Manitoba Liquor and Lotteries Corporation

Consolidated financial statements

March 31, 2021

Independent auditor's report

To the Board of Directors of
Manitoba Liquor and Lotteries Corporation

Opinion

We have audited the consolidated financial statements of **Manitoba Liquor and Lotteries Corporation** [the "Corporation"], which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statement of net income, comprehensive income and equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, in the Corporation's Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants

Winnipeg, Canada
June 18, 2021

Manitoba Liquor and Lotteries Corporation
Consolidated Statement of Financial Position
As at March 31
(in thousands of Canadian dollars)

	Notes	2021	2020
ASSETS			
Current assets			
Cash		$ 51,122	$ 68,969
Trade and other receivables	4	55,144	36,809
Inventories	5	64,335	54,564
Prepayments	6	4,474	4,382
		175,075	164,724
Non-current assets			
Property and equipment, net	7	337,376	357,279
Right-of-use assets, net	8	68,257	72,693
Intangible assets, net	9	9,360	11,697
		414,993	441,669
TOTAL ASSETS		$ 590,068	$ 606,393
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	$ 121,340	$ 120,806
Contract liabilities	11	12,691	7,767
Payable to the Province of Manitoba		42,601	42,302
Current portion of long-term debt	12	54,633	52,348
Current portion of lease liabilities	8	7,536	7,430
		238,801	230,653
Non-current liabilities			
Long-term debt	12	282,228	303,513
Lease liabilities	8	64,039	67,227
		346,267	370,740
Commitments and contingencies	16		
Equity			
Retained earnings		5,000	5,000
TOTAL LIABILITIES AND EQUITY		$ 590,068	$ 606,393

(see accompanying notes to the consolidated financial statements)

On behalf of the Board

Original Document Signed
Director & Chair of the Board of Directors

Original Document Signed
Director & Chair of the Audit & Finance Committee

Manitoba Liquor and Lotteries Corporation
Consolidated Statement of Net Income, Comprehensive Income and Equity
For the year ended March 31
(in thousands of Canadian dollars)

	Notes	2021	2020
Revenue	13	$ 1,210,699	$ 1,458,452
Cost of sales	13	556,440	569,143
		654,259	889,309
Operating expenses	13	197,984	240,293
Depreciation and amortization		53,731	66,707
Goods and Services Tax		4,895	6,784
		256,610	313,784
Operating income		397,649	575,525
Share of profit of Western Canada Lottery Corporation	14	58,369	62,041
Interest expense		(12,844)	(13,774)
Interest income		685	1,091
Income before allocations and payments		443,859	624,883
Allocations and payments	15	18,758	18,581
Net income and comprehensive income		425,101	606,302
Equity, beginning of the year		5,000	5,000
Allocation to the Province of Manitoba		(425,101)	(606,302)
Equity, end of the year		$ 5,000	$ 5,000

(see accompanying notes to the consolidated financial statements)

Manitoba Liquor and Lotteries Corporation
Consolidated Statement of Cash Flows
For the year ended March 31
(in thousands of Canadian dollars)

		2021		2020
Operating activities				
Net income and comprehensive income	$	425,101	$	606,302
Add:				
Depreciation related to property and equipment		41,250		52,844
Depreciation on assets related to Conduct and Management agreements		1,691		2,449
Depreciation related to right-of-use assets		9,218		9,182
Amortization related to intangible assets		3,263		4,681
Interest on financing activities		12,844		13,774
Loss on disposal of property and equipment		1,233		4,284
Loss on disposal of intangible assets		-		134
		494,600		693,650
Changes in non-cash working capital items:				
Decrease (increase) in trade and other receivables		(18,335)		17,120
Increase in inventories		(9,771)		(4,928)
Decrease (increase) in prepayments		(92)		311
Increase in trade and other payables		534		1,982
Increase in contract liabilities		4,924		81
Cash provided by operating activities		471,860		708,216
Investing activities				
Purchase of property and equipment		(25,332)		(31,984)
Purchase of intangible assets		(926)		(4,093)
Proceeds from disposal of property and equipment		1,061		411
Cash used in investing activities		(25,197)		(35,666)
Financing activities				
Cash distributions to the Province of Manitoba:				
Current year		(422,500)		(609,000)
Prior year		(2,302)		(5,075)
Proceeds from long-term debt		33,600		45,140
Payment of principal and interest on long-term debt		(63,123)		(71,227)
Payment of principal and interest on lease liabilities		(10,185)		(9,179)
Cash used in financing activities		(464,510)		(649,341)
Net increase (decrease) in cash during the year		(17,847)		23,209
Cash, beginning of the year		68,969		45,760
Cash, end of the year	$	51,122	$	68,969

(see accompanying notes to the consolidated financial statements)

1. Background

By consent of the Legislative Assembly of Manitoba, *The Manitoba Liquor and Lotteries Corporation Act* was enacted on December 5, 2013 and came into force on April 1, 2014. Under *The Manitoba Liquor and Lotteries Corporation Act*, Manitoba Liquor and Lotteries Corporation (the Corporation) was established as a Crown corporation.

The registered office of the Corporation is located at 830 Empress Street, Winnipeg, Manitoba.

