LCBO

Proudly Serving Ontario Since 1927

ANNUAL REPORT 1990 - 1991

LIQUOR CONTROL BOARD OF ONTARIO

THE

LCBO

IN A SOCIALLY RESPONSIBLE MANNER, WILL BE THE BEST CUSTOMER-FOCUSED AND PROFITABLE RETAILER OF BEVERAGE ALCOHOL AND RELATED SERVICES.

Board of Directors

Andrew S. Brandt †
Chair and Chief Executive Officer

J.W. (Jack) Ackroyd ††
Chair and Chief Executive Officer

Richard Sharpe
Vice – Chair
Chair of Sears Canada

Lanfranco Amato
Business Consultant

Dr. Katy Driver-Radhakrishnan
Professor of Pediatrics
University of Toronto

Steven Stavro †††
President
Knob Hill Farms

Executive Vice-President

Larry C. Gee

† *Appointed February 6, 1991*
†† *Retired December 31, 1990*
††† *Term expired February 24, 1991*

The Honourable Marilyn Churley
Minister of Consumer and Commercial Relations

Madam Minister :

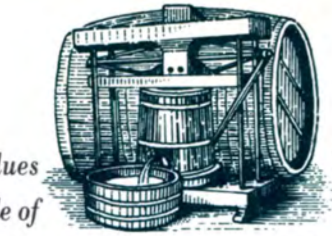
I am pleased to present to you the 1990 – 1991 Annual Report of the Liquor Control Board of Ontario.

Respectfully submitted,

Andrew S. Brandt
Chair and Chief Executive Officer

LCBO store interior, circa 1927.

The award - winning Hazelton Lanes store in Toronto.



To reflect social values ...to serve the people of Ontario...through changing times and an often colourful history, these two principles have guided the Liquor Control Board of Ontario (LCBO).

Since its beginnings in 1927, lawmakers have seen the LCBO as a compromise. The Liquor Control Act, which replaced the Ontario Temperance Act, established the LCBO to "control the sale, transportation, and delivery" of alcoholic beverages in Ontario. The creation of the LCBO recognized the concerns held by both prohibitionists and anti-prohibitionists; it represented a mid-way point between unrestricted liquor sales and outright prohibition.

The first LCBO Annual Report, published in 1928, gives some intriguing insights into the corporation's initial six months of operation. Eighty-six stores were opened, the LCBO employed 875 people, sales were $12.3 million, and whisky could be purchased (if you had a permit) for $3 a quart. Perhaps most revealing of all was a statement by Chief Commissioner Hanna. He wrote: "It is hoped a real stimulation to temperance (has been achieved) by education and home training rather than by prohibition."

Although the present LCBO is far different from the one of more than 60 years ago, it continues to reflect the social values of the people it serves. This traditional commitment to social responsibility is complemented by the organization's determination to be a professional retailer with quality customer service as the cornerstone of its business.

Today, with 621 stores across the province, over 5,000 full and part-time employees, and sales of almost $2 billion, the LCBO has become the largest retailer of beverage-alcohol in the western world. Times have indeed changed since opening day in 1927, but the LCBO is conscious of its heritage and proud of its achievements. Gone is the staid, distribution-focused organization of yesteryear. In its place is an LCBO motivated by customer needs, a commitment to quality products, and above all, a dedication to responsibly serving the people of Ontario.

Since the mid-1980s the LCBO has been undergoing a metamorphosis. Key goals, objectives, and new directions were defined in the LCBO's five-year strategic plan, adopted by the Board of Directors in 1988. Efforts that followed have been focused on making those goals a reality. The year 1990-91 saw a continuation of that process.

While there were a number of store renovations and upgrades during the past year, one completely new replacement store and one major renovation of an existing store held special significance. These two stores (Ajax and Pickering, respectively) may be viewed as prototypes for the future. They incorporate many elements – wooden racking, recessed lighting, new signage, customer service counters, and a host of other design features – that make them friendlier, more relaxed places to shop. As well, the Pickering store boasts a tasting counter and a new type of display called "Express Selections" which allows consumers to make quick and informed decisions on wines and foods that complement one another.

Meanwhile, behind the scenes, a new computerized inventory and business management system called IMPACT was being implemented. When complete, it will provide key operational data to facilitate the stock replenishment process, enable LCBO merchandising staff to target their strategies to meet customer needs, and help staff to operate the LCBO retail outlets more efficiently. At the end of 1990-91, more than 250 retail stores had been equipped with the IMPACT system. A new central computing facility designed to link all stores, warehouses, and distribution depots with head office also was completed.

