

LEGISLATIVE ASSEMBLY OF THE  
NORTHWEST TERRITORIES  
10<sup>TH</sup> ASSEMBLY, 7<sup>TH</sup> SESSION

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TABLED ON FEBRUARY 13, 1986

31st  
ANNUAL  
REPORT

NORTHWEST TERRITORIES LIQUOR COMMISSION



# 31st ANNUAL REPORT

April 1, 1984 to March 31, 1985

NORTHWEST TERRITORIES  
LIQUOR COMMISSION





Cover Photo:  
Birds carved from Musk Ox horn  
by David Kuptana, Holman.  
(Photo: Tessa Macintosh)

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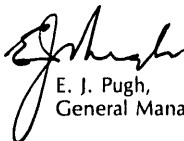
Honourable Tom Butters  
Minister of Government Services  
Government of the Northwest Territories  
Yellowknife, N.W.T.

Dear Mr. Minister:

I have the honour to submit pursuant to Section 74 of the Liquor Ordinance the thirty-first Annual Report for the fiscal year ending March 31, 1985.

I wish to express my thanks to all of our employees for their support and contribution to our progress during the past year.

Respectfully submitted,



E. J. Pugh,  
General Manager

Mr. John H. Parker  
Commissioner  
Government of the Northwest Territories

Dear Sir:

I have the honour to present herewith, for the information of the Members of the Legislative Assembly and yourself, the thirty-first Annual Report of the Liquor Commission covering the fiscal year ended March 31, 1985.

Respectfully submitted,



Tom Butters, M.L.A.  
Minister of Government Services

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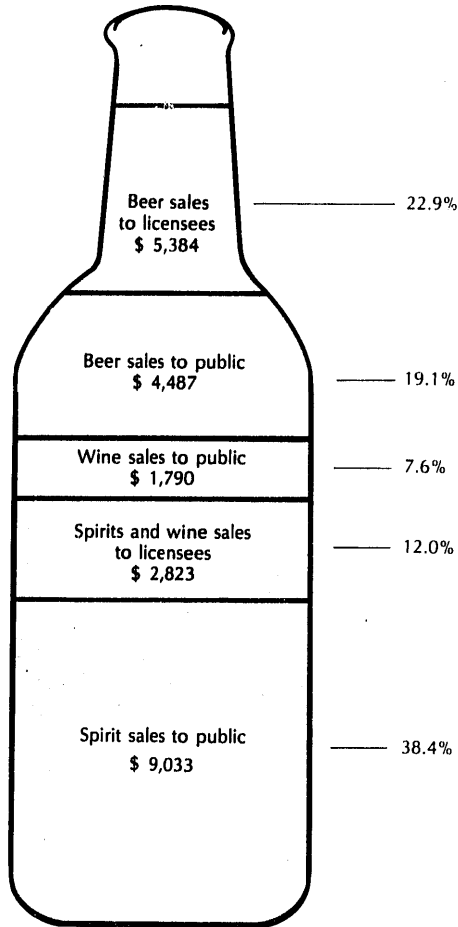
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**NORTHWEST TERRITORIES  
LIQUOR COMMISSION  
SALES HIGHLIGHTS**

<b>Year Ending March 31</b>	<b>Sales</b>	<b>Gross Profit</b>	<b>Gross Profit % of Sales</b>	<b>% Increase in Sales</b>
1969	3,981,842	2,060,746	51.6	15.0
1970	4,783,210	2,334,611	48.8	20.1
1971	5,589,192	2,673,637	47.6	16.8
1972	6,509,583	3,107,027	47.7	16.4
1973	7,496,179	3,585,040	47.7	15.2
1974	8,704,012	4,252,030	48.8	16.1
1975	9,574,266	4,864,861	50.8	9.9
1976	10,981,708	5,081,679	46.3	14.7
1977	11,280,747	5,061,090	44.9	2.7
1978	12,150,944	5,241,284	43.1	7.7
1979	12,783,114	5,992,823	46.9	5.2
1980	13,379,588	6,604,938	49.4	4.7
1981	15,184,548	7,289,791	48.0	13.5
1982	17,750,366	8,154,080	45.9	16.9
1983	20,199,370	9,025,756	44.7	13.8
1984	22,060,442	10,212,125	46.3	9.2
1985	23,516,872	10,999,020	46.8	6.6

