



# **Board of Directors Newfoundland Hardwoods Limited**

**Annual Report  
2008-09**

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**Paper**

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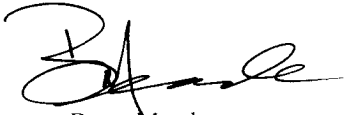
## *Message from the Chair*

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As Chair of the Board of Directors of Newfoundland Hardwoods Limited, I am pleased to present the board's Annual Report for 2008-09.

Newfoundland Hardwoods Limited is classified as a category 3 entity under the *Transparency and Accountability Act*. This means the board must prepare an annual report that clearly outlines the activities it has undertaken within its mandate and current budget, for the preceding fiscal year. In accordance with the *Transparency and Accountability Act*, this report was prepared under the direction of the board, which is accountable for the results reported herein.

Sincerely,



Brent Meade  
Chair  
Newfoundland Hardwoods Limited

*Table of Contents*

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*Overview of the Board of Directors and Newfoundland Hardwoods Limited..... 3*

*Mandate..... 3*

*Primary Clients ..... 3*

*Vision of the Department..... 3*

*Mission..... 4*

*Board Activities ..... 4*

*Appendix*

## ***Overview of the Board of Directors and Newfoundland***

### ***Hardwoods Limited***

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Newfoundland Hardwoods Limited was established as a crown corporation in 1950 under the *Corporations Act* for the purpose of manufacturing liquid asphalt and the sale of chemically treated poles and timber to supply the needs of provincial customers. In 1995, the province privatized Newfoundland Hardwoods Limited with the sale of its asphalt operations to Irving Oil Limited and its pole and timber division to Wood Preservation Industries Limited of Quebec and provided environmental indemnities to both companies.

While Newfoundland Hardwoods Limited is inactive as a crown corporation, there is a Board of Directors to deal with any outstanding issues that may arise subsequent to the sale. All outstanding issues have been addressed except the decommissioning of one storage tank. The tank is sealed and inspected regularly and poses no environmental threat at this time. Currently, there is no facility in the province to dispose of the contents of this tank.

Since Newfoundland Hardwoods Limited is inactive as a crown corporation, its Board of Directors consists solely of provincial public sector employees as follows:

- Deputy Minister of Innovation, Trade and Rural Development, Chairperson
- Assistant Deputy Minister, Innovation, Trade and Rural Development (Strategic Industries and Regional Economic Development)
- Director, Business Analysis, Innovation, Trade and Rural Development
- Manager, Enterprise Services, Business Analysis, Innovation, Trade and Rural Development

The corporation does not have its own staff. The Department of Innovation, Trade and Rural Development (INTRD) provides administrative support to the Board.

### ***Mandate***

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The Board of Directors of Newfoundland Hardwoods Limited does not have a formally defined mandate. It exists solely to deal with any outstanding issues that may arise subsequent to the sale of assets.

### ***Primary Clients***

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The board's primary responsibility is to the provincial government by handling outstanding issues that may arise subsequent to the sale of assets.

### ***Vision of the Department***

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The vision of the Department of Innovation, Trade and Rural Development is of "a diversified, competitive economy with productive and prosperous regions across the province".

The work of the board supports the vision of the Department of Innovation, Trade and Rural Development by ensuring the prompt response to subsequent issues arising from the sale of the former corporation's assets.

## ***Mission***

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The mission statement of the Department of Innovation, Trade and Rural Development, identifies the priority focus area of the Minister over the current planning cycle. It represents the key long-term objective that the Minister and the board will work towards to achieve the strategic directions of government.

The mission of the Department of Innovation, Trade and Rural Development is as follows:

By 2011, the Department of Innovation, Trade and Rural Development will “have stimulated economic and business development to foster regional and provincial prosperity.”

The work of the board supports the strategic directions of government and the mission of the Department of Innovation, Trade and Rural Development by ensuring the prompt response to subsequent issues arising from the sale of the former corporation’s assets.

