

President's Message



During the past year, many Canadian families have started to receive the Additional Canada Education Savings Grant, the Canada Learning Bond (CLB) funds and the Alberta Centennial Education Savings (ACES) Plan grant.

We have provided preliminary information on how you can qualify for all these new grants. Only a few minutes are needed to complete a government application to receive more funding for your RESP.

I encourage you to access the grant forms today and send them to us for registration.

At Global, we want to ensure that families—like yours—get the most out of your education savings plan. Since the inception of the “Global Educational Trust Foundation” “(the Foundation)”, Canadian families have received approximately \$7.8 million, including grants, deposits and income earnings to fund their children’s education. In 2005 alone, approximately \$3.8 million in funding was made available to families for education.

In 2005, total assets under administration for the “Global Educational Trust Plan” “(Global Plan)”, were approximately \$113 million representing growth of 42% over the year 2004.

More parents continue to discover the benefits of the Global Plan. In the past year, the total number of children across Canada in the Global Plan grew by about 20% to 53,000 registered plans.

The return on investment of the Global Plan for 2005 was approximately 6.8% before fees while the Foundation distributed to client RESP accounts realized earnings of approximately 5.8% net of administration fees.

As you read this message, you may be anticipating a tax refund. Consider depositing this refund into your child’s RESP. Your contribution may be eligible for 20% to 40% added funding from the Canada Education Savings Grant, while also earning income that is tax deferred.

Global sales representatives and employees are proud to help families save for education. Together, we are committed to promoting higher education for all Canadians.

† Global Educational Marketing Corporation, Global Maxfin Investments Inc. or approved distributor.

Sam Bouji, President and C.E.O.

Auditors' Report

To the Directors of Global Educational Trust Foundation

We have audited the statements of net assets of **Global Educational Trust Plan** as at December 31, 2005 and 2004 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Global Educational Trust Plan** as at December 31, 2005 and 2004 and the results of its operations and changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

GLOBAL EDUCATIONAL TRUST PLAN STATEMENTS OF NET ASSETS

As at December 31, 2005 and 2004

Assets	2005 \$	2004 \$
Cash and short-term investments	5,849,688	5,487,282
Accounts receivable (note 5)	134,250	690,427
Investments - at market value (cost - \$105,325,250; 2004 - \$71,518,268) (notes 2 and 4)	106,650,673	73,036,642
Accrued interest	435,605	377,178
	113,070,216	79,591,529
Liabilities		
Accounts payable	85,894	124,434
Subscribers' Savings Account (notes 2 and 6) (schedule 2)	77,106,282	54,331,232
	77,192,176	54,455,666
Net Assets	35,878,040	25,135,863
Represented by		
Accumulated CESG deposits (note 7) (schedule 2)	23,767,402	17,622,294
Accumulated and undistributed investment income and realized gains on investments (schedule 2)	10,785,215	5,995,195
Unrealized appreciation of investments	1,325,423	1,518,374
	35,878,040	25,135,863

Approved by the Board of Directors of Global Educational Trust Foundation

Sam Bouji, Director

Cassian Rodrigues, Director

GLOBAL EDUCATIONAL TRUST PLAN STATEMENTS OF OPERATIONS

For the years ended December 31, 2005 and 2004

	2005 \$	2004 \$
Investment income	\$	\$
Interest	4,637,259	3,141,010
Expenses		
Administration fees (note 5)	917,422	601,310
Other charges	78,333	63,505
	995,755	664,815
Net investment income	3,641,504	2,476,195
Realized and unrealized gains on investments		
Realized gain on sale of investments	1,604,085	371,522
Change in unrealized appreciation of investments (note 2)	(192,951)	939,888
Net realized and unrealized gains on investments	1,411,134	1,311,410
Increase in net assets from operations for the year	5,052,638	3,787,605

The accompanying notes are an integral part of these financial statements.

GLOBAL EDUCATIONAL TRUST PLAN STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2005 and 2004

	2005 \$	2004 \$
Increase in net assets from operations for the year	5,052,638	3,787,605
CESG deposits	6,652,024	5,572,265
Payments to nominees		
Education Assistance Payments	(375,660)	(224,310)
CESG	(506,916)	(346,758)
CESG income	(79,909)	(42,795)
Increase in net assets during the year	10,742,177	8,746,007
Net assets - Beginning of year, originally reported	25,135,863	50,473,283
Section 1100 adjustment (note 2)	-	(34,661,913)
AcG-18 adjustment (note 2)	-	578,486
Net assets - Beginning of year, restated	25,135,863	16,389,856
Net assets - End of year	35,878,040	25,135,863

The accompanying notes are an integral part of these financial statements.

