

**The Canadian Commercial Workers Industry  
Pension Plan Trust Fund  
Financial Statements**  
For the year ended December 31, 2002

**Contents**

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<b>Auditors' Report</b>	2
<b>Financial Statements</b>	
Statement of Net Assets Available for Benefits	3
Statement of Changes in Net Assets Available for Benefits	4
Summary of Significant Accounting Policies	5
Notes to Financial Statements	7

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## Auditors' Report

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To the Trustees of  
The Canadian Commercial Workers Industry Pension Plan Trust Fund

We have audited the statement of net assets available for benefits of The Canadian Commercial Workers Industry Pension Plan Trust Fund as at December 31, 2002 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

The scope of our audit did not extend to an examination of the payroll records of the contributing employers. Our verification of contributions was limited to the amounts recorded in the records of the Fund and we were not able to determine whether any adjustments might be necessary to contributions and net assets available for benefits.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of contributions as referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at December 31, 2002 and the changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Oakville, Ontario  
April 21, 2003

**The Canadian Commercial Workers Industry  
Pension Plan Trust Fund  
Statement of Net Assets Available for Benefits**

December 31

2002

2001

**Assets**

Investments (Note 1)	\$ 1,102,005,995	\$ 1,085,099,259
Cash	103,564	364,703
Accounts receivable	9,445,576	7,618,992
	<u>1,111,555,135</u>	<u>1,093,082,954</u>

**Liabilities**

Accounts payable	686,878	673,161
Benefits payable	2,909,260	3,165,406
Deferred pension transfers (Note 2)	-	8,079,005
	<u>3,596,138</u>	<u>11,917,572</u>

<b>Net assets available for benefits</b>	<b>\$ 1,107,958,997</b>	<b>\$ 1,081,165,382</b>
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On behalf of the Board:

  
Trustee

  
Trustee

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Canadian Commercial Workers Industry  
Pension Plan Trust Fund  
Statement of Changes in Net Assets Available for Benefits**

<b>For the year ended December 31</b>	<b>2002</b>	<b>2001</b>
<b>Increase in assets</b>		
Contributions	\$ 92,005,394	\$ 91,274,821
Investment income (loss) (Note 3)	12,996,521	28,119,051
Unrealized adjustment of investments to fair value	167,065	(37,407,611)
	<u>105,168,980</u>	<u>81,986,261</u>
<b>Decrease in assets</b>		
Benefit costs		
Pension payments	54,202,788	49,876,729
Lump sum death benefits	2,448,910	2,176,189
Termination payments	16,316,526	19,218,813
Termination and death benefit holdbacks	-	(3,995,997)
	<u>72,968,224</u>	<u>67,275,734</u>
Expenses		
Administration	3,266,745	3,401,591
Annual information return	40,000	10,000
Audit	118,844	117,894
Consulting	976,164	947,580
Education	34,750	72,221
Investment services	1,324,728	1,239,176
Legal	210,261	386,180
Meetings	136,347	135,066
Pension processing charges	403,437	498,719
Pre-retirement seminars	103,453	144,308
Printing, postage and sundry	611,896	308,035
Trustees' bonding	40,181	43,902
	<u>7,266,806</u>	<u>7,304,672</u>
Total decrease in assets	<u>80,235,030</u>	<u>74,580,406</u>
<b>Increase in net assets for the year</b>	<b>24,933,950</b>	<b>7,405,855</b>
<b>Plan transfers (Note 4)</b>	<b>1,859,665</b>	<b>(9,491,581)</b>
<b>Net assets available for benefits, beginning of year</b>	<b>1,081,165,382</b>	<b>1,083,251,108</b>
<b>Net assets available for benefits, end of year</b>	<b>\$1,107,958,997</b>	<b>\$1,081,165,382</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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# The Canadian Commercial Workers Industry Pension Plan Trust Fund Summary of Significant Accounting Policies