2. Significant Accounting Policies

(a) Basis of presentation

The consolidated financial statements of the Corporation for the year ended March 31, 2021 were authorized for issue by the Board of Directors on June 18, 2021.

These consolidated financial statements were prepared on a going concern basis, using historical cost except for certain financial instruments, which are reported at fair value. The consolidated financial statements are presented in Canadian dollars, the functional currency of the Corporation, and all values are rounded to the nearest thousand dollars ($000) except where otherwise indicated.

(b) Statement of compliance

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations as issued by the International Accounting Standards Board (IASB).

(c) Basis of consolidation

The consolidated financial statements combine the accounts of the Corporation and MLC Holdings Inc. This controlled entity was established to purchase capital assets, which are leased to the Corporation at cost.

MLC Holdings Inc. has been fully consolidated since the date of inception and will continue to be consolidated until the date when control ceases. The financial statements of MLC Holdings Inc. are prepared for the same reporting period as the Corporation using consistent accounting policies. All intercompany transactions and accounts have been eliminated on consolidation.

(d) Western Canada Lottery Corporation

The Western Canada Lottery Corporation (WCLC) was incorporated without share capital under Part II of the *Canada Corporations Act* on May 13, 1974. The provincial governments of Manitoba, Saskatchewan and Alberta are members in the WCLC, and the Yukon Territory, the Northwest Territories and Nunavut participate with the provinces as associate members in the sale of gaming products. Each province and territory has appointed a lottery organization to assist the WCLC with the distribution of gaming products in its jurisdiction (the Corporation for the Province of Manitoba).

The Corporation has significant influence, but not control, over the financial and operating policies of the WCLC and therefore accounts for its share of the results of the operations of the WCLC (considered an associate) using the equity method. The financial statements of the WCLC are prepared for the same reporting period and the Corporation's share of the profits calculated based on relative sales levels by jurisdiction is disclosed in note 14.

(e) First Nations Casinos and Shark Club Gaming Centre

The Government of Manitoba has overall control over gaming in Manitoba in accordance with the requirements of the Criminal Code of Canada, and has appointed the Corporation to act as its agent in the Conduct and Management (C&M) of the gaming regime.

Through a selection process, the Government of Manitoba has provided certain First Nations the opportunity to operate casinos, with the Corporation maintaining the C&M authority over these casinos. The Corporation recovers all direct gaming related expenses from First Nations Casinos and provides general administrative and compliance services upon request on a fee-for-service basis.

The Government of Manitoba has provided the TN Arena Limited Partnership the opportunity to establish the Shark Club Gaming Centre, with the Corporation maintaining the C&M authority over this gaming centre. As part of this authority, the Corporation recovers all direct gaming related expenses. In addition, the Corporation has entered into an agreement with the owner to perform management services on their behalf with respect to the gaming activity of the gaming centre.

(f) PlayNow online gaming platform

The Corporation entered into an agreement with British Columbia Lottery Corporation (BCLC) to develop a Manitoba version of their online gaming platform, PlayNow, which became operational in Manitoba in January 2013. BCLC is responsible for the overall direction and day-to-day operations of the PlayNow platform, with the Corporation maintaining C&M authority. BCLC and the Corporation collaborate on marketing initiatives, which are carried out in Manitoba on a fee-for-service basis.

(g) Foreign currency translation

The functional currency is the currency of the primary economic environment in which the Corporation operates and is normally the currency in which the Corporation generates and expends cash. Each entity determines its own functional currency and items included in the financial statements are measured using that functional currency. The functional currency and presentation currency of the Corporation is the Canadian dollar (CAD).

Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate at the reporting date and all differences are recorded in the consolidated statement of net income, comprehensive income and equity. Non-monetary assets and liabilities and revenue and expenses that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value is determined.

(h) Financial instruments

Financial instruments are recognized in the consolidated statement of financial position when the Corporation becomes a party to the contractual terms of the instrument, which represents its trade date. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, all financial instruments are initially measured at fair value adjusted for directly attributable transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price. Upon initial recognition, the Corporation designates its financial instruments as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The financial assets of the Corporation include cash and trade and other receivables. The financial liabilities of the Corporation include trade and other payables, contract liabilities, payable to the Province of Manitoba, lease liabilities and long-term debt.

(i) Fair value through profit or loss
Cash is classified as fair value through profit or loss and is measured at fair value. Any gains or losses arising on the revaluation to fair value are recorded in the consolidated statement of net income, comprehensive income and equity.

(ii) Amortized cost
Trade and other receivables are subsequently measured at amortized cost using the effective interest rate method, less impairment as they are held to collect contractual cash flows of principal and interest on specified dates. Any gains or losses and any losses arising from impairment are recognized in the consolidated statement of net income, comprehensive income and equity.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Any gains or losses are recognized in the consolidated statement of net income, comprehensive income and equity.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Corporation has transferred its rights to receive cash flows from the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. Any difference in the respective carrying amounts of the financial liability is recognized in the consolidated statement of net income, comprehensive income and equity.

(i) Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and any accumulated impairment losses. Cost includes expenditures directly attributable to the acquisition of the assets. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured. If the costs of a certain component of property and equipment are significant in relation to the total cost of the asset, these are accounted for and depreciated separately. All other repairs and maintenance costs are charged to the consolidated statement of net income, comprehensive income and equity as incurred.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs associated with the borrowing of funds.