## ***Board Activities***

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In consideration of its mandate, the board’s only required activity is an annual meeting to discuss any issues that may require the board’s attention as well as consider and approve the annual audited financial statements. The board will report on its activities on an annual basis. One objective has been identified in the NL Hardwoods Limited’s 2008-11 Activity Plan and this will be reported on herein and will also be reported on in the 2009-10 Annual Report.

### **Objective 1**

The board will meet to review and approve annual audited financial statements.

### **Measure**

Audited financial statements.

### **Indicators**

- Audited financial statements reviewed and approved.

The board met once in 2008-09 to consider and approve the NL Hardwoods Limited’s audited financial statements for the year ended March 31, 2008. The audited financial statements for the year ended March 31, 2009 were approved subsequent to year end (copy attached).

**NEWFOUNDLAND HARDWOODS LIMITED**

Auditor's Report

Financial Statements

Year ended March 31, 2009

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## **AUDITOR'S REPORT**

To the Shareholders of Newfoundland Hardwoods Limited:

I have audited the balance sheet of Newfoundland Hardwoods Limited as at March 31, 2009 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2009 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANT

Clarenville, Newfoundland

June 17, 2009



NEWFOUNDLAND HARDWOODS LIMITED

Balance Sheet

March 31, 2009

	<u>2009</u>	<u>2008</u>
<b><u>Assets</u></b>		
Current assets:		
Cash and term deposits	\$ 120,858	122,296
Harmonized sales tax receivable	<u>          --</u>	<u>          487</u>
Total current assets	<u>\$ 120,858</u>	<u>122,783</u>
<b><u>Liabilities and Shareholders' Equity</u></b>		
Current liabilities:		
Payables and accruals	<u>\$ 1,500</u>	<u>1,500</u>
Total current liabilities	1,500	1,500
Contingent losses (Note 2)	--	--
Commitments (Note 3)	--	--
Shareholders' equity:		
Common shares of no par value:		
Authorized an unlimited number; issued and fully paid at stated value, 253 shares	25,300	25,300
Retained earnings, per accompanying statement	<u>94,058</u>	<u>95,983</u>
Total shareholders' equity	<u>119,358</u>	<u>121,283</u>
	<u>\$ 120,858</u>	<u>122,783</u>

See Accompanying Notes

Approved: \_\_\_\_\_ Director

\_\_\_\_\_ Director

**NEWFOUNDLAND HARDWOODS LIMITED**

Statement of Income and Retained Earnings

Year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Revenue	\$ --	--
Administrative expenses:		
Bank charges	15	12
Professional and consulting fees	1,850	1,775
Licences and fees	<u>75</u>	<u>961</u>
	<u>1,940</u>	<u>2,748</u>
Operating loss	(1,940)	(2,748)
Interest income	<u>15</u>	--
Net loss	(1,925)	(2,748)
Retained earnings, beginning of year	<u>95,983</u>	<u>98,731</u>
Retained earnings, end of year	<u>\$ 94,058</u>	<u>95,983</u>

See Accompanying Notes

**NEWFOUNDLAND HARDWOODS LIMITED**

Statement of Cash Flows

Year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Cash provided by operating activities:		
Net loss	\$ (1,925)	(2,748)
Changes in non-cash working capital balances:		
Harmonized sales tax receivable	<u>487</u>	<u>(249)</u>
Decrease in cash	(1,438)	(2,997)
Cash, beginning of year	<u>122,296</u>	<u>125,293</u>
Cash, end of year	<u><u>\$ 120,858</u></u>	<u><u>122,296</u></u>

See Accompanying Notes

## **NEWFOUNDLAND HARDWOODS LIMITED**

### Notes to the Financial Statements

March 31, 2009

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1. Divestiture:

During the 1996 fiscal year the company sold the property and equipment and inventory relating to its wood preservation and asphalt manufacturing operations. The Company has consequently ceased commercial operations.

2. Contingent losses:

Environmental concerns:

The Government of Newfoundland and Labrador, through an environmental indemnity, has released the current owner of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by Newfoundland Hardwoods Limited up to the date of the said agreements.

3. Commitments:

The company had committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date, four of these tanks have been removed and the costs of such have been reflected in these financial statements.

