

Consolidated Financial Statements of

**BRITISH COLUMBIA INSTITUTE
OF TECHNOLOGY**

Years ended March 31, 2005 and 2004

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Consolidated Financial Statements and Other Financial Information

Year ended March 31, 2005

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May 2005

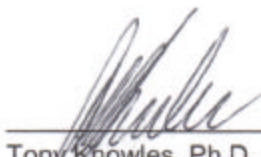
MANAGEMENT REPORT

The management of the *British Columbia Institute of Technology* (the "Institute") is responsible for the preparation, presentation and consistency of the accompanying financial statements. The financial statements and accompanying notes are prepared in accordance with Canadian generally accepted accounting principles.

The management of the Institute maintains the necessary system of internal controls to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The controls are monitored by the Institute's internal auditor.

The Audit Committee of the Board of Governors meets periodically with the Institute's management and with the internal and external auditors to review matters relating to financial reporting and internal accounting control and the nature, extent and results of audit examinations.

KPMG LLP conducted an independent examination of the Institute's financial statements in accordance with Canadian generally accepted auditing standards.



Tony Knowles, Ph.D.
President



Nina Leemhuis, CGA
Chief Financial Officer



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Chartered Accountants
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AUDITORS' REPORT

*To the Members of the Board of Governors
of the British Columbia Institute of Technology,*

We have audited the consolidated statement of financial position of the *British Columbia Institute of Technology* (the "Institute") as at March 31, 2005 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The prior year's comparative figures were audited by another auditor.

KPMG LLP

Chartered Accountants
Vancouver, Canada
May 6, 2005

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Consolidated Statements of Financial Position
(in thousands of dollars)

March 31, 2005 and 2004

	2005	2004
		(restated - note 2(h))
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,138	\$ 6,432
Short-term investments	10,031	10,042
Accounts receivable:		
Province of British Columbia	501	125
Other	9,761	8,104
Inventories	1,546	1,715
Prepaid expenses	517	112
	25,494	26,530
Restricted cash (note 3)	4,090	5,927
Investments (note 4)	18,364	17,179
Debt sinking funds (note 5)	2,199	1,877
Capital assets (note 6)	252,816	249,027
	\$ 302,963	\$ 300,540

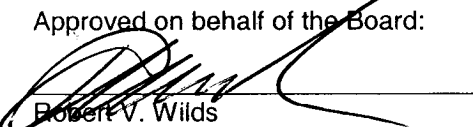
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 21,170	\$ 17,974
Deferred tuition fees	15,100	13,954
Short-term debt (note 8)	2,227	2,636
Current portion of long-term debt (note 10)	1,519	1,624
	40,016	36,188
Employee future benefits (note 9)	8,803	8,147
Other long-term liabilities (note 7)	2,385	2,235
Long-term debt (note 10)	28,381	29,900
Deferred contributions (note 11):		
Capital	130,434	134,350
Other	1,906	1,772
	132,340	136,122
Net assets:		
Invested in capital assets (note 12)	91,479	83,712
Endowments	9,986	9,250
Internally restricted	7,569	3,225
Unrestricted	(17,996)	(8,239)
	91,038	87,948
	\$ 302,963	\$ 300,540

Commitments (note 13)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:


Robert V. Wilds
Chair, Board of Governors


Jim Grey
Chair, Audit & Finance Committee

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Consolidated Statements of Operations
(in thousands of dollars)

Years ended March 31, 2005 and 2004

	2005	2004
		(restated - note 2(h))
Revenue:		
Grants - Province of British Columbia	\$ 105,897	\$ 105,964
Tuition fees	72,147	64,525
Sales and rentals	11,981	11,389
Industry services	12,860	10,099
Other income	7,332	7,680
Investment income	822	735
Gifts and donations	1,147	544
Amortization of deferred contributions:		
Capital	10,374	10,333
Other	3,448	2,842
	226,008	214,111
Expenses:		
Salaries and wages	122,357	118,438
Employee benefits	20,693	19,212
Supplies and general	9,174	8,668
Repairs and maintenance	8,094	6,751
Leases and rentals	3,419	4,571
Utilities	4,040	4,016
Communications	1,435	1,088
Printing and advertising	2,827	3,316
Postage and cartage	936	979
Fees for service	12,369	8,262
Travel and training	5,276	5,095
Banking and insurance	2,045	1,883
Cost of sales	6,104	5,727
Interest	2,501	2,483
Depreciation	18,583	17,733
Student awards	3,134	2,166
Miscellaneous	667	719
	223,654	211,107
Excess of revenue over expenses	\$ 2,354	\$ 3,004