GLOBAL EDUCATIONAL TRUST PLAN SCHEDULE 1 - SCHEDULE OF EDUCATIONAL FINANCIAL ASSISTANCE AGREEMENTS

As at December 31, 2005

Year of eligibility	Number of units outstanding	Principal plus accumulated income \$	CESG plus accumulated income \$
2000	71	38,260	8,897
2001	102	33,160	5,762
2002	476	68,234	11,889
2003	1,898	211,602	35,624
2004	5,129	789,449	136,438
2005	9,222	2,163,261	378,595
2006	15,202	4,741,065	891,329
2007	21,673	6,243,005	1,294,028
2008	27,729	6,264,104	1,412,205
2009	33,104	6,348,603	1,503,919
2010	42,386	6,765,914	1,722,386
2011	47,049	6,015,866	1,673,285
2012	58,372	6,473,472	1,856,195
2013	61,689	5,604,140	1,725,158
2014	65,587	5,374,203	1,741,091
2015	73,039	5,092,980	1,781,981
2016	74,806	4,744,923	1,735,645
2017	80,926	4,781,637	1,784,332
2018	88,290	4,259,272	1,731,047
2019	89,378	3,191,513	1,500,858
2020	98,684	2,844,708	1,460,813
2021	91,318	1,530,411	1,061,807
2022	85,501	815,504	649,280
2023	62,062	298,837	284,202
2024	32,696	123,391	233,833
2025	34,388	28,427	156,103
2026	22,636	1	36,205
	1,223,413	84,845,942	26,812,957
December 31, 2004	1,038,961	58,423,477	19,525,244

Schedule 2 - Reconciliation of Educational Financial Assistance Agreements

As at December 31, 2005

The following is a summary of EFA Agreements:

Opening agreements	Inflow agreements	Outflow agreements	Closing agreements
39,179	7,402	(1,609)	44,972

The following reconciles schedule 1 to the statements of net assets:

	\$
Total principal, CESG and accumulated income (schedule 1)	111,658,899
Represented in the statements of net assets by	
Subscribers' Savings Account	77,106,282
Accumulated CESG deposits	23,767,402
Accumulated and undistributed investment income and realized gains on investments	10,785,215
	111,658,899

Subscribers to the Plan enter into EFA Agreements with the Foundation. Under an EFA Agreement, the subscriber purchases units in the Plan. The subscriber authorizes the Foundation to deduct fees, as outlined in the prospectus, for the purpose of providing services to the Plan. At maturity, payments are made to the nominee through the conditions as set out in the EFA Agreements. Income paid to the subscribers is considered Assisted Income Payments (AIP) and is subject to income taxes.

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2 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

On January 1, 2004, the Plan adopted the recommendations of The Canadian Institute of Chartered Accountants (CICA) Handbook Section 1100 (Section 1100), "Generally Accepted Accounting Principles" (GAAP). Section 1100 has established the relative hierarchy within Canadian GAAP and has eliminated common industry practice as a GAAP basis.

The following are the significant areas of impact to the financial statements as a result of adopting Section 1100:

- a) The Subscribers' Savings Account, described further in note 3, meets the definition of a liability and has been recognized as such in the statements of net assets. Previously, the Subscribers' Savings Account was included as a component of net assets of the Plan. The change has been reflected as an adjustment in the 2004 statements of changes in net assets. Note 6 details the changes in the Subscribers' Savings Account balance for the year.
- b) Statements of operations have been included in the financial statements. Previously, the components of net investment income and realized and unrealized gains were reported in the statements of changes in net assets.

Furthermore, in 2004, the Plan has adopted the recommendations contained within Accounting Guideline 18 (AcG-18) of the CICA, which requires that the Plan report its investments at fair values. Previously, the Plan reported its investments at cost with market values disclosed as supplemental information. The change in unrealized appreciation of investments is reported in the statements of operations.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements, prepared by management in accordance with Canadian GAAP, include estimates and assumptions made by management that affect the reported amounts. Actual results could differ from these estimates and the differences could be significant. The following is a summary of significant accounting policies followed by the Plan.

Subscribers' Savings Account

The Subscribers' Savings Account balance reflects only amounts received from subscribers net of deductions and does not include amounts receivable on outstanding agreements.

Deductions from subscribers' deposits

The Foundation deducts from deposits made by subscribers the insurance premiums, special services fees, depository fees and the enrolment fees prior to depositing the balance of the deposits in the Subscribers' Savings Account.