Depreciation is charged to the consolidated statement of net income, comprehensive income and equity based on cost, less estimated residual value, on a straight-line basis over the estimated useful life of the asset as follows:

Furniture and equipment	3 to 40 years
Gaming equipment	5 to 8 years
Assets related to C&M agreements	5 to 7 years
Parking lots and roads	15 to 25 years
Leasehold improvements	Over the remaining term of the lease
Major building components	5 to 50 years
Building structures	40 to 50 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each fiscal year-end and are adjusted prospectively, if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of net income, comprehensive income and equity when the asset is derecognized.

(j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date based on whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee on the date that the underlying asset is available for use. Exceptions include leases of low-value assets, short-term leases (those with a lease term of 12 months or less), and variable leases where payment is linked to future performance or use. Payments related to low-value and short-term leases are recorded as an operating expense in the consolidated statement of net income, comprehensive income and equity on a straight-line basis over the term of the lease. Variable leases consist of leases for certain gaming equipment, and are recorded in cost of sales in the consolidated statement of net income, comprehensive income and equity.

The lease liability is initially measured at the present value of lease payments to be made over the lease term and include fixed payments, net of any lease incentives. The Corporation uses judgment in determining the appropriate lease term on a lease-by-lease basis and includes renewal options where it is reasonably certain the lease will be renewed. The present value of lease payments is calculated using the Corporation's incremental borrowing rate at the lease commencement date, unless the interest rate implicit in the lease is readily determinable.

Subsequent to initial measurement, lease liabilities are measured at amortized cost using the effective interest rate method. Lease liabilities are remeasured for any changes in lease terms, changes in future lease payments due to a change in the rate or index associated with those payments, or any lease contract modifications that do not result in the recognition of a separate lease. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized within interest expense in the consolidated statement of net income, comprehensive income and equity.

Right-of-use assets are initially measured at the amount of the corresponding lease liability plus any significant initial direct costs and decommissioning costs. Subsequent to initial measurement, right-of-use assets are measured at cost, net of accumulated depreciation, and are adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and the estimated useful life of the underlying asset. Right-of-use assets are subject to impairment, as described in note 2(m)(ii).

(k) Intangible assets

Acquired intangible assets of the Corporation consist of finite life computer software. Intangible assets acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is charged to the consolidated statement of net income, comprehensive income and equity on a straight-line basis over the estimated useful life of the asset as follows:

Computer software	3 to 15 years

The assets' useful lives and methods of amortization are reviewed at each fiscal year-end and adjusted prospectively, if appropriate.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of net income, comprehensive income and equity when the asset is derecognized.

(l) Inventories

Inventories consist of goods for resale and consumable supplies and are valued at the lower of average cost and net realizable value. Costs incurred in bringing each product to the distribution centre or warehouse location are accounted for as the purchase cost assigned on a weighted average basis and are comprised of the purchase price, import duties and freight. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Inventory write-downs are reversed if the estimated calculations of the recoverable amount change. Write-downs are reversed only to the extent that the carrying value does not exceed the carrying value that would have been determined if no write-down had been recognized.

(m) Impairment

(i) Trade and other receivables

The Corporation assesses at each reporting date whether to recognize a loss allowance for expected credit losses (ECLs) for a financial asset or group of financial assets not held at fair value through profit or loss. If there is objective evidence that an ECL exists, the loss is recognized in the consolidated statement of net income, comprehensive income and equity. The ECL is estimated as the difference between the contractual cash flows due in accordance with the contract and all cash flows the Corporation expects to receive.

The Corporation applies a simplified approach in calculating ECLs where changes in credit risk are not tracked, and loss allowances are based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Non-financial assets

The Corporation assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the asset's recoverable amount is estimated. For the purposes of impairment testing, non-financial assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, the cash-generating unit (CGU).

The recoverable amount of a non-financial asset or CGU is the greater of its fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses, if applicable, are recognized in the consolidated statement of net income, comprehensive income and equity.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment loss reversals are recognized in the consolidated statement of net income, comprehensive income and equity in a manner consistent with the originally recognized impairment loss.

(n) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. The expense relating to any provision is presented in the consolidated statement of net income, comprehensive income and equity net of any reimbursement and, if the effect of the time value of money is material, is discounted using a rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase to the provision due to the passage of time is recognized as a finance cost.

(o) Pension plans

In accordance with the provisions of *The Civil Service Superannuation Act* (CSSA), employees of the Corporation are eligible for pension benefits. Plan members are required to contribute to the multi-employer Civil Service Superannuation Fund (Fund) at prescribed rates for defined benefits and will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five years prior to retirement, termination or death that provides the highest earnings. The Corporation is required to match contributions contributed to the Fund by the employees at prescribed rates, which are recorded as an operating expense. Under the CSSA, the Corporation has no further pension liability. Based on limited information available from the Fund, the Corporation has judged this information to be insufficient to properly allocate any potential pension plan deficits and is therefore not able to reliably determine its participation in any potential future deficit. As a result, the Corporation expenses contributions made to the pension plan as if the plan was a defined contribution plan.

For employees whose annual earnings exceed the limit under the Fund, a pension liability is established. This liability is determined actuarially on an annual basis. Actuarial gains and losses are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to operating expenses in the period in which they occur.