To increase efficiency and productivity in the Distribution Division, an optimization project was launched this past year at the LCBO's Durham Regional Warehouse (the world's largest automated liquor distribution facility). Input was sought from both employees and outside consultants on how changes to the mechanized case handling system and its computer system could streamline operations. The positive results of this

project have meant that all previous distribution volumes are now exceeded on a regular basis at the high-tech facility.

There were many financial reasons for 1990-91 being a notable year at the LCBO. Despite spirits' sales which have been in decline for almost a decade and the increased cost of products, the LCBO transferred $650 million to the Treasurer of Ontario. This was only possible because of the success in maintaining effective control over operating expenses through the implementation of sound financial management practices. Lower warehouse and freight costs were key contributors to this outstanding performance.

One of the most significant changes in the past year centred on the leadership of the organization. Late in 1990, the LCBO said goodbye to a man who had been a driving force behind many progressive initiatives – Chair Jack Ackroyd. Under his stewardship, operations were not merely refined, they were fundamentally altered to reflect a revised focus for the Board – to become a modern, professional retailer. A new Chief Executive Officer, Andy Brandt, joined the LCBO in February 1991 and has continued to encourage and promote the LCBO's new direction.

With more than 2,500 regularly listed products and another 700 continually changing listings available through its Vintages program, the LCBO maintains one of the most extensive product portfolios of any liquor board in Canada. Each one of these products undergoes regular chemical analysis in the Board's state-of-the-art quality assurance laboratory. All are also tested by an expert panel of tasters to ensure acceptable standards of taste are met. From the smallest rural store to the largest urban one, all products are available province-wide – if not immediately, then within days after placing an order. As well, throughout all stores, customers pay the same for any given product.

In 1990-91, the LCBO continued to expand upon important initiatives begun in 1989 to enhance management of its product portfolio. Foremost among these was the implementation of category management. The LCBO divided all its products into five categories (Imported Spirits, Domestic Spirits, European and Eastern Country Wines, New World Wines, and Special Markets) giving responsibility for each to a single category management team. This centralized approach ensured that new product listings were based on valid market research, interactions with trade representatives were enhanced, and promotions and shelf management initiatives were coordinated.

In cooperation with suppliers, the Merchandising Division conducted four major thematic promotions in the past year (two for Ontario wines and one each for Spanish and Australian). The March 1991 Wine Council of Ontario promotion featured the first ever LCBO in-store contest. In addition, many special in-store theme promotions, such as Beaujolais Nouveau and Octoberfest, were coordinated and conducted by the LCBO.

In 1991, the Merchandising Division began planning a new project that will have far-reaching effects on product management at the LCBO. Working with the Information Technology and Distribution Divisions, Merchandising undertook development of a

Merchandising and Distribution Information System (MDIS). The new system will provide vital data to assist product replenishment forecasting, purchase order management, warehouse inventory control, product pricing, and information tracking.

At the store level, customers were exposed to numerous product tastings, food and wine matching seminars, and an increased availability of product information. The LCBO's resident product experts – its wine consultants – were assigned to a total of 40 stores across Ontario. And, LCBO Today, the bilingual customer publication, was published six times in 1990-91. It featured a wide array of recipes and product information as well as independent reviews and recommendations from prominent Ontario wine writers.

Staff of the LCBO Infoline also provided timely information to consumers. The bilingual information officers fielded more than 48,000 calls last year on this toll-free line, which is available to customers across the province six days a week. Calls ranged from straightforward questions on products and store operating hours to complex ones dealing with the legal responsibilities of party hosts for their guests.

All of these initiatives supported the LCBO's goal of providing excellent service and quality products in a socially-responsible manner to the province's beverage-alcohol consumers.

An extensive retail network of 621 stores spread across Ontario is the public's perception of the LCBO. In 1990-91, new programs were developed to meet the needs of consumers using these stores.

One of the most important developments of the past year was the enhanced partnership between the Retail and Merchandising Divisions. Working together, the two divisions created a new corporate look and approach to in-store marketing by suppliers. These new concepts were designed to make LCBO outlets more interesting and appealing to today's increasingly sophisticated consumer.

Underpinning these changes was extensive research, including customer surveys and focus groups. These studies consistently indicated that customers wanted a clean, uncluttered approach to store design with clearer signage and a warmer, less institutional atmosphere.