Investments

Investments in bonds are stated at market values, determined using prices quoted by dealers active in trading such bonds.

Interest income is recognized on an accrual basis. Realized and unrealized gains (losses) on investments are determined using the average cost method. Discounts on zero coupon bonds are amortized over the lives of such bonds on a straight-line basis.

Short-term investments

Short-term investments consist of investments in money market funds and Government of Canada treasury bills maturing within one year from the date of the statements of net assets. These are valued at amortized cost, which approximates market value.

4 INVESTMENTS

Subscribers' contributions invested

	Par Value \$	Cost / amortized Cost \$	Market Value \$
Bank of Montreal, deposit note, 4.66%, due March 31, 2009	500,000	511,700	507,118
Business Development Bank of Canada, European stock index linked note, Series 2, due December 31, 2008	1,000,000	1,000,000	832,100
Canada Housing Trust, 3.55%, due March 15, 2009	200,000	199,756	197,246
Canada Housing Trust, 3.70%, due September 15, 2008	1,150,000	1,146,550	1,141,433
Canadian Imperial Bank of Commerce, 4.95%, due September 2, 2010	500,000	508,750	515,419
Enbridge Inc. 5.621%, due January 4, 2007	125,000	130,900	126,789
George Weston Ltd., 5.25%, due October 24, 2006	245,000	254,604	247,416
Government of Canada, 8.00%, due June 1, 2023	1,475,000	2,163,841	2,193,270
Government of Canada, 3.25%, due December 1, 2006	3,745,000	3,750,835	3,725,130
Government of Canada, 3.00%, due June 1, 2007	5,220,000	5,162,367	5,160,813
Government of Canada, zero coupon, due December 1, 2008	9,100,000	8,299,684	8,134,399
Government of Canada, 4.00%, June 1, 2016	15,995,000	15,872,733	15,997,033
Government of Canada, 4.50%, due June 1, 2015	16,565,000	17,091,012	17,240,024
Great West Lifeco Inc., callable, 6.14%, due March 21, 2018	500,000	530,800	568,111
Hydro Quebec, 10.25%, due July 16, 2012	275,000	363,688	368,911
Hydro Quebec, 10.00%, due September 26, 2011	833,000	1,093,876	1,075,974
Mutual Life Assurance Co., 6.30%, due May 15, 2028	500,000	493,000	584,945
National Bank Canada, 6.25%, due October 31, 2007:12	400,000	429,920	414,966
Ontario Hydro, zero coupon, due April 11, 2016	1,419,000	801,411	897,926
Ontario Hydro, zero coupon, due April 15, 2018	1,675,000	911,375	957,946
Ontario Hydro, zero coupon, due February 18, 2015	3,900,000	2,395,729	2,626,771
Province of British Columbia, zero coupon, due March 8, 2015	1,135,000	687,420	758,021
Province of British Columbia, zero coupon, due December 4, 2017	1,700,000	909,291	987,523
Province of British Columbia, 5.15%, due December 18, 2015	4,950,000	5,080,720	5,339,157
Province of New Brunswick, 9.25%, due January 18, 2013	448,000	580,518	586,184
Province of Ontario, 5.00%, due March 8, 2014	175,000	180,863	184,326
Province of Ontario, zero coupon, due June 2, 2010	1,350,000	1,088,524	1,130,895
Province of Ontario, 4.40%, due November 19, 2008	2,300,000	2,318,396	2,323,113
Province of Ontario, 5.375%, due December 2, 2012	2,300,000	2,373,404	2,470,256
Province of Quebec, 9.00%, due February 10, 2012	238,000	288,485	299,167
Province of Saskatchewan, 6.25%, due March 9, 2007	750,000	775,193	769,765
Toronto-Dominion Bank, callable, variable rate, 5.69%, due June 3, 2013:18	500,000	520,750	539,474
TransCanada Pipelines Ltd., redeemable 6.15%, due October 1, 2007	125,000	133,213	129,233
TransCanada Pipelines Ltd., redeemable 6.05%, due February 15, 2007	375,000	397,500	382,717
		78,446,808	79,413,571