The Corporation also makes contributions for certain employees and officers to a money purchase pension plan at prescribed rates, which are recorded as an operating expense.

(p) Revenue recognition

Revenue from contracts with customers is recognized at an amount equal to the transaction price allocated to the specific distinct performance obligation when the performance obligation is satisfied. Revenue from contracts with customers is evaluated and separated into distinct performance obligations when there is a distinct good or service to be transferred in the future. The Corporation assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent and has generally concluded that it is acting as principal in all of its revenue arrangements, with the exception of the agency relationships described below, as it typically controls the goods or services before transfer to the customer.

Revenue from product sales is recognized when the significant rewards of ownership of the products have passed to the buyer, usually on the delivery of products. Lottery revenue is recognized as of the date of the draw with the exception of instant game revenue, which is recorded at the time the ticket is activated by the retailer via the online accounting system for sale to customers. Video lottery and other gaming revenue are recognized at the time of play, net of prizes paid. Other revenue sources are discussed below.

(i) Promotional allowances

Promotional allowances include the value of food, beverages, gaming free play, and other items provided on a complimentary basis to casino patrons. The value of these complimentary items is included in gross revenue and then deducted as a promotional allowance to arrive at net revenue.

The Corporation also operates a loyalty points program whereby patrons can earn points based upon their level of play on certain casino games. Points can be redeemed for gaming free play, and certain goods and services provided by the casinos. Where a revenue transaction includes points awarded under the program, the revenue allocated to the points is deferred based on the fair value of the awards, which is assigned as $0.01 per point earned, and recognized as revenue when the points are redeemed and the Corporation fulfills its obligation to supply the awards.

(ii) Third-party AIR MILES® program

The Corporation participates in the third-party AIR MILES® program, which allows customers to earn AIR MILES® points when they purchase products in the Corporation's retail liquor stores. The redemption of points by customers is the responsibility of the third-party AIR MILES® program. Consideration received is recorded net of related expenses as the Corporation is acting as an agent for the AIR MILES® program.

(iii) Micro-producer direct sales

The Corporation provides micro-producers who manufacture liquor products on-site in a Manitoba location the opportunity to sell their product directly to customers at the location where it is produced. Under this arrangement, the manufacturers remain the primary obligor responsible to fulfill the promise to deliver the goods upon completion of the sale transaction. Due to the economic substance of the arrangement, the Corporation is acting as agent for these direct sales and records revenue net of related expenses.

(iv) Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer and a contract asset is recognized for the earned consideration that is conditional if performance is complete before payment is received or becomes due. A receivable represents the Corporation's right to an amount of consideration that is unconditional, meaning that only the passage of time is required before payment of the consideration is due.

A contract liability is the obligation to transfer goods or services to a customer for which the Corporation has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the Corporation performs under the contract and are disclosed in note 11.

(q) Goods and Services Tax

In lieu of Goods and Services Tax (GST) on lottery and gaming revenue, the Corporation foregoes claiming input tax credits and pays an additional 5% GST on gaming expenditures, including retailer commissions. Total GST is reported as GST expense in the consolidated statement of net income, comprehensive income and equity.

The Corporation collects GST on liquor and cannabis sales, as well as applicable entertainment, food & beverage, and casino retail store operations. An input tax credit is claimed for GST paid on non-gaming expenditures.

3. Significant Accounting Estimates and Assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements. Actual results could differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts recognized in the consolidated financial statements of the Corporation are discussed below.

(a) Determination of useful lives for tangible and intangible assets

The Corporation has based the determination of the useful lives of tangible and intangible assets on a detailed review of all empirical data for the different asset classes. The Corporation annually reviews the validity of the useful lives applied to the different asset classes based on current circumstances and considers the impact of any external or internal changes in the Corporation's environment, which may indicate the requirement to reconsider these useful lives.

(b) Leases

The Corporation has based the determination of the lease terms for right-of-use assets on a detailed review of all facts and circumstances for each lease. The Corporation uses judgment in determining the incremental borrowing rate applicable to each lease, which is used in the calculation of the value of the right-of-use asset and lease liability. The periods covered by renewal options are included in the lease term only if it is reasonably certain that the lease will be renewed. The Corporation annually reviews the validity of the lease term for each right-of-use asset based on current circumstances and considers the impact of any external or internal changes in the Corporation's environment, which may indicate the requirement to reconsider the lease term applied.

(c) Revenue from contracts with customers

(i) Loyalty points program

The Corporation operates a program whereby patrons can earn points based upon their level of play on certain casino games. Points can be redeemed for gaming free play, and certain goods and services provided by the casinos. The future redemption liability of $3,351 (2020 – $3,268) is included in contract liabilities and is based on an assessment of anticipated point redemptions and point value. The Corporation adjusts the estimated liability based on redemption experience and additional points earned and any adjustments are recorded in the consolidated statement of net income, comprehensive income and equity.

(ii) Principal versus agent considerations

The Corporation participates in the third-party AIR MILES® program, which allows customers to earn AIR MILES® points when they purchase products in the Corporation's retail liquor stores. The redemption of points by customers is the responsibility of the third-party AIR MILES® program therefore no contract liability remains. The Corporation has concluded it is acting as agent under this arrangement and consideration received is recorded net of related expenses.