December 31, 2002

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Basis of Presentation	These financial statements are prepared on the going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity independent of the participating employers and Fund members. They are prepared to assist Fund members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the Fund or the benefit security of individual Fund members.
Contributions	Contributions are recognized on an accrual basis in the accounts of the contributions received as reported by contributing employers.
Pension Benefits	For the purpose of review of the Fund, actuarial valuations are made at least every three years. As at the date of the last actuarial valuation, December 31, 2001, there was an excess of actuarial liabilities over actuarial assets of \$190,114,015 on the going concern basis.
Investments	<p>Investments including investments held within the investment corporations, are stated at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.</p> <p>Where ascertainable, fair values are based on public market prices or quotations from investment dealers. Where public market prices or quotations are not ascertainable, fair values are derived using methods such as discounted cash flows, earnings multiples, appraisals, prevailing market rates for instruments with similar characteristics and other pricing models, as appropriate.</p>
Foreign Currency Translation	<p>Foreign currency accounts are translated to Canadian dollars as follows:</p> <p>At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.</p>

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**The Canadian Commercial Workers Industry  
Pension Plan Trust Fund  
Summary of Significant Accounting Policies**

**December 31, 2002**

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**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Financial Instruments**

The Fund's financial instruments consist primarily of investments. Unless otherwise noted, it is the Trustees' opinion that the Fund is not exposed to significant interest rate, foreign currency and credit risks arising from its financial instruments.

**The Canadian Commercial Workers Industry  
Pension Plan Trust Fund  
Notes to Financial Statements**

**December 31, 2002**

**1. Investments**

	2002		2001	
	Fair Value	cost	Fair Value	cost
(a) Investments by type				
Cash	\$ 1,195,293	\$ 1,195,293	\$ 1,332,028	\$ 1,332,028
Short term				
Canadian	41,156,048	41,156,048	31,541,799	31,541,799
Bonds				
Canadian	390,431,097	291,795,255	388,593,368	308,225,114
Foreign	4,285,184	3,424,584	4,505,170	3,420,833
Mortgage	17,684,799	15,275,257	17,682,432	15,639,675
Common stocks				
Canadian	124,781,101	114,709,551	113,710,535	101,662,279
Foreign	128,605,335	122,625,255	103,828,762	106,913,934
Accrued income	3,521,814	3,521,814	4,444,178	4,444,178
	<b>711,660,671</b>	<b>593,703,057</b>	665,638,272	573,179,840
Investment Corporations				
Shares and advances	390,345,324	446,820,121	419,460,987	437,876,204
	<b>\$1,102,005,995</b>	<b>\$1,040,523,178</b>	\$1,085,099,259	\$1,011,056,044

(b) Investment allocation

Percentage of total investments at book value:

	Fund Policy	2002 %	2001 %
<b>Equity</b>		<b>23</b>	21
Real estate and other		17	16
Fixed income	0 to 60%	40	37
Short term, cash and accrued income	10 to 100%	56	59
	0 to 50%	4	4
		<b>100</b>	100

**The Canadian Commercial Workers Industry  
Pension Plan Trust Fund  
Notes to Financial Statements**

**December 31, 2002**

**1. Investments - (Continued)**

(c) Reconciliation of fair value of investments

	<u>2002</u>	<u>2001</u>
Balance, beginning of year	<b>\$1,085,099,259</b>	\$1,085,928,174
Purchases, net of transfers	<b>(562,095,961)</b>	(765,730,984)
Proceeds on sale	<b>585,906,219</b>	764,476,602
Gain <b>(loss)</b> on sale	<b>(5,844,423)</b>	2,421,140
Decrease in cash and accrued income	<b>(1,059,099)</b>	(1,995,673)
	<b><u>\$1,102,005,995</u></b>	<u>\$1,085,099,259</u>

(d) Investment corporations

The following is a summary of the assets and liabilities reported on a consolidated basis for the investment corporations:

	<u>2002</u>	<u>2001</u>
<b>Financial Position</b>		
Land held for future development	<b>\$ 4,598,921</b>	\$ 2,699,348
Property under development	<b>9,832,433</b>	14,338,200
Rental properties	<b>111,814,095</b>	122,788,131
Equity, loans and mortgages	<b>259,923,678</b>	274,733,720
Other properties	<b>4,176,197</b>	4,901,588
Net assets	<b><u>\$ 390,345,324</u></b>	<u>\$ 419,460,987</u>
Represented by:		
Share capital	<b>\$ 126</b>	\$ 126
Advances	<b>384,875,248</b>	389,381,281
Accumulated equity earnings since inception and fair value year end adjustment	<b>5,469,950</b>	30,079,580
	<b><u>\$ 390,345,324</u></b>	<u>\$ 419,460,987</u>



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# The Canadian Commercial Workers Industry Pension Plan Trust Fund Notes to Financial Statements

**December 31, 2002**

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## 1. Investments - (Continued)

### (e) Non-performing loans

The Fund has approximately \$70 million of investments that are in default of their principal and/or interest payments. These investments are secured and the Fund is carrying out whatever procedures it considers appropriate to realize on its security and recover its investment. In such instances, the investments' fair values have been reported at their estimated recovery amount and interest is no longer accrued.

### (f) Capitalized Interest

Several of the Fund's loans and mortgages held by the investment corporations contain provisions whereby interest is deferred until a specific date in the future and is capitalized as part of the loan until that date. The amount of capitalized interest included in the above is approximately \$7,000,000 (2001 - \$29,000,000).

### (g) Securities lending program

The Fund is involved in a securities lending program through its investment custodian, Royal Trust, whereby the Fund simultaneously exchanges specific securities for collateral such as treasury bills, short term paper and letters of credit. The value of the collateral that is provided is the highest of the minimum percentage required by applicable pension legislation or regulatory authority and 10% greater than the fair value of the securities loaned which is calculated in accordance with the loan agreements. The borrower pays a fee for the use of the securities loaned in accordance with the loan agreement.

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## 2. Deferred Pension Transfers

During the year, the assets of The Great A & P Company of Canada Ltd. Pension Plans were transferred and included in the Fund's investments.

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## 3. Investment Income (Loss)

	2002	2001
Interest	\$ 20,378,364	\$ 24,700,941
Dividend	4,060,392	4,217,310
Equity earnings	(5,597,812)	(3,220,340)
Gain (loss) on sale of investments	(5,844,423)	2,421,140
	\$ 12,996,521	\$ 28,119,051

# The Canadian Commercial Workers Industry Pension Plan Trust Fund Notes to Financial Statements

December 31, 2002

## 4. Plan Transfers

During the year, the following assets were transferred to the Trust Fund on approval of the Alberta Employment Pension Plans Branch and the Financial Services Commission of Ontario.

	2002	2001
Nipissing Food Services	\$ 1,614,007	\$ -
F.W. Fearman's Hourly Pension Plan Trust Fund	-	4,342,419
Best Brand Meats and Jack Forgan Meat Pension Plan		549,248
Investment fees owed to CCWIPP		(17,166)
Maple Leaf Foods (Winnipeg)		3,080,040
A&P/UFCW Jointly Trusteed Retirement Trust Fund for Full Time Employees Who are Members of Local 175 or 633, UFCW		(10,057,096)
A&P/UFCW Jointly Trusteed Retirement Trust Fund for Part Time Employees Who are Members of Local 175 or 633, UFCW		(1,696,046)
Steinberg/UFCW Jointly Trusteed Pension Plan Trust Fund	245,658	(5,692,980)
	\$ 1,859,665	\$ (9,491,581)

## 5. Fund Information

### (a) Description of Plan Benefits

Actual benefits including conditions and limitations thereto are governed by the provisions of the Pension Plan Text and reference should be made to the Pension Plan Text for more detailed information.