One of the first major successes for the new promotional signage program was the Christmas 1990 package. It included fully coordinated ceiling dangler signs, display backer cards, window show cards, shelf talkers, and many more components to create a consistent holiday theme in every store. To support the initiative, the LCBO produced a video explaining the program to staff, and an implementation manual was provided to each store. Since then, many thematic promotions have been carried out in LCBO outlets with highly favourable customer reaction.

While consumers liked the new signage, in many stores it clashed with outdated decor and fixtures creating some ambiguity and confusion in the minds of customers. To address this concern, the LCBO introduced a plan to give its stores a consistent corporate image. Covering everything from new corporate signage, which repositions the Liquor Board as a "Merchant of Fine Spirits, Wine, and Beer," to revised store designs and layouts, the plan emphasized harmony – a hallmark of other successful retailers. The modernization project, to be phased in over the next several years, will enable

the liquor outlets in the province to project an image consistent with the LCBO's aim of being a progressive and responsible retailer.

The LCBO's Retail Test Facility, which opened in 1990 at head office in Toronto, played an important role in the development of new store layouts and

signage packages. This facility was used for testing new lighting, point of purchase materials, and store fixtures. Computer Aided Design and Drafting (CADD) was also introduced in 1990, greatly simplifying the task of implementing the new design package as well as the planning of new stores and the retrofitting of existing ones.

In addition to these major changes, the number of stores with refrigerated display cases, wine chillers, and customer information centres increased substantially in the past year. Also of note was the September 1990 opening of the LCBO's Vintages store in Toronto's Hazelton Lanes – the sixth such specialty shop in Ontario. It is a credit to staff in both the Retail and Merchandising Divisions that this store won two international awards for design excellence.

THE EMPLOYEES

The dedication, the enthusiasm, and the expertise of LCBO employees have been recognized as the corporation's greatest strengths. Customer surveys conducted over the last several years have repeatedly rated Liquor Board staff higher in terms of service than most other retail sector employees. Employee commitment to excellence has been an ongoing source of pride for those associated with the LCBO.

The interaction of its 3,400 retail employees with customers, as well as the staff's level of product knowledge are key factors in the LCBO's customer service focus. To assist staff, product knowledge courses have been made available in both French and English during 1990, and customer service standards were established.

Throughout the year numerous employee workshops – on topics ranging from situational leadership and performance appraisal to personal computer training – were coordinated by the Training Group of the Human Resources Division. In addition, the Group presented the 1991 strategic plan to staff, and provided ongoing consultative services to other divisions. The Employee Tuition Assistance Program also supported staff enrolled in external courses of study.

To help reduce workplace accidents and injuries, regional safety committees were established in 1990 and safety representatives were appointed in every store. An accident investigation seminar was held at Durham Regional Warehouse and formal training of fork-lift operators was undertaken at all LCBO warehouses. The LCBO's Health and Safety Coordinator began developing a health maintenance program to increase employee well-being, morale, and productivity through education about lifestyle-related illness and injury. In addition, the Employee Assistance Program provided a wide variety of services to employees in the past year ranging from family counselling and addiction assessments, to counselling for alcohol-misuse, stress, and trauma.

Union/management relations were another area where significant progress was achieved during 1990-91. Ongoing cooperation with the Ontario Liquor Boards Employees' Union was demonstrated by a reduction in the number of employee grievances requiring legal arbitration, and with the ratification of the second consecutive two-year contract, again without the need for third party intervention.

Also during 1990-91, the foundation was laid for a comprehensive employment equity program. An employment systems review was conducted, and an official employment equity policy was adopted and incorporated as part of the LCBO's strategic plan. Initiatives were designed to increase the representation of women, racial minorities, disabled persons, aboriginal persons, and Francophones at all levels of the corporation's workforce.

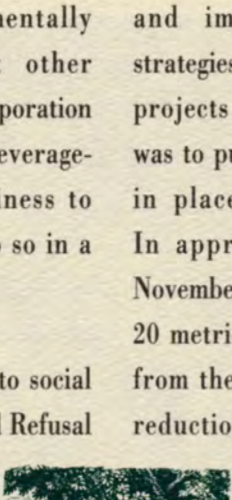
In keeping with its employment equity goals, the LCBO also introduced an outreach recruitment program during the year.