The Corporation has concluded it is acting as agent under an arrangement, which allows micro-producers who manufacture liquor products on-site in a Manitoba location to sell product directly to customers at the location where it is produced. As a result, revenue is recorded net of related expenses under this agency relationship.

(iii) Other consideration and obligations

The Corporation is required to make several other estimates and judgments including the determination of the nature of performance obligations under its contracts, the assessment of the amount of variable consideration stemming from its performance obligations and whether a significant financing component exists in any of its contracts with customers.

In addition to the gaming loyalty points program, other distinct performance obligations have been identified where consideration has been received and a future obligation to be satisfied by the Corporation exists. The performance obligations relating to these revenues remain as an outstanding contract liability until the performance obligation has been satisfied. The majority of contracts with customers are settled immediately or through commercial sales with 30-day credit terms; therefore, the Corporation has concluded that no significant financing components exist.

(in thousands of Canadian dollars)

4. Trade and Other Receivables

	2021	2020
Trade	$ 44,087	$ 34,857
British Columbia Lottery Corporation	6,544	1,952
Western Canada Lottery Corporation	4,513	-
	$ 55,144	$ 36,809

The Corporation's exposure to credit risk related to trade and other receivables is disclosed in note 17(d).

5. Inventories

	2021	2020
Warehouse	$ 45,124	$ 36,829
Retail locations	18,839	17,331
Consumable supplies	372	404
	$ 64,335	$ 54,564

The amount of unpaid and unrecorded Customs and Excise duties on owned merchandise held in bond is $6,625 at the end of the 2021 fiscal year (2020 – $4,916).

6. Prepayments

	2021	2020
Maintenance contracts	$ 3,237	$ 3,137
Deposits and other	895	914
Insurance	342	331
	$ 4,474	$ 4,382

(in thousands of Canadian dollars)

7. Property and Equipment

	Land	Buildings, parking lots and roads	Leasehold improve-ments	Gaming equipment	Furniture and equipment	Assets related to C&M agreements	Work in progress (WIP)	Total
Cost								
April 1, 2019	$ 25,427	$ 388,991	$ 32,282	$ 234,284	$ 127,979	$ 42,196	$ 25,348	$ 876,507
Additions	-	2,716	6,931	2,287	5,513	140	14,397	31,984
Transfers from WIP	-	4,463	5,582	7,143	2,322	101	(19,611)	-
Disposals	(3)	(8,599)	(4,882)	(29,394)	(7,562)	(1,913)	-	(52,353)
March 31, 2020	25,424	387,571	39,913	214,320	128,252	40,524	20,134	856,138
Additions	-	12,052	5,114	1,312	5,513	75	1,266	25,332
Transfers from WIP	-	2,189	12,000	-	2,796	-	(16,985)	-
Disposals	(4)	(7,026)	(220)	(523)	(6,379)	(190)	-	(14,342)
March 31, 2021	$ 25,420	$ 394,786	$ 56,807	$ 215,109	$ 130,182	$ 40,409	$ 4,415	$ 867,128

	Land	Buildings, parking lots and roads	Leasehold improve-ments	Gaming equipment	Furniture and equipment	Assets related to C&M agreements	Work in progress (WIP)	Total
Depreciation								
April 1, 2019	$ -	$ 151,905	$ 16,800	$ 177,887	$ 108,104	$ 36,528	$ -	$ 491,224
Depreciation	-	14,149	2,469	28,741	7,485	2,449	-	55,293
Disposals	-	(4,610)	(4,487)	(29,381)	(7,267)	(1,913)	-	(47,658)
March 31, 2020	-	161,444	14,782	177,247	108,322	37,064	-	498,859
Depreciation	-	16,463	4,568	13,681	6,538	1,691	-	42,941
Disposals	-	(5,032)	(66)	(523)	(6,237)	(190)	-	(12,048)
March 31, 2021	$ -	$ 172,875	$ 19,284	$ 190,405	$ 108,623	$ 38,565	$ -	$ 529,752
Net book value								
March 31, 2021	$ 25,420	$ 221,911	$ 37,523	$ 24,704	$ 21,559	$ 1,844	$ 4,415	$ 337,376
March 31, 2020	25,424	226,127	25,131	37,073	19,930	3,460	20,134	357,279

Capital assets related to C&M agreements consist primarily of the cost of the gaming equipment and related computer equipment for the First Nations Casinos and Shark Club Gaming Centre.

Property and equipment not yet in use is classified as work in progress and is stated at cost. No depreciation is recorded for these assets.

The amount of borrowing costs capitalized during the 2021 fiscal year was $112 (2020 – $339). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 1.70%, the effective interest rate of the specific borrowing.

(in thousands of Canadian dollars)

8. Leases

The Corporation has entered into lease contracts for the use of various land, buildings, and equipment used in its operations, which have remaining lease terms ranging from 1 to 19 years.