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**Revenue from the Sale of Liquor**  
**(000's)**





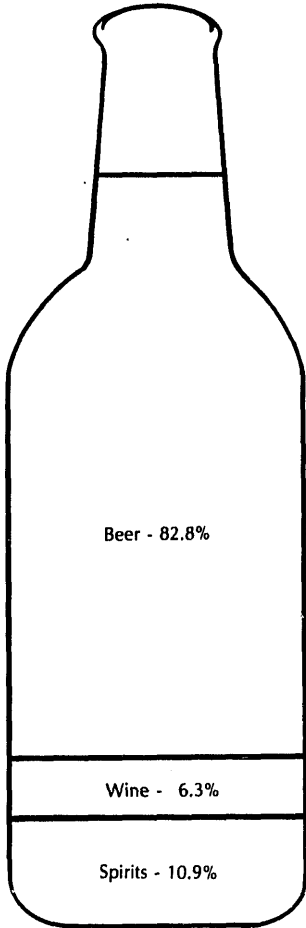
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**NORTHWEST TERRITORIES  
LIQUOR COMMISSION  
LITRES OF LIQUOR SOLD**

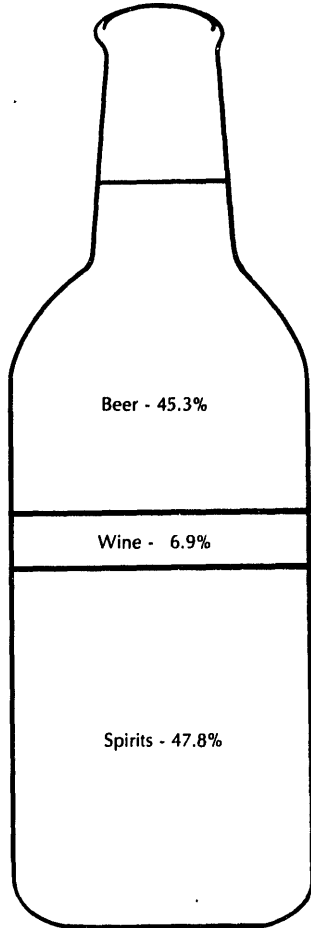
	1984-85			1983-84	% Change
	Domestic	Imported	Total	Total	
Spirits	457,710	91,058	<b>548,768</b>	532,840	+ 3.0
Wine	87,007	228,982	<b>315,989</b>	285,231	+ 10.8
Beer	<u>4,153,890</u>		<u>4,153,890</u>	<u>3,948,570</u>	+ 5.2
Total	<u>4,698,607</u>	<u>320,040</u>	<u><b>5,018,647</b></u>	<u>4,766,641</u>	+ 5.3
Litres of Absolute Alcohol Sold			<u><b>461,960</b></u>	<u>441,939</u>	+ 4.5

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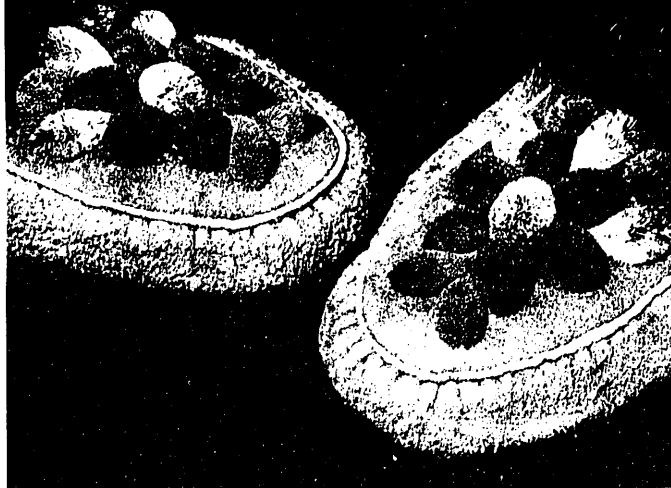
**LITRES OF  
LIQUOR SOLD**



**LITRES OF ABSOLUTE  
ALCOHOL SOLD**



Report to the Commissioner of the Northwest Territories on  
the examination of the accounts and financial statements of the  
**Northwest Territories Liquor Commission**  
For the year ended March 31, 1985



Moccasins decorated with Moose Hair Tufting.