As a way of recognizing the contributions of long-time employees, special pins were presented to staff with 25 or more years of service. Additionally, employee ideas to improve the environment and LCBO operations were encouraged and financially rewarded through the Innovators Suggestion Program. The monthly staff newsletter, The Exchange, kept employees informed of these ongoing programs, new initiatives and many other special events. The publication also served to recognize individuals and groups of employees for their contributions at work and in their communities on behalf of charities such as the United Way.

THE RESPONSIBILITY CHALLENGE

The LCBO is fundamentally different from most other retailers. As a crown corporation and monopoly selling beverage-alcohol, it not only is in business to generate a profit, but also to do so in a socially-responsible manner.

One example of this commitment to social values is the LCBO's Challenge and Refusal program. During the past year more than 136,000 individuals who appeared intoxicated or under the age of majority were challenged while trying to purchase alcohol. Of these, 13,000 were ultimately refused service.



However, the LCBO's concept of social responsibilty, which continues to evolve from its earliest days, goes much further than this program. Today's changing business and social climate has made the environment, cost-effective operations, and educating consumers particularly important.

An Environmental Management Department was created in 1990 to develop and implement waste management strategies for the LCBO. One of the first projects the new department undertook was to put a fine paper recycling program in place at head office in Toronto. In approximately five months, from November 1990 to March 1991, more than 20 metric tonnes of paper were diverted from the waste stream, with a resultant reduction in cartage and dumping fees. The reclamation of cans, bottles, and polystyrene in company cafeterias and the use of recycled paper in internal and external publications were also introduced in 1990-91. As well, many other ongoing corporate recycling programs were enhanced including the recycling of packaging materials (such as corrugated cardboard and plastic wrap) at the warehouse and retail store levels.

The most significant environmental issue facing the corporation is the need to reduce the number of beverage-alcohol containers entering the waste stream. In early 1991, the LCBO commissioned the firm of Proctor and Redfern to undertake a study of container return systems. The eightmonth study was to focus on an examination of many options, such as an expanded Blue Box system, a deposit/refund/recycle system, and a deposit/refund/refill system. The last two options would see empty containers returned to LCBO outlets or to independent depots for either recycling or refilling.

Operating the LCBO in a cost-effective manner is another key responsibility. To this end, the Finance and Administration Division began planning for a comprehensive, computerized Financial Information System to act as an integral decision support mechanism. The Division also has committed to increasing financial management standards. This will be done through better integration of financial information available from new computer application systems, such as IMPACT and MDIS.

During 1990-91, LCBO Today often featured articles on the responsible use of beverage-alcohol and the dangers associated with drinking and driving. In addition, stores displayed anti-drinking and driving posters from the Ministry of the Attorney General, and the LCBO's paper bags carried a similar message. Ontario Provincial Police statistics indicate programs, such as Reduce Impaired Driving Everywhere (R.I.D.E.), have been very successful in producing a steady decline in impaired driving offences over the last several years. Communication efforts by the LCBO have been designed and carried out to support these programs.

A Look Ahead

This past year has been one of many challenges for the LCBO. Most significant was the severe recession the Ontario economy entered in the second quarter of 1990. This economic downturn, with its resulting unemployment and reduction in consumer spending, had a profound influence on the province's retail sector. As a major retailer in Ontario, the LCBO has not been immune to the general weakness in consumer spending.

The introduction of the Goods and Services Tax, an increase in cross-border shopping, altered consumption patterns because of changing lifestyles and an aging population all have had an impact on the beverage-alcohol industry. A strong Canadian dollar and a weaker U.S. economy meant a reduced number of American tourists visiting Ontario. This decline had a devastating effect on the entire food, hotel, and restaurant trade. As this industry suffered, so, too, did the beverage-alcohol industry and the LCBO.

The LCBO faced many other complex issues during 1990-91. Liquor pricing and distribution practices were questioned by the United States and European governments under the General Agreement on Tariffs and Trade (GATT). These governments sought a review of the LCBO's listings, pricing, ordering, and distribution policies and practices.

The number of constituents to whom the LCBO has some responsibility and their often competing interests and demands continued to pose another significant challenge. The corporation did strive, however, to be innovative in seeking ways to balance the wishes of many diverse groups.

In the year ahead, one of the major financial challenges to be faced will be the continuing erosion in sales-volumes, particularly for domestic spirits. Despite this, the LCBO has committed to transferring $665 million to the Treasurer of Ontario in 1991-92. To meet this goal, the LCBO has focused on improving productivity and introducing new revenue-generating programs.