The Corporation's right-of-use (ROU) assets are grouped into categories consistent with property and equipment, and consist of the following:

	ROU Land	ROU Buildings	ROU Equipment	Total
Cost				
April 1, 2019	$ 290	$ 57,540	$ 555	$ 58,385
Additions	15	22,872	603	23,490
March 31, 2020	305	80,412	1,158	81,875
Additions	34	4,063	685	4,782
March 31, 2021	$ 339	$ 84,475	$ 1,843	$ 86,657
Depreciation				
April 1, 2019	$ -	$ -	$ -	$ -
Depreciation	185	8,787	210	9,182
March 31, 2020	185	8,787	210	9,182
Depreciation	123	8,906	189	9,218
March 31, 2021	$ 308	$ 17,693	$ 399	$ 18,400
Net book value				
March 31, 2021	$ 31	$ 66,782	$ 1,444	$ 68,257
March 31, 2020	120	71,625	948	72,693

The carrying value of lease liabilities are as follows:

April 1, 2019	$ 58,320
Additions and extensions	23,490
Payments	(9,179)
Interest on lease liabilities	2,026
March 31, 2020	74,657
Additions and extensions	4,782
Payments	(10,185)
Interest on lease liabilities	2,321
March 31, 2021	$ 71,575

(in thousands of Canadian dollars)

Current portion of lease liabilities	$ 7,536
Lease liabilities	64,039
	$ 71,575

Payments for leases of low-value assets and short-term leases related to certain buildings and equipment in the 2021 fiscal year were $415 (2020 – $638) and are recorded in operating expenses. Variable lease payments in the 2021 fiscal year were $5,854 (2020 – $7,220) and are recorded in cost of sales.

9. Intangible Assets

	Computer software – acquired
Cost	
April 1, 2019	$ 53,594
Additions	4,093
Disposals	(753)
March 31, 2020	56,934
Additions	926
Disposals	(27)
March 31, 2021	$ 57,833
Amortization	
April 1, 2019	$ 41,175
Amortization	4,681
Disposals	(619)
March 31, 2020	45,237
Amortization	3,263
Disposals	(27)
March 31, 2021	$ 48,473
Net book value	
March 31, 2021	$ 9,360
March 31, 2020	11,697

(in thousands of Canadian dollars)

10. Trade and Other Payables

	2021	2020
Trade	$ 72,544	$ 71,340
Employee benefits	36,382	34,687
Jackpot liability	7,099	6,967
Goods and Services Tax	2,709	4,241
Manitoba Retail Sales Tax	2,606	2,871
Western Canada Lottery Corporation	-	700
	$121,340	$120,806

11. Contract Liabilities

	2021	2020
Unearned revenue	$ 6,048	$ 1,837
Loyalty points program liability	3,351	3,268
Gift card liability	3,076	2,451
Other contract liabilities	216	211
	$ 12,691	$ 7,767

Revenue recognized in the 2021 fiscal year that was included in contract liabilities at the beginning of the year was $3,933 (2020 – $6,487).

12. Long-term Debt

	2021	2020
Province of Manitoba, bearing interest at rates ranging from 1.25% to 5.05%, repayable in monthly principal instalments ranging from $2 to $600 plus interest with maturity dates ranging from April 30, 2021 to March 31, 2041.	$ 336,861	$ 348,861
Province of Manitoba, bearing interest at the prevailing Royal Bank Prime Rate less 0.75%, interest only payable quarterly. No fixed repayment schedule and maturity date.	-	7,000
	336,861	355,861
Less current portion of long-term debt	54,633	52,348
	$ 282,228	$ 303,513

(in thousands of Canadian dollars)

All long-term debt is unsecured and the fair market value as at March 31, 2021 is $354,694.

The Corporation's exposure to liquidity risk related to long-term debt is disclosed in note 17(c).

13. Revenue, Cost of Sales and Expenses By Nature

The Corporation's revenue consists of the following:

	2021	2020
Liquor sales	$ 875,852	$ 798,084
Cannabis sales	80,176	51,480
VLT	136,659	350,298
Casino and other gaming	32,916	213,002
Online gaming	72,429	21,365
Non-gaming revenue	12,667	24,223
	$ 1,210,699	$ 1,458,452

The Corporation's cost of sales consists of the following:

	2021	2020
Liquor cost of sales	$ 424,623	$ 388,641
Cannabis cost of sales	64,507	42,572
VLT commissions	12,911	33,509
First Nations allocation	21,889	59,810
Tourism contribution	10,303	24,035
Casino and other gaming direct expenses	1,535	6,709
Online gaming direct expenses	19,984	6,674
Non-gaming cost of sales	688	7,193
	$ 556,440	$ 569,143

First Nations VLT siteholders receive an allocation of VLT revenue to provide sustainable social and economic benefits and opportunities within the siteholders' communities in Manitoba. The Corporation also provides contributions towards supporting tourism in Manitoba through the VLT program.

Casino and other gaming direct expenses consist primarily of costs associated with the operation and maintenance of the Corporation's electronic gaming equipment and table games equipment.

Online gaming direct expenses consist primarily of costs associated with the operation and maintenance of the PlayNow online gaming platform.

(in thousands of Canadian dollars)

Non-gaming revenue and cost of sales consist primarily of revenue and costs associated with the Corporation's entertainment, food & beverage, and casino retail store operations; and unredeemed liquor container deposits.