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## AUDITOR'S REPORT

The Honourable Tom Butters, M.L.A.  
Executive Member responsible for the  
Northwest Territories Liquor Commission

I have examined the balance sheet of the Northwest Territories Liquor Commission as at March 31, 1985 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the basis of accounting for employee leave and termination benefits as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



Raymond Dubois, C.A.  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
June 7, 1985

# Northwest Territories Liquor Commission

Balance Sheet  
as at March 31, 1985

## Assets

	1985	1984
	(in thousands of dollars)	
Cash	\$ 997	\$ 779
Accounts receivable	65	61
Due from liquor agents	54	79
Inventories	<u>3,594</u>	<u>2,751</u>
	<u>\$ 4,710</u>	<u>\$ 3,670</u>

## Liabilities

Accounts payable	\$ 1,841	\$ 1,092
Accrued employee leave and termination benefits, including \$38,000 due within one year	102	—
Due to the Government of the Northwest Territories (Note 4)	<u>2,767</u>	<u>2,578</u>
	<u>\$ 4,710</u>	<u>\$ 3,670</u>

Approved by Management:



Manager, Finance and Operations

Approved by the Government of the Northwest Territories:



Comptroller General



General Manager



Deputy Minister of Finance

## Northwest Territories Liquor Commission

Statement of Income  
for the year ended March 31, 1985

	1984			1985	
	Spirits	Beer	Wine	Total	Total
	(in thousands of dollars)				
Sales	\$11,277	\$ 9,870	\$ 2,370	\$23,517	\$22,060
Less discounts on sales (Note 5)	260	148	71	479	451
	11,017	9,722	2,299	23,038	21,609
Cost of goods sold (Note 6)	4,724	6,168	1,147	12,039	11,397
Gross profit	<u>\$ 6,293</u>	<u>\$ 3,554</u>	<u>\$ 1,152</u>	10,999	10,212
Other income (Note 6)				70	664
				<u>11,069</u>	<u>10,876</u>
<b>Expenses</b>					
Salaries, wages and employee benefits				1,089	1,002
Commissions to agents (Note 5)				350	320
Rent, taxes and insurance				113	64
Utilities				108	104
Telephone, postage, stationery and supplies				60	58
Travel				49	70
Breakage and spoilage				36	8
Repairs and maintenance				35	89
Consultants and computer services				18	18
Honoraria					14
Miscellaneous				22	5
				<u>1,880</u>	<u>1,752</u>
Net income for the year transferable to the Government of the Northwest Territories (Notes 3 and 4)				<u>\$ 9,189</u>	<u>\$ 9,124</u>

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# Northwest Territories Liquor Commission

Notes to Financial Statements

March 31, 1985

## 1. Operations

The Commission, as successor to the Northwest Territories Liquor Control System, is responsible for the operation of liquor stores and the purchase, sale and distribution of liquor in the Northwest Territories under Part II of the Northwest Territories Liquor Act. The Commission is authorized by the Legislative Assembly to receive working capital advances from time to time not exceeding \$5,500,000 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the Liquor Act.

## 2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles considered to be appropriate in the circumstances and applied on a basis consistent with that of the preceding year, except for the accounting change explained in Note 3. A summary of the significant accounting policies of the Commission is as follows:

### Inventories

Inventories are valued at the landed cost at each liquor store.

### Fixed assets

Buildings, furnishings and fixtures, owned and paid for by the Government of the Northwest Territories, are provided for the use of the Commission without cost and are not reflected in the financial statements.

