Nil

8.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Business Company is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or if financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Business Company's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable from companies that operate in the same industry.

8. Nil

Included in accounts payable and accrued liabilities are government remittances payable of \$1,273 (2017 \$2,845; 2016 \$Nil).

9. Nil

As at June 30, 2016, the Ministry of Education terminated the LearnNowBC program. As a result

73

15

80, 2017

11. 11

During the period, it was identified that for an expense amount recorded recoverable was in fact not eligible to be recovered in the 2016 year.

The error has been corrected on a retrospective basis, the impact of which at March 31, 2016 is:

	Previously reported	Change	Adjusted
Accounts receivable	\$ 366,274	\$ (136,513)	\$ 229,761
Operating expense	2,032,420	136,513	2,168,933
Net income	206,521	(136,513)	70,008
Closing retained earnings	452,876	(136,513)	316,363

73

11

1 - 11

	2017	2016	2016
Course fees	\$ 51,100	\$ 602,937	\$ 221,413
Interest revenue	2,750	3,806	606
	<u>53,850</u>	<u>606,743</u>	<u>222,019</u>
Agent fees	92,287	78,279	13,380
Bank charges and interest	203	3,768	1,191
Global Education contractors	43,350	106,673	109,689
Global Education website	267	21,604	14,590
Management fees	2,893	-	11,101
Office expenses	9,393	18,977	-
Professional fees	-	1,565	135
Travel and marketing	4,680	20,558	-
Wages and benefits	\$ 19,746		
	<u>172,819</u>	<u>251,424</u>	<u>150,086</u>
	\$ (118,969)	\$ 355,319	\$ 71,933

73

12 - 1/

	2017	March 31, 2016	March 31, 2016, restated
Revenue			
LearnNowBC	\$ -	\$ 500,000	\$ 1,900,000
Interest Revenue	205	3,306	5,509
Other revenue	3,803	23,731	111,413
	<u>4,008</u>	<u>527,037</u>	<u>2,016,922</u>
Expenses			
Amortization	5,936	22,347	27,388
Bank charges and interest	-	-	683
Insurance	405	2,177	3,134
LearnNowBC academic advising	-	565	1,270
LearnNowBC contracted management services	-	44,002	89,546
LearnNowBC office lease	-	19,554	59,090
LearnNowBC website	-	188,306	1,048,414
Management fees	-	56,689	100,846
Office expenses	-	12,055	29,341
Professional fees	-	15,770	9,743
Travel and marketing	-	2,001	21,994
Tutoring	-	88,848	329,651
Wages and benefits	-	85,416	161,233
	<u>6,341</u>	<u>537,730</u>	<u>1,882,333</u>
Net (loss) income for the year	\$ (2,333)	\$ (10,693)	\$ 134,589