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Consolidated Statements of Changes in Net Assets
(in thousands of dollars)

Years ended March 31, 2005 and 2004

	Invested in capital assets	Restricted for Endowments	Internally restricted	Unrestricted	Total 2005	Total 2004
Balance, beginning of year:						
As previously reported	\$ 86,928	\$ 9,250	\$ 3,225	\$ (9,940)	\$ 89,463	\$ 80,203
Restatement due to adoption of asset retirement obligation (note 2(h))	(240)	-	-	(1,275)	(1,515)	(1,325)
Reclassification of invested in capital equity	(2,976)	-	-	2,976	-	-
As restated	83,712	9,250	3,225	(8,239)	87,948	78,878
Excess of revenue over expenses (note 12)	(8,209)	-	-	10,563	2,354	3,004
Net change in investment in capital assets (note 12)	15,976	-	-	(15,976)	-	-
Net transfer of internally restricted funds	-	-	4,344	(4,344)	-	-
Purchase of land	-	-	-	-	-	5,492
Endowment contributions	-	736	-	-	736	574
Balance, end of year	\$ 91,479	\$ 9,986	\$ 7,569	\$ (17,996)	\$ 91,038	\$ 87,948

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Consolidated Statements of Cash Flows
(in thousands of dollars)

Years ended March 31, 2005 and 2004

	2005	2004
		(restated - note 2(h))
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 2,354	\$ 3,004
Items not involving cash:		
Depreciation	18,583	17,733
Employee future benefits	656	732
Amortization of deferred contributions:		
Capital	(10,374)	(10,333)
Other	(3,448)	(2,842)
Change in non-cash operating working capital (note14)	2,073	6,747
	9,844	15,041
Investments:		
Additions to capital assets	(22,372)	(24,711)
Investments	(1,185)	(6,449)
	(23,557)	(31,160)
Financing:		
Capital contributions received during the year	6,458	9,889
Other contributions received during the year	3,582	1,869
Endowment donations	736	574
Short-term debt	(409)	736
Long-term debt	(1,624)	(440)
Contributions relating to land	-	5,492
Debt sinking funds	(322)	(310)
Other long-term liabilities	150	166
	8,571	17,976
Increase (decrease) in cash	(5,142)	1,857
Cash, beginning of year	22,401	20,544
Cash, end of year	\$ 17,259	\$ 22,401
Cash consists of:		
Cash and cash equivalents	\$ 3,138	\$ 6,432
Short-term investments	10,031	10,042
Restricted cash	4,090	5,927
	\$ 17,259	\$ 22,401

Supplementary cash flow information (note 14)

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

1. General:

The British Columbia Institute of Technology (the "Institute") is an agent of the Crown and operates under the *College and Institute Act*, R.S.B.C. 1996. The Act is administered by the Minister of Advanced Education. As agent of the government, the Institute is not liable to taxation except to the extent the government is liable.

The purpose of the Institute is to provide courses of instruction in advanced technological and vocational fields.

The Institute receives a significant portion of its revenue and capital funding from the Province of British Columbia (the "Province").

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the following entities:

- BCIT Foundation, which is a controlled non-profit organization, was incorporated March 30, 1999 under the Society Act (British Columbia). The purpose of the BCIT Foundation is to raise funds in order to further the goals, objectives and strategic interests of the Institute; stimulate and provide financial support for the development and expansion of educational programs, services, capital projects and other initiatives as recommended by the Institute; and to provide financial support to enable students to participate in learning at the Institute.
- TTA Technology Training Associates Ltd., a wholly owned corporation, is incorporated in British Columbia, provides management training in the transportation field and facilitates the submission of international education project proposals for funding through C.I.D.A.
- BCIT Chile Limitada, a wholly owned corporation, is incorporated in Chile, was established for the purpose of operating a technical college for Minero Escondida Limitada and developing other business opportunities in Chile and the surrounding region.

These consolidated financial statements also include 25% of the assets, liabilities, equity and results of operations of Great Northern Way Campus Trust (the "Trust"). The Trust is an equal share joint venture between the Institute, Simon Fraser University, the University of British Columbia, and the Emily Carr Institute of Art and Design. The purpose of the Trust is to develop an integrated, learning-centred campus with a high-technology focus, supported by new media and telecommunications technologies.

All balances and transactions between the Institute and the above consolidated entities have been eliminated on consolidation.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

2. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents include cash and highly liquid securities with original terms to maturity of three months or less when purchased.