The Canadian Commercial Workers Industry Pension Plan Trust Fund has been created for those members of the United Food and Commercial Workers International Union ("UFCW") or any chartered body which has negotiated a collective agreement that requires an employer to make contributions to the Pension Trust Fund.

The Plan is a defined benefit plan providing a fixed dollar benefit based on the number of hours worked or paid each year. The Plan provides benefits on retirement, death, termination or disablement to qualified members and beneficiaries.

The retirement pension is based on specific pension units credited to a member for each year of credited past and current service. The amount of the pension credited to a member depends on the rate at which contributions are made on the member's behalf and the number of hours credited to the member during each Plan year in which he/she has been employed by an employer who is contributing to the Plan.

A member receives credit for a full year of service in 1992 and later years if, in such Plan year, the number of hours credited to the member is equal to or greater than 2,000 hours. A proportion of a year is credited if fewer hours have been credited to the member.

# The Canadian Commercial Workers Industry Pension Plan Trust Fund Notes to Financial Statements

**December 31, 2002**

## 5. Fund Information - (Continued)

### (a) Description of Plan Benefits - (continued)

After completion of 2 years of continuous service or plan membership, as the case may be, full protection of the pension credited to date will occur and, in the event of death, a benefit will be paid to the member's beneficiary.

Normal retirement age is age 65, although the Plan allows for retirement as early as age 50 with a reduced pension.

### (b) Administration and Professional Fees

Recipients of administration and professional fees are as follows:

	2002	2001
Administration		
Prudent Benefits Administration Services Inc.	<b>\$ 3,266,745</b>	<b>\$ 3,401,591</b>
Audit		
BDO Dunwoody LLP	<b>\$ 118,844</b>	<b>\$ 117,894</b>
Consulting		
Anthony F. Cooper Actuarial Services Ltd.	<b>\$ 81,740</b>	\$ 82,063
Benchmark Decisions Ltd.	<b>861,241</b>	773,998
Strategy Corporation	<b>1,570</b>	
SAI Inc.		1,691
Ternion Enterprises Corporation	<b>31,613</b>	47,952
William M. Mercer Limited	<b>-</b>	41,876
	<b>\$ 976,164</b>	<b>\$ 947,580</b>
Investment and custodial services		
Altamira Investment Services Inc.	<b>\$ 111,694</b>	\$ 113,018
Goodman & Company Investment Counsel	<b>127,766</b>	125,260
Hong Kong Bank Trust Company	<b>60,709</b>	61,173
Leith Wheeler Investment Counsel Ltd.	<b>262,180</b>	247,389
Perigee Investment Counsel Inc.	<b>203,423</b>	204,216
Propco 100 Ltd. (internal management service)	<b>240,458</b>	182,939
Seamark Asset Management Ltd.	<b>12,684</b>	
TAL Global Asset Management	<b>113,710</b>	107,239
Voyageur Asset Management Inc.	<b>31,979</b>	
	<b>1,164,603</b>	1,041,234
Royal Trust	<b>160,125</b>	197,942
	<b>\$ 1,324,728</b>	<b>\$ 1,239,176</b>

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**The Canadian Commercial Workers Industry  
Pension Plan Trust Fund  
Notes to Financial Statements**

**December 31, 2002**

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**5. Fund Information - (Continued)**

**(b) Administration and Professional Fees - (continued)**

	2002	2001
<b>Legal</b>		
Ahee, Meikle	\$ 2,501	\$ 263
Bennett Jones Verchere	159,215	348,641
Koskie, Minsky	8,579	25,441
Loopstra Nixon	39,676	523
Weir Foulds	290	11,312
	<b>\$ 210,261</b>	<b>\$ 386,180</b>
<b>Pension processing charges</b>		
Royal Trust	<b>\$ 403,437</b>	<b>\$ 498,719</b>

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**6. Comparative Amounts**

The comparative amounts have been reclassified to conform to the current year's presentation.