Meeting these many challenges will not be a simple task, but by utilizing its

human and technological resources, the LCBO is committed to doing so. With the reaffirmation of support for its five-year strategic plan, the organization has a clear sense of direction. Through continuing investment in distinctive shopping environments, the effective use of technology at point of sale and in product management, and with increased emphasis on employee training and education, the LCBO is committed to being, "*in a socially-responsible manner, the best, customer-focused and profitable retailer of beverage-alcohol and related services.*"

LCBO AT A GLANCE

Operations

	1991	1990	1989	1988
Total Stores	**621**	623	626	623
Number of Permanent Employees	**3,305**	3,484	3,396	3,460
Number of Regular Products Listed	**2,570**	2,825	2,974	2,814

Financial

Year Ended March 31	1991 ($000)	1990 ($000)	1989 ($000)	1988 ($000)
Sales and Other Income	**1,936,710**	2,006,975	1,930,319	1,867,684
Percent change / previous year	**-3.6%**	4.0%	3.4%	5.2%
Operating Expenses	**316,042**	299,184	263,680	245,662
% of expenses / sales	**16.3%**	14.9%	13.7%	13.2%
Net Income	**642,807**	683,439	660,445	641,027
% of income / sales	**33.2%**	34.1%	34.2%	34.3%

Revenue Payments

Levies on beverage-alcohol sold in the province during the year contributed an amount in excess of $1.4 billion to the Treasurer of Ontario, and revenue paid to the Government of Canada was approximately $745 million. These amounts do not include corporation, realty and business taxes paid by the distilleries, wineries, and breweries and licence holders. Ontario retail sales tax collected by the licence holders and agency stores on sales of beverage-alcohol is excluded from these figures.

Treasurer of Ontario	($000)	($000)
Remitted by the Liquor Control Board		
- on account of profits	650,000	
- Ontario retail sales tax on sales through liquor stores	191,127	
	841,127	
Remitted by the Liquor Licence Board		
- on account of licence fees and permits	447,183	
Remitted by others		
- Ontario retail sales tax on sales through Brewers' Retail Stores and retail wine stores	157,485	1,445,795
Receiver General For Canada		
Remitted by the Liquor Control Board		
- customs and excise duties	258,384	
- Federal sales tax on spirits, wines and imported beers	112,941	
- Goods and Services Tax	13,267	
	384,592	
Remitted by others		
- malt duties, GST and other taxes on domestic beers and wines	360,569	745,161
Ontario Municipalities		
Remitted by the Liquor Control Board		
- grants in lieu of realty and business taxes		4,728
		2,195,684

SALES (DOLLARS)

	FISCAL YEAR MARCH 31/91 (000)	FISCAL YEAR MARCH 31/90 (000)	INCREASE (DECREASE) (000)
Canadian Spirits	**871,565**	937,362	(65,797)
Imported Spirits	**305,523**	312,966	(7,443)
Canadian Wines	**143,171**	150,080	(6,909)
Imported Wines	**396,053**	385,041	11,012
Canadian Beers	**114,483**	102,652	11,831
Imported Beers	**90,882**	106,145	(15,263)
Total Sales by Board Stores (including sales to licensed establishments)	**1,921,677**	1,994,246	(72,569)
Sales by Ontario Wineries & Winery Stores	**50,591**	49,148	1,443
Other Winery Sales	**504**	553	(49)
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	**1,727,065**	1,711,028	16,037

SALES (LITRES)

	Fiscal Year March 31/91 (000)	Fiscal Year March 31/90 (000)	Increase (Decrease) (000)
Canadian Spirits	**47,333**	51,039	(3,706)
Imported Spirits	**12,367**	12,827	(460)
Canadian Wines	**24,796**	26,002	(1,206)
Imported Wines	**45,814**	45,476	338
Canadian Beers †	**43,242**	40,242	3,000
Imported Beers	**33,382**	48,358	(14,976)
Total Sales by Board Stores	**206,934**	223,944	(17,010)
Sales by Ontario Wineries & Winery Stores	**8,168**	8,178	(10)
Other Winery Sales	**388**	395	(7)
Sales by Breweries and Brewers' Retail Stores	**736,680**	741,224	(4,544)

† Litre sales of Canadian Beer by Board Stores is estimated on actual dollar sales.