(c) Short-term investments:

Short-term investments include securities with original terms to maturity of greater than three months and less than one year when purchased.

(d) Inventories:

Inventories of merchandise held for resale are recorded at the lower of cost and net realizable value. Supplies inventories are recorded at the lower of cost or replacement cost.

(e) Restricted cash:

Restricted cash includes the unspent portion of deferred contributions and deferred capital contributions.

(f) Investments:

Portfolio investments are recorded at cost. Interests in joint ventures are recorded using proportionate consolidation, whereby the institute's pro-rata share of each of the assets, liabilities, net assets, revenue and expenses are recorded.

(g) Capital assets:

Capital asset acquisitions are recorded at cost, except donated assets which are recorded at fair market value at the date of acquisition.

Capital assets contributed by the Province are recorded at the assigned values at the dates of acquisition, except for certain land, buildings and equipment which were granted to the Institute by the Province. Only the land portion of the grant is recorded at its 1986 assessed value of \$23.8 million.

Capital assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and teaching facilities	20 - 40 years
Equipment	4 - 6 years
Computers	2 years
Library books	10 years

Equipment under capital lease is depreciated on a straight-line basis over the term of the lease.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

2. Significant accounting policies (continued):

(h) Assets retirement obligation:

Effective April 1, 2004, the Institute adopted the recommendations of CICA Handbook Section 3110 – *Asset Retirement Obligations* on retroactive basis (note 7).

The Institute recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. The Institute concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in income as an operating expense using the interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is depreciated over the remaining life of the asset.

The application of these recommendations resulted in an increase in capital assets of \$720,000, increase in other long-term liabilities of \$2,235,000, decrease in excess of revenue over expenses of \$190,000 for fiscal 2004 and a decrease in opening net assets of \$1,325,000 as at April 1, 2003.

(i) Employee future benefits:

The Institute provides certain benefits, including accumulated sick and vacation pay, retirement allowance, group benefits and life insurance, for certain employees pursuant to certain contracts and union agreements. The Institute accrues the cost of these employee future benefits over the periods which the employees earn the benefits. These costs are actuarially determined using the projected benefit cost method prorated on the length of service and management's best estimate of salary escalation, retirement ages of employees and expected plan benefits costs. The most recent valuation of the obligation was performed for March 31, 2003 and projected to March 31, 2005. The actuary performing the valuation of the obligation indicated there were no significant factors noted during fiscal 2005 which would result in a change in the actuarial assumptions used in determining the valuation. The plans are unfunded. Employer contributions are made based upon expected annual benefit payments.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

2. Significant accounting policies (continued):

(j) Revenue recognition:

The Institute follows the deferral method of accounting for contributions.

Under this method, amounts externally restricted by a contributor for designated expenditures are recognized as revenue in the period the related expenses are incurred. Amounts not recognized as revenue in the current year are shown as deferred contributions. Capital funding provided by the Province is recorded as deferred contributions - capital as funds are advanced for capital asset acquisitions. These deferred capital contributions are recognized as revenue on the same basis as the depreciation expense relating to the capital asset. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases to net assets.

Tuition fees and receipts from sales of services and products are recognized as revenue at the time the products are delivered or the services are substantially provided.

Donations for capital asset acquisitions are deferred and recognized as revenue in the year in which the related depreciation expense is recorded.

(k) Use of estimates:

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses reported during the period. Significant areas requiring the use of management estimates relate to the determination of the serviceability of assets, useful lives for amortization, asset retirement obligations and provision for contingencies. Actual results may ultimately differ from these estimates.

3. Restricted cash:

Funds externally committed for specific purposes include commitments for renovation projects, capital asset acquisitions and other special projects undertaken by the Institute.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

4. Investments:

(a) Portfolio investments:

Investments as at March 31 are comprised of:

	2005	2004
Fixed income securities	\$ 10,362	\$ 10,131
Equity investments	8,002	7,048
	\$ 18,364	\$ 17,179
Market value as at March 31	\$ 19,233	\$ 17,560

(b) Great Northern Way Campus Trust Joint Venture:

A summarized balance sheet, statement of operations and cash flows as at March 31, 2005 and for the year then ended are as follows:

	Trust	25% share
Current assets	\$ (13)	\$ (3)
Long-term assets	46,759	11,690
Current liabilities	3,201	800
Long-term liabilities	11,179	2,795
Revenue	1,150	288
Expenses	2,464	616
Deficiency in revenue over expenses	(1,314)	(328)
Cash flows provided by (used in):		
Operating activities	(1,078)	(269)
Financing activities	1,411	353
Investing activities	(7)	(2)

The continuation of the Trust as a going concern is dependent upon the continued support of its owners.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

5. Debt sinking funds:

Contributions to the sinking funds are made for certain long-term debt obligations with the Province. Investments held in the sinking funds, including interest earned, are used to repay the related debt at maturity. The Institute makes annual payments towards the sinking funds totaling \$2,033,000 to the Province using revenue proceeds from the Downtown training centre. The sinking funds are held and invested by the Province to provide for the retirement of the bond.