## 3. Accounting change

During the year, the Commission adopted the accrual basis of accounting for employee leave and termination benefits. The effect of this change has been to decrease the net income for the year and the amount due to the Government of the Northwest Territories by \$102,000. Since this change in accounting policy is reflected in the net income transferable to the Government of the Northwest Territories, the change in accounting policy has not been applied retroactively. Furthermore, the amount to be accrued at the end of the previous year could not be reasonably determined.

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#### 4. Due to the Government of the Northwest Territories

	1985	1984
	(in thousands of dollars)	
Balance at beginning of the year	\$ 2,578	\$ 2,385
Net income for the year	9,189	9,124
Salaries, wages and employee benefits paid by the Government of the Northwest Territories on behalf of the Commission	<u>—</u>	<u>969</u>
	11,767	12,478
Transfer of funds to the Government of the Northwest Territories	<u>9,000</u>	<u>9,900</u>
Balance at end of the year	<u>\$ 2,767</u>	<u>\$2,578</u>

Commencing April 1, 1984, the Commission has reimbursed the Government for salaries, wages and employee benefits paid by the Government on behalf of the Commission.

#### 5. Agency sales

Pursuant to the Liquor Act, agents have been appointed in several locations to sell liquor. For agents purchasing liquor stock from the Commission the purchases were subject to discounts of \$479,000 (\$451,000 in 1984). In addition, commissions of \$350,000 (\$320,000 in 1984) were paid to agents selling consigned liquor stocks owned by the Commission.



## 6. Cost of goods sold

	1985			1984	
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	<u>Total</u>
	(in thousands of dollars)				
Inventories at beginning of the year	\$ 1,798	\$ 518	\$ 435	\$ 2,751	\$ 2,226
Purchases	4,845	5,317	990	11,152	10,045
Freight	<u>311</u>	<u>1,090</u>	<u>329</u>	<u>1,730</u>	<u>1,877</u>
	6,954	6,925	1,754	15,633	14,148
Inventories at end of the year	<u>2,230</u>	<u>757</u>	<u>607</u>	<u>3,594</u>	<u>2,751</u>
Cost of goods sold	<u>\$ 4,724</u>	<u>\$ 6,168</u>	<u>\$ 1,147</u>	<u>\$12,039</u>	<u>\$11,397</u>

## 7. Other income

	1985	1984
		(in thousands of dollars)
Interest	\$ 67	\$ 46
Miscellaneous	3	11
Licence fees	—	431
Permits	—	176
	<u>\$ 70</u>	<u>\$ 664</u>

Effective April 1, 1984, the Commission continued to collect certain licence fees and permits on behalf of the Liquor Licensing Board established under Part I of the Liquor Act. The amounts collected were transferred to the Government of the Northwest Territories for credit to the Consolidated Revenue Fund in the amount of \$588,000 for 1985.