Product Listings

Domestic	March 31,1991	March 31,1990
Canadian Whisky	150	183
Canadian Blended Rum	91	103
Canadian Gin	33	38
Canadian Vodka	64	75
Canadian Brandy	4	6
Canadian Blended Brandy	12	10
Canadian Spirit Coolers	24	28
Fruit Spirits	6	6
Miscellaneous Liquors	6	19
Canadian Liqueurs	92	94
Ontario Wines	525	562
Ontario Wine Coolers	21	21
Other Canadian Wines	10	7
Canadian Cider	6	5
Canadian Beer (incl. beer coolers)	214	248
Alcohol	6	6
Miniatures	9	14
Bitters	3	4
Imported		
Whisky		
– Scotch	95	96
– Irish	4	10
– American	8	10
Gin	14	14
Rum	17	13
Vodka	23	24
Tequila	6	7
Brandy	83	91
Fruit Spirits	3	4
Miscellaneous Liquors	36	40
Liqueurs	70	76
Wines	836	922
Cider	1	1
Beer & Sake	72	55
Miniatures	17	12
Bitters	9	21
Total Regular Listings	2570	2825
Vintages Wines and Spirits	700	1152
Duty-Free Listings	107	111
Total Product Listings	3377	4088

FINANCIAL STATEMENTS

Balance Sheet

As at March 31, 1991

Assets	1991 ($000)	1990 ($000)
Current		
Cash and short-term investments	**55,648**	14,066
Accounts receivable, trade and others	**16,391**	3,661
Inventories, at cost	**157,250**	200,411
Prepaid expenses	**1,923**	1,614
	231,212	219,752

Liabilities and Retained Income	1991 ($000)	1990 ($000)
Current		
Accounts payable and accrued liabilities	**116,677**	98,024
Retained income	**114,535**	121,728
	231,212	219,752

See accompanying notes to financial statements.

Approved :

Chair and
Chief Executive Officer

Vice President,
Finance and Administration

STATEMENT OF INCOME AND RETAINED INCOME

Year ended March 31, 1991

	1991 ($000)	1990 ($000)
Sales and other income	**1,936,710**	2,006,975
Cost and expenses		
Cost of sales	**977,861**	1,024,352
Retail stores and marketing	**216,330**	210,560
Administration	**43,319**	38,161
Warehousing and distribution	**26,642**	26,679
Fixed assets	**29,751**	23,784
	1,293,903	1,323,536
Net income for the year	**642,807**	683,439
Retained income, beginning of year	**121,728**	78,289
	764,535	761,728
Deduct payments to the Treasurer of Ontario on account of net income	**650,000**	640,000
Retained income, end of year	**114,535**	121,728

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

As at March 31,1991

1. SIGNIFICANT ACCOUNTING POLICY

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

2. INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water, vandalism or theft. All other material assets are insured by insurance companies.

3. LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows :

	($000's)
1992	20,146
1993	16,204
1994	12,975
1995	10,586
1996	7,863
Thereafter	11,932
	79,706

4. PENSION PLAN

The Board provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Board's share of contributions to the Fund during the year was $15,076,861 (1990 - $10,192,654). This amount includes current contributions and additional payments required to cover the Board's share of the Fund's estimated unfunded liabilities on January 1,1990. These additional payments will continue over the next 40 years.

5. CONTINGENT LIABILITY

Legal action has been taken against the Board by a major airline contesting the Board's right to collect mark-up on any liquor which is imported into Ontario by the airline. The outcome of this action and the amounts involved are not determinable. Judgement, if any, against the Board will be accounted for as a prior period adjustment in the year the claim is resolved.

Provincial Auditor's Report

To the Liquor Control Board of Ontario and to the Minister of Consumer and Commercial Relations:

I have audited the balance sheet of the Liquor Control Board of Ontario as at March 31, 1991 and the statement of income and retained income for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 Board as at March 31, 1991 and the results of its operations for the year then ended in accordance with the accounting policy described in note 1 to the financial statements.

Toronto, Ontario
July 19, 1991

D.F. Archer, F.C.A.,
Provincial Auditor

The LCBO
Annual Report
1990 – 1991

Proudly Serving Ontario Since 1927

The concept of building partnerships within the LCBO has been extended to this year's annual report. Departments involved in its production include:

Communications Dept.
Concept, Editorial Content and Photography

Corporate Accounting Dept.
Financial Information

French Language Services
French Adaptation

Promotions and Visual Communications Dept.
Design and Production

Stock

Cover:
50% recycled fibre

Inside :
50% recovered materials and 10% postconsumer waste

This report can be recycled by removing the wire binding.