The Corporation's operating expenses by their nature are as follows:

	2021	2020
Employee benefits	$ 132,767	$ 167,266
Bank charges	4,185	3,926
Community support	980	1,566
Consultant and professional fees	1,015	1,508
Freight and delivery	4,670	4,031
Grants in lieu of taxes	6,761	6,419
Learning and development	485	888
Maintenance	20,307	14,197
Marketing and public awareness	3,259	8,147
Rents	449	622
Sundry	3,783	8,817
Supplies and equipment	3,344	4,140
Technology systems and support	9,688	11,339
Telecommunications	2,327	2,487
Transportation and vehicles	599	1,086
Utilities	3,365	3,854
	$ 197,984	$ 240,293

14. Share of Profit of WCLC

	2021	2020
Revenue	$ 221,387	$ 241,307
Prizes, commissions and other cost of sales	156,303	172,056
WCLC partner equalization	4,493	4,708
Payment to Government of Canada	2,222	2,502
Profit	$ 58,369	$ 62,041

The WCLC earned revenue in the 2021 fiscal year in the amount of $1,456,006 (2020 – $1,400,918), of which the Corporation's share calculated based on relative sales levels by jurisdiction is 15% (2020 – 17%). The WCLC's total profit for the 2021 fiscal year was $480,523 (2020 – $446,183), of which the Corporation's share is 12% (2020 – 14%).

(in thousands of Canadian dollars)

The Province of Manitoba is a member in the WCLC. An agreement is in place with the Provinces of Alberta and Saskatchewan where the Corporation provides economic benefit equalization specific to salary costs of head office employees residing in Manitoba.

Effective January 1, 1980, the Government of Canada terminated its involvement in lotteries. In return, the ten provinces are to contribute an annual sum of $24,000, adjusted for inflation, to the federal government.

15. Allocations and Payments

	2021	2020
Social responsibility funding	$ 12,909	$ 12,932
LGCA funding and Crown Services Secretariat levy	5,325	5,124
Other community funding	524	525
	$ 18,758	$ 18,581

Social responsibility funding includes amounts paid to the Addictions Foundation of Manitoba and other organizations for their research and programming that promote responsible gaming and responsible liquor and cannabis consumption. The Corporation is required to allocate 2% of annual anticipated consolidated net income and comprehensive income to social responsibility initiatives. Any liability associated with this funding is included in trade and other payables.

The Corporation provides funding to the Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) through the payment of annual licence fees for employees, electronic gaming devices and retail liquor locations, as well as additional amounts directed to be paid under *The Liquor, Gaming and Cannabis Control Act*. The Corporation also provides funding to the Crown Services Secretariat through the payment of an annual levy.

The Corporation provides funding to various charitable and community organizations throughout Manitoba.

16. Commitments and Contingencies

(a) Legal claims

Incidental to the nature of its business, the Corporation is defending various pending legal actions and claims. Management is of the opinion that the appropriate adjustments have been made in the accounts, and the outcome of these claims either cannot be determined or will not have a material adverse effect on the financial position of the Corporation.

17. Financial Instruments

The Corporation is exposed to interest rate, currency, liquidity and credit risks arising from financial assets and liabilities. The Corporation's objectives in managing these risks are to protect from volatility and to minimize exposure from fluctuations in market rates, and it does so through a combination of a system of internal and disclosure controls, effective cash management strategies and sound business practices.

Risk management policies have been established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Corporation's management oversees the management of these risks in accordance with the risk management policies and framework approved by the Board of Directors.

(a) Interest rate risk

Interest rate risk is the risk to the Corporation's income that arises from fluctuations in interest rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk, though risks associated with interest rate fluctuations are mitigated based on 100% of long-term debt having a fixed interest rate.

(b) Currency risk

The Corporation is exposed to currency risk through liquor inventory purchase transactions that require settlement in foreign currencies. Exposure to fluctuations in exchange rates is mitigated by the policy of adjusting purchase or selling prices to maintain approved liquor profit margins. Purchases denominated in foreign currencies during the 2021 fiscal year were $8,778 (2020 – $8,457). Accordingly, a 10% increase or decrease in the exchange rate between the Canadian dollar and other foreign currencies would result in a total increase or decrease of $878 (2020 – $846), assuming the inventory purchased had been sold by the end of the year.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial liability obligations. The Corporation manages this risk through effective cash and long-term debt management. Trade and other payables are due within one year and all existing long-term debt is repayable in monthly instalments. Liquidity risk is further mitigated by collection terms on trade and other receivables being set at less than or equal to the payment terms of trade and other payables.

The table below summarizes the maturity profile of the Corporation's financial liabilities as at year-end based on contractual undiscounted payments.

(in thousands of Canadian dollars)

2021	On demand	Less than 1 year	1 year	2 years	3 years	4 years	5 years	> 5 years
Trade and other payables	$ 7,099	$ 114,241	$ -	$ -	$ -	$ -	$ -	$ -
Contract liabilities	6,587	6,104	-	-	-	-	-	-
Payable to the Province of Manitoba	-	42,601	-	-	-	-	-	-
Long-term debt	-	54,633	54,164	53,801	38,403	28,596	19,750	87,514
Lease liabilities	-	9,656	9,115	8,812	8,232	7,702	6,558	36,975
	$ 13,686	$ 227,235	$63,279	$62,613	$46,635	$36,298	$26,308	$124,489