## STORES' OPERATIONS

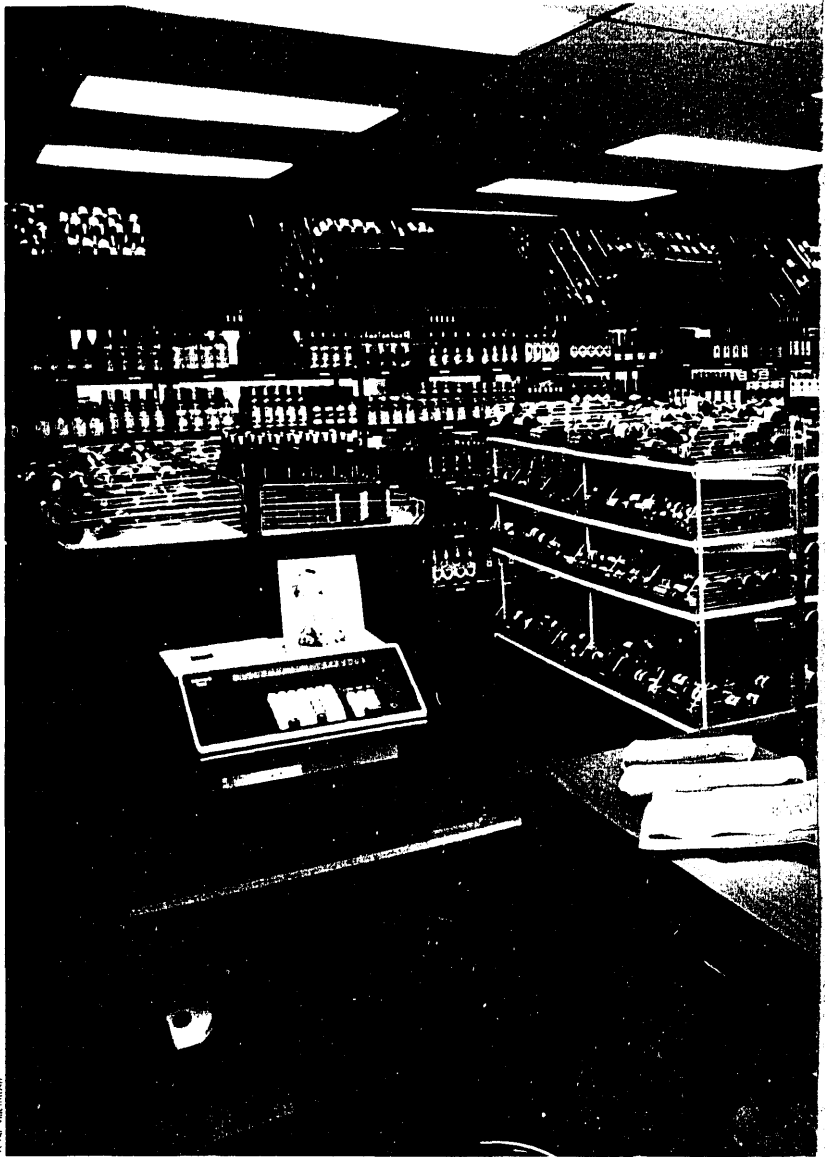


Photo: Mike Smith

Yellowknife Liquor Store.



## Northwest Territories Liquor Commission

### YELLOWKNIFE WAREHOUSE

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	1985				1984
	Spirits	Beer	Wine	Total	Total
Sales	\$ 4,662	\$ 3,720	\$ 1,334	<b>\$ 9,716</b>	\$ 9,121
Less:					
Agency Discounts	<u>260</u>	<u>148</u>	<u>71</u>	<u>479</u>	451
Net Sales	<u>4,402</u>	<u>3,572</u>	<u>1,263</u>	<u>9,237</u>	8,670
Cost of Goods Sold:					
Beginning Inventory	450	122	218	790	679
Purchases	2,114	2,197	524	4,835	4,058
Freight	<u>119</u>	<u>198</u>	<u>176</u>	<u>493</u>	463
	2,683	2,517	918	6,118	5,200
Ending Inventory	<u>760</u>	<u>278</u>	<u>299</u>	<u>1,337</u>	790
Cost of Goods Sold	<u>1,923</u>	<u>2,239</u>	<u>619</u>	<u>4,781</u>	4,410
Gross Profit	<u>\$ 2,479</u>	<u>\$ 1,333</u>	<u>\$ 644</u>	4,456	4,260
Operating Expenses				<u>178</u>	132
Net Income for the Year				<u><b>\$ 4,278</b></u>	<u>\$ 4,128</u>

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## Northwest Territories Liquor Commission

### INUVIK STORE

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	1985				1984
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	<u>Total</u>
Sales	<u>\$ 2,396</u>	<u>\$ 1,454</u>	<u>\$ 289</u>	<u>\$ 4,139</u>	<u>\$ 3,807</u>
Cost of Goods Sold:					
Beginning Inventory	522	153	83	758	472
Purchases	973	703	131	1,807	1,798
Freight	<u>76</u>	<u>216</u>	<u>55</u>	<u>347</u>	<u>407</u>
	1,571	1,072	269	2,912	2,677
Ending Inventory	<u>564</u>	<u>177</u>	<u>116</u>	<u>857</u>	<u>758</u>
Cost of Goods Sold	<u>1,007</u>	<u>895</u>	<u>153</u>	<u>2,055</u>	<u>1,919</u>
Gross Profit	<u>\$ 1,389</u>	<u>\$ 559</u>	<u>\$ 136</u>	2,084	1,888
Operating Expenses				<u>273</u>	<u>300</u>
Net Income for the Year				<u>\$ 1,811</u>	<u>\$ 1,588</u>

