

Atlantic Bioventure Centre

Financial Statements
March 31, 2013

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board of Directors. The Board of Directors reviews internal financial statements on a monthly basis and external audited financial statements yearly.

The external auditor, PricewaterhouseCoopers LLP, conducts an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditor has full and free access to financial management of the Atlantic Bioventure Centre and meet when required.

On behalf of Atlantic Bioventure Centre

Alan Grant, Executive Director
Agriculture and Food Operations Branch
Nova Scotia Department of Agriculture

Dr. Richard Ablett, Ph.D., c.Sci., F.I.F.S.T
Chief Executive Officer
Nova Scotia Department of Agriculture

June 28, 2013



June 28, 2013

Independent Auditors' Report

To the Board of Directors of Atlantic Bioventure Centre

We have audited the accompanying financial statements of **Atlantic Bioventure Centre** (the "Centre"), which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations and accumulated surplus for the years ended March 31, 2013 and March 31, 2012 and the related notes, which comprise 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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 in our audits 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 the Centre as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Accountants

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Atlantic Bioventure Centre
Statements of Financial Position

	March 31, 2013 \$	March 31, 2012 \$	April 1, 2011 \$
Financial assets	—	—	—
Net debt	—	—	—

Approved by the Board of Directors

Director _____ Director

Atlantic Bioventure Centre

Statements of Operations and Accumulated Surplus

For the years ended March 31, 2013 and 2012

	2013 \$	2012 \$
Receipts		
Province of Nova Scotia	638,585	331,100
Expenditures		
Accounting and audit	3,854	3,780
Equipment purchases	870	10,271
Motor vehicle	7,375	4,248
Office and postage	4,146	4,892
Professional fees	64	9,000
Professional services	157,054	619
Repairs and maintenance	2,573	4,466
Salaries and benefits	513,502	289,451
Sundry	26,677	28,453
Supplies	1,583	6,748
Telecommunications	6,106	7,298
Utilities	836	5,024
Operating expenditures before departmental recoveries and grants	724,640	374,250
Departmental recoveries and grants (note 7)	(86,055)	(46,157)
Annual operating cost, net	638,585	328,093
Excess of receipts over expenditures before revenue sharing	–	3,007
Nova Scotia Department of Agriculture – revenue sharing	–	(3,007)
Excess of receipts over expenditures and Accumulated surplus – Beginning and End of year	–	–

Atlantic Bioventure Centre

Notes to Financial Statements

For the years ended March 31, 2013 and 2012

1 Governing status and nature of activities

The Atlantic Bioventure Centre (the “Centre”) was established as a joint initiative of the Office of Economic Development and Department of Agriculture in 2005. It operates as a research and commercialization division of Perennia Food and Agriculture Inc. Its mission is to support education and research development leadership to transform the Atlantic primary resource sectors towards creating new wealth opportunities, intellectual property and “unfair competitive advantage” with the scope of the emerging bioeconomy.

The Centre was administered by the Financial Services division of the Nova Scotia Department of Natural Resources. Receipts and expenditures related to this Centre were recorded and included in the financial records of the Nova Scotia Department of Agriculture. The receipts and expenditures reported in these financial statements have been derived from the cost centres assigned to the Centre in the financial accounts of the Nova Scotia Department of Agriculture.

On May 25, 2012, the Province of Nova Scotia announced the merger of the Atlantic Bioventure Centre, AgraPoint International Inc. and AgriTECH Park Incorporated. The new crown agency, Perennia Food and Agriculture Inc. has continued the operations of the Centre providing enhanced services to the Province’s agrifood industry. These financial statements report on the results of the Centre’s operations of Perennia Food and Agriculture Inc.

2 Conversion to Canadian Public Sector Accounting Standards

Commencing with the 2013 fiscal year, the Centre has adopted Canadian public sector accounting standards. These financial statements are the first financial statements for which the Centre has applied Canadian public sector accounting standards (“PSAS”).

There was no impact of the conversion to Canadian public sector accounting standards on the annual or accumulated surplus (deficit) at the date of transition or any resulting adjustments from the retroactive transition to the new standards.

3 Significant accounting policies

Basis of accounting

These financial statements are prepared in accordance with the Canadian public sector accounting standards (PSAS) as issued by the Canadian Accounting Standards Board.

Receipts recognition

Receipts reported in these statements of receipts and expenditures represent contributions to the Centre from the Province of Nova Scotia. It is the Centre’s policy to recognize receipts in the same period in which they are recorded as received or receivable in the records of the Nova Scotia Department of Agriculture.

Atlantic Bioventure Centre

Notes to Financial Statements

For the years ended March 31, 2013 and 2012

3 Significant accounting policies (continued)

Expenditure recognition

Expenditures reported in these statements of receipts and expenditures represent approved contributions to eligible costs and other research related costs. It is the Centre's policy to record expenditures in the same period in which they are reported by the Nova Scotia Department of Agriculture. Expenditures are recognized in the Province's records in the period which they are incurred. Payment of expenditures includes the allocation of funds to cost centres maintained and administered by the Province of Nova Scotia.

Property, plant and equipment

The Centre who is dependent on the Province of Nova Scotia for funding follows the capitalization policy of the Province. Therefore expenditures include the cost of addition to property, plant and equipment.

Management estimates

Canadian public sector accounting standards require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and any changes in those estimates could have an impact on the results of future period financial statements.

4 Income taxes

The Centre is exempt from taxation under Section 149(1)(l) of the Income Tax Act.

5 Economic dependence

The Centre receives all its funding from, and is considered to be economically dependent on the Province of Nova Scotia for its continued economic viability.

The Province of Nova Scotia pays certain expenses including administrative costs on behalf of the Centre with no charge to the Centre.

6 Related party transactions

The Centre is related to AgriTECH Park, also operated by Perennia Food and Agriculture Inc. Transactions between these related parties are facilities rental in the amount of \$2,100 (2012 - \$4,200) from Atlantic Bioventure Centre and \$23,799 (2012 - \$52,800) from Atlantic Bioventure Centre AIF project.

7 Departmental recoveries and grants

Departmental recoveries and grants represent the allocation of expenditures recognized by the Centre to other cost centres which the Nova Scotia Department of Agriculture is responsible for administering.

Atlantic Bioventure Centre

Notes to Financial Statements

For the years ended March 31, 2013 and 2012

8 Statement of cash flow

No cash flow statement is prepared as there are no funds held. All receipts and expenditures are reviewed and disbursed through accounts managed centrally by the Province of Nova Scotia.

9 Capital management

The Centre does not maintain its own capital. Operations are funded by contributions from the Province.

10 Financial instrument and risk management

Senior management of the Centre is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

a) Concentration of credit risk

Management believes the Centre has no significant credit concentration as they are not dependent on a small group of customers for its revenue.

b) Interest rate risk

Management believes the Centre has no significant interest rate risk as they have no current debt outstanding.

c) Liquidity and cash flow risk

Management believes the Centre has no significant risk from liquidity or cash flow, but this is dependent on ongoing support from the Province of Nova Scotia as disclosed in note 5.