2020	On demand	Less than 1 year	1 year	2 years	3 years	4 years	5 years	> 5 years
Trade and other payables	$ 6,967	$ 113,839	$ -	$ -	$ -	$ -	$ -	$ -
Contract liabilities	5,900	1,867	-	-	-	-	-	-
Payable to the Province of Manitoba	-	42,302	-	-	-	-	-	-
Long-term debt	-	52,348	51,728	51,259	50,896	35,498	25,691	88,441
Lease liabilities	-	9,690	8,768	8,459	8,136	7,542	6,995	41,488
	$ 12,867	$ 220,046	$60,496	$59,718	$59,032	$43,040	$32,686	$129,929

(d) Credit risk

Credit risk is the risk to the Corporation that a counterparty will fail to perform its obligations or pay amounts due causing a financial loss. The Corporation mitigates this risk through centralized credit management and collection practices and, where applicable, the establishment of ECLs for non-collectible amounts, which are netted against trade and other receivables. Trade and other receivables are non-interest bearing and generally have 30-day terms. The Corporation applies a simplified approach in evaluating the ECLs associated with trade and other receivables by calculating a loss allowance based on historical losses, as well as forward-looking information such as economic conditions. The estimated credit loss allowance for trade and other receivables for the 2021 fiscal year is $6,606 (2020 – $4,276). The maximum credit risk exposure is the carrying value of each class of financial asset disclosed in note 4.

The aging of trade and other receivables at the end of the 2021 fiscal year is as follows:

Current	$ 61,559
Past due as follows:	
Within 30 days	111
31 to 60 days	8
61 to 90 days	12
Over 90 days	60
Expected credit losses	(6,606)
	$ 55,144

(e) Capital management

The Corporation's capital is comprised of long-term debt and equity. The Corporation's objectives when managing its capital structure are to continue its ability to meet its financial obligations and to finance growth and capital expenditures. These objectives are considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget and have remained unchanged over the fiscal years presented.

The Corporation is subject to capital growth restrictions as the result of the requirement to allocate 100% of annual consolidated net income and comprehensive income to the Province of Manitoba.

(f) Fair value

The fair value of the Corporation's financial instruments on initial recognition is the transaction price, which is the value of the consideration given or received. Financial instruments recognized at fair value must be classified in one of the following three fair value hierarchy levels:

Level 1 - measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - measurement based on inputs that are not observable (supported by little or no market activity) and that are significant to the fair value of the assets or liabilities.

The Corporation's financial instruments consist of cash, trade and other receivables, trade and other payables, contract liabilities, payable to the Province of Manitoba, lease liabilities, and long-term debt. Unless otherwise stated, the fair value of the Corporation's financial instruments approximates their carrying value.

(in thousands of Canadian dollars)

Financial instruments recorded at fair value, classified using the fair value hierarchy, are as follows:

2021	Level 1	Level 2	Level 3	Total
Cash	$ 51,122	$ -	$ -	$ 51,122
	$ 51,122	$ -	$ -	$ 51,122

2020	Level 1	Level 2	Level 3	Total
Cash	$ 68,969	$ -	$ -	$ 68,969
	$ 68,969	$ -	$ -	$ 68,969

18. Related Party Disclosures

The Corporation is related to various other government agencies, ministries and Crown corporations under the common control of the Government of Manitoba. All transactions with these related parties are in the normal course of operations and are measured at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and settlement occurs in cash. These transactions include long-term debt with the Province of Manitoba as disclosed in note 12.

Compensation of key management personnel of the Corporation, which is recognized as an operating expense during the year, is as follows:

	2021	2020
Short-term employee benefits	$ 2,127	$ 2,010
Post-employment pension and medical benefits	152	139
Termination benefits	406	438
	$ 2,685	$ 2,587

19. Comparative Figures

Comparative figures are presented where available. The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's consolidated financial statements.

20. COVID-19

In March 2020 the World Health Organization declared the outbreak of the novel strain of coronavirus (COVID-19) to be a global pandemic. Governments worldwide have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, and social distancing, have caused material disruption to business globally resulting in an economic slowdown. During the year, the Corporation was impacted by public health measures resulting at various times in the closure of the casinos, a shutdown of the VLT network, and the removal of in-person lottery sales. Capacity restrictions and distancing requirements also impacted casinos and the VLT network when they were available to customers. These closures and restrictions had a material negative impact on the Corporation's financial results. The sale of liquor and cannabis were both designated as essential services by Manitoba Public Health and were allowed to operate under capacity restrictions and distancing requirements. Within all lines of business and at all corporate locations, the Corporation implemented specific measures, guided by public health recommendations, to ensure the safety of customers and staff.

As at the date of approval of the Corporation's consolidated financial statements, the Province of Manitoba remains in a state of emergency due to the COVID-19 pandemic. Manitoba casinos are closed and the VLT network is shut down. While it is anticipated that these operations will resume during the 2022 fiscal year, business levels are expected to remain below traditional levels throughout the year both at the casinos and within the VLT network. As the duration and impact of the COVID-19 pandemic and associated emergency measures are unknown at this time, it is not possible to reliably estimate the impact on the financial results of the Corporation.

21. Events after the Reporting Period

On May 4, 2021, the Corporation received approval from the Government of Manitoba to offer for sale the land and building at 1555 Buffalo Place in Winnipeg, Manitoba. The sale of these assets is expected to be completed in the 2022 fiscal year.