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## Northwest Territories Liquor Commission

### HAY RIVER STORE

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	<u>1985</u>				<u>1984</u>
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	<u>Total</u>
Sales	<u>\$ 1,453</u>	<u>\$ 1,328</u>	<u>\$ 216</u>	<u>\$ 2,997</u>	<u>\$ 2,716</u>
Cost of Goods Sold:					
Beginning Inventory	352	39	42	433	367
Purchases	614	710	114	1,438	1,235
Freight	<u>20</u>	<u>60</u>	<u>21</u>	<u>101</u>	<u>119</u>
	986	809	177	1,972	1,721
Ending Inventory	<u>345</u>	<u>36</u>	<u>65</u>	<u>446</u>	<u>433</u>
Cost of Goods Sold	<u>641</u>	<u>773</u>	<u>112</u>	<u>1,526</u>	<u>1,288</u>
Gross Profit	<u>\$ 812</u>	<u>\$ 555</u>	<u>\$ 104</u>	1,471	1,428
Operating Expenses				<u>206</u>	<u>160</u>
Net Income for the Year				<u>\$ 1,265</u>	<u>\$ 1,268</u>

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## Northwest Territories Liquor Commission

### FROBISHER BAY WAREHOUSE

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	<u>1985</u>				<u>1984</u>
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	<u>Total</u>
Sales	\$ 413	\$ 941	\$ 89	\$ 1,443	\$ 1,372
Cost of Goods Sold:					
Beginning Inventory	113	41	19	173	200
Purchases	175	421	43	639	569
Freight	26	351	24	401	389
	314	813	86	1,213	1,158
Ending Inventory	143	34	33	210	173
Cost of Goods Sold	171	779	53	1,003	985
Gross Profit	<u>\$ 242</u>	<u>\$ 162</u>	<u>\$ 36</u>	440	387
Operating Expenses				167	142
Net Income for the Year				<u>\$ 273</u>	<u>\$ 245</u>

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## Northwest Territories Liquor Commission

### NORMAN WELLS STORE

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	1985				1984
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	<u>Total</u>
Sales	\$ 705	\$ 564	\$ 97	\$ 1,366	\$ 1,419
Cost of Goods Sold:					
Beginning Inventory	152	68	11	231	184
Purchases	352	263	53	668	640
Freight	34	82	25	141	264
	538	413	89	1,040	1,088
Ending Inventory	240	74	36	350	231
Cost of Goods Sold	298	339	53	690	857
Gross Profit	<u>\$ 407</u>	<u>\$ 225</u>	<u>\$ 44</u>	676	562
Operating Expenses				101	97
Net Income for the Year				<u>\$ 575</u>	<u>\$ 465</u>



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## Northwest Territories Liquor Commission

### FORT SMITH AGENCY

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	<u>1985</u>				<u>1984</u>
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	<u>Total</u>
Sales	<u>\$ 612</u>	<u>\$ 633</u>	<u>\$ 215</u>	<u>\$ 1,460</u>	<u>\$ 1,475</u>
Cost of Goods Sold:					
Beginning Inventory	96	16	27	139	137
Purchases	246	362	76	684	652
Freight	<u>14</u>	<u>26</u>	<u>18</u>	<u>58</u>	<u>75</u>
	356	404	121	881	864
Ending Inventory	<u>76</u>	<u>22</u>	<u>30</u>	<u>128</u>	<u>139</u>
Cost of Goods Sold	<u>280</u>	<u>382</u>	<u>91</u>	<u>753</u>	<u>725</u>
Gross Profit	<u>\$ 332</u>	<u>\$ 251</u>	<u>\$ 124</u>	707	750
Operating Expenses				<u>116</u>	<u>115</u>
Net Income for the Year				<u>\$ 591</u>	<u>\$ 635</u>

