

1 DESCRIPTION OF BUSINESS

The business is incorporated under the provincial corporations act.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company, with the unanimous consent of its shareholders, has elected to apply the differential reporting options available to non-publicly accountable enterprises. These options were not available in prior years. The changes have been applied retroactively and where applicable the comparative figures have been restated with the effects as described in the following paragraphs:

a) Share capital

The company has elected not to disclose the attributes of share classes which have not been issued. No dollar amounts are affected by this change in any year. See note 11.

b) Income taxes

The company has elected to apply the differential reporting measurement option allowed for income taxes and, accordingly, to account for income taxes using the taxes payable method. The prior year has been restated to reduce the future tax payable and retained earnings by \$xx,xxx and net income by \$xx,xxx.

c) Financial instruments

The company has elected not to disclose fair value information about financial assets, including financial assets carried in excess of fair value, and financial liabilities for which fair value was not readily obtainable.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property, plant and equipment

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Buildings	4%	declining balance method
Equipment	30%	declining balance method
Motor vehicles	20%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight line method

The company regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of the capital asset cost.