Canada Education Savings Grants invested

Canada Mortgage and Housing Corp., 5.50%, due June 1, 2012	383,000	397,139	414,916
Government of Canada, 3.25%, due December 1, 2006	3,295,000	3,304,018	3,277,518
Government of Canada, 3.00%, due June 1, 2007	1,765,000	1,745,525	1,744,987
Government of Canada, 5.50%, due June 1, 2009	979,000	1,055,051	1,028,779
Government of Canada, 5.50%, due June 1, 2010	797,000	833,522	847,720
Government of Canada, 5.00%, due June 1, 2014	1,240,000	1,289,933	1,331,302
Government of Canada, 4.50%, due June 1, 2015	5,700,000	5,881,345	5,932,275
Government of Canada, 4.00%, due June 1, 2016	5,510,000	5,467,999	5,510,700
Government of Canada, 8.00%, due June 1, 2023	670,000	978,203	996,265
Government of Canada, 5.75%, due June 1, 2029	1,928,000	2,248,560	2,411,062
Province of British Columbia, debenture, 5.70%, due June 1, 2009	458,000	469,767	482,398
Province of Manitoba, 5.20%, due December 3, 2015	160,000	158,480	172,773
Province of New Brunswick, 6.00%, due December 27, 2017	350,000	372,372	401,986
Province of Ontario, 3.50%, due September 8, 2006	858,000	869,368	856,642
Province of Ontario, 6.125%, due September 12, 2007	487,000	517,568	504,020
Province of Quebec, 6.00%, due October 1, 2012	640,000	668,826	704,799
Province of Saskatchewan, 5.50%, due June 2, 2008	598,000	620,766	618,960
		26,878,442	27,237,102
Total		105,325,250	106,650,673

5 RELATED PARTY TRANSACTIONS

- a) The Foundation is the sponsor and the administrator of the Plan. In consideration for administrative services provided, commencing August 23, 2004, the Foundation is entitled to receive administration fees of 1% per annum of the assets of the Plan (1/20 of 1% of the assets of the Plan before August 23, 2004). Included in this 1% administration fee are the trustee and investment counsel fees, which, prior to August 23, 2004, were direct charges to the Plan. The administration and depository fees are remitted to GEMC on behalf of the Foundation.
- b) GEMC receives enrolment fees from subscribers that are deducted from deposits made by subscribers. In addition, 20% of insurance premiums collected from subscribers are remitted by the Foundation to GEMC.
- c) Special services fees principally relate to amounts charged to subscribers in respect of cheques returned and not honoured.
- d) Accounts receivable include \$134,250 (2004 - \$231,382) due from GEMC and \$nil (2004 - \$459,045) due from the Foundation.

6 SUBSCRIBERS' SAVINGS ACCOUNT

The changes in the Subscribers' Savings Account for the year are as follows:

	2005 \$	2004 \$
Subscribers' Savings Account		
- Beginning of year	54,331,232	34,661,913
Subscribers' deposits	39,243,491	34,285,111
Enrolment fees (note 5)	(11,070,652)	(10,545,838)
Depository fees (note 5)	(434,420)	(354,628)
Insurance premiums (note 5)	(223,597)	(189,817)
Special services fees (note 5)	(117,048)	(112,405)
Principal withdrawals on terminations or return of deposits	(4,622,724)	(3,413,104)
Subscribers' Savings Account		
- End of year	77,106,282	54,331,232

7 CANADA EDUCATION SAVINGS GRANTS

The federal government encourages saving for post-secondary education by providing Canada Education Savings Grants (CESG) on RESP contributions made subsequent to 1997 for children under 18 years of age. The maximum CESG per child is 20% of RESP contributions of up to \$2,000 made on behalf of each nominee in a year (i.e., maximum CESG of \$400).

The maximum lifetime CESG is \$7,200. Upon maturity of an EFA Agreement and fulfillment of certain criteria established by the federal government, the CESG deposits and accumulated investment income thereon will be added to education assistance payments made to qualified students.

Additional federal and certain provincial government educational savings programs and initiatives were announced in 2004, which increase subsidies available to qualifying families. These additional benefits came into effect in 2005.

8 INCOME TAXES

The income on the Subscribers' Savings Account is currently exempt from income taxes under the Income Tax Act (Canada). Education assistance payments, comprising CESG and all accumulated investment income, made to qualified nominees will be included in their income for the purposes of the Income Tax Act (Canada).

The amounts deposited by subscribers are not deductible to the subscribers for income tax purposes and are not taxable when returned to subscribers or their designated nominees.

9 FINANCIAL INSTRUMENTS

The Plan's financial instruments, consisting of cash and short-term investments, accounts receivable, accrued interest and accounts payable are carried at cost which, unless otherwise noted, approximates fair value. Investments are carried at market values as described in note 3. It is management's opinion that the Plan is not exposed to significant credit or foreign exchange risks. Investments in fixed income securities, such as bonds and short-term investments, are inherently subject to risks from interest rate fluctuations.

10 COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.