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## Northwest Territories Liquor Commission

### FORT SIMPSON AGENCY

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	1985			1984	
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	
Sales	<u>\$ 349</u>	<u>\$ 459</u>	<u>\$ 30</u>	<u>\$ 838</u>	<u>\$ 787</u>
Cost of Goods Sold:					
Beginning Inventory	31	36	11	78	76
Purchases	115	266	12	396	408
Freight	<u>11</u>	<u>22</u>	<u>3</u>	<u>36</u>	<u>39</u>
	160	324	26	510	523
Ending Inventory	<u>34</u>	<u>49</u>	<u>11</u>	<u>94</u>	<u>78</u>
Cost of Goods Sold	<u>126</u>	<u>275</u>	<u>15</u>	<u>416</u>	<u>445</u>
Gross Profit	<u>\$ 223</u>	<u>\$ 184</u>	<u>\$ 15</u>	422	342
Operating Expenses				<u>93</u>	<u>85</u>
Net Income for the Year				<u>\$ 329</u>	<u>\$ 257</u>

# Northwest Territories Liquor Commission

## PINE POINT AGENCY

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	1985				1984
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	<u>Total</u>
Sales	\$ 550	\$ 479	\$ 70	\$ 1,099	\$ 931
Cost of Goods Sold:					
Beginning Inventory	68	31	20	119	92
Purchases	200	255	19	474	428
Freight	10	21	5	36	36
	278	307	44	629	556
Ending Inventory	54	46	12	112	119
Cost of Goods Sold	224	261	32	517	437
Gross Profit	<u>\$ 326</u>	<u>\$ 218</u>	<u>\$ 38</u>	582	494
Operating Expenses				109	92
Net Income for the Year				<u>\$ 473</u>	<u>\$ 402</u>

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## Northwest Territories Liquor Commission

### TUNGSTEN AGENCY

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	1985			1984	
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	<u>Total</u>
Sales	<u>\$ 105</u>	<u>\$ 105</u>	<u>\$ 26</u>	<u>\$ 236</u>	<u>\$ 157</u>
Cost of Goods Sold:					
Beginning Inventory	14	6	4	24	14
Purchases	47	72	16	135	109
Freight	<u>3</u>	<u>11</u>	<u>2</u>	<u>16</u>	<u>10</u>
	64	89	22	175	133
Ending Inventory	<u>14</u>	<u>8</u>	<u>5</u>	<u>27</u>	<u>24</u>
Cost of Goods Sold	<u>50</u>	<u>81</u>	<u>17</u>	<u>148</u>	<u>109</u>
Gross Profit	<u>\$ 55</u>	<u>\$ 24</u>	<u>\$ 9</u>	88	48
Operating Expenses				<u>10</u>	<u>6</u>
Net Income for the Year				<u>\$ 78</u>	<u>\$ 42</u>

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## Northwest Territories Liquor Commission

### CAMBRIDGE BAY AGENCY

Statement of Operations  
for the year ended March 31, 1985  
(000's)

	<u>1985</u>				<u>1984</u>
	<u>Spirits</u>	<u>Beer</u>	<u>Wine</u>	<u>Total</u>	<u>Total</u>
Sales	\$ —	\$ 186	\$ —	\$ 186	\$ 156
Cost of Goods Sold:					
Beginning Inventory	—	6	—	6	5
Purchases	—	71	—	71	63
Freight	—	102	—	102	74
	—	179	—	179	142
Ending Inventory	—	3	—	3	6
Cost of Goods Sold	—	176	—	176	136
Gross Profit (Loss)	<u>\$ —</u>	<u>\$ 10</u>	<u>\$ —</u>	10	20
Operating Expenses				24	20
Net Income for the Year				<u>(\$ 14)</u>	<u>\$ 0</u>