6. Capital assets:

	Cost	Accumulated amortization	2005 Net book value	2004 Net book value
Land	\$ 49,621	\$ -	\$ 49,621	\$ 49,621
Buildings	216,864	55,923	160,941	154,620
Equipment	110,635	85,424	25,211	24,684
Computers	60,968	48,148	12,820	14,370
Library books	8,679	7,644	1,035	1,442
Teaching facilities	2,518	1,207	1,311	1,351
Leased equipment	5,899	4,022	1,877	2,939
	\$ 455,184	\$ 202,368	\$ 252,816	\$ 249,027

7. Asset retirement obligation:

The Institute has recorded an asset retirement obligation for the estimated costs of restoring certain facilities to their original condition. The present value of the future asset retirement obligations at the initial measurement was \$960. The following is a reconciliation of the changes in the asset retirement obligation during the year.

	2005	2004
Balance, beginning of year	\$ 2,235	\$ 2,069
Liabilities incurred during the year	27	-
Accretion expense	150	166
Less liabilities settled	(27)	-
Balance, end of year	\$ 2,385	\$ 2,235

The accretion expense is included in interest expense. The undiscounted estimated cash flows required to settle the obligation are approximately \$3,156,000 to be paid during the years 2005 to 2020. The cash flows are discounted using a credit-adjusted risk-free rate of 8%.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

8. Short-term debt:

Short-term debt as at March 31 is comprised of:

	2005	2004
Term loan	\$ 727	\$ 836
Other borrowings	1,500	1,800
	\$ 2,227	\$ 2,636

Other borrowings under Ministry of Finance commercial paper are to be repaid out of grants from the Province.

9. Pension plans and employee future benefits:

Institute employees contribute to one of the following three pension plans administered by the British Columbia Pension Corporation: the College Pension Plan, the Municipal Pension Plan and the Public Service Pension Plan (the "Plans"). The Institute contributes to all three plans. The plans are multi-employer contributory defined benefit pension plans. The details of the surplus or unfunded liability of each plan fund are described in the individual financial statements of the Plans.

All three plans are jointly trusted pension plans. Joint trusteeship was established effective April 1, 2000 for the College Pension Plan, April 5, 2001 for the Municipal Pension Plan and January 1, 2001 for the Public Service Pension Plan. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan, including investment of the assets and administration of the plans. The College Pension Plan has over 9,600 active contributors from college senior administration and instructional staff. The Municipal Pension Plan has about 130,000 active contributors, with approximately 5,000 from colleges. The Public Service Pension Plan has about 52,000 active plan members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the College Pension Plan as at August 31, 2003 indicated an unfunded liability of \$50 million. The most recent valuation for the Municipal Pension Plan was performed on December 31, 2003, indicated an unfunded liability of \$789 million. The most recent valuation for the Public Service Pension Plan as at March 31, 2002 indicated a funding surplus of \$546 million. The Joint Trust Agreements specify how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers.

Contributions to the plans are expensed in the year they are made, and in the current year amounted to \$7,180,000 (2004 - \$6,025,000).

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

9. Pension plans and employee future benefits (continued):

The Institute also provides certain benefits, including accumulated sick and vacation pay, retirement allowance, group benefits and life insurance, for certain employees pursuant to certain contracts and union agreements. The total expense recorded in the financial statements for the year in respect of these benefits amounts to \$1,651,000 (2004 - \$1,612,000).

Information about these benefits is as follows:

	2005	2004
Accrued benefit obligation	\$ 12,024	\$ 11,592
Fair value of plan assets	-	-
Funded status	(12,024)	(11,592)
Balance of unamortized amounts	3,221	3,445
Accrued benefit liability	\$ (8,803)	\$ (8,147)

The obligation is not presently funded.

The significant assumptions used are as follows:

	2005	2004
Accrued benefit obligations as of March 31:		
Discount rate	6.5%	6.5%
Benefit cost for years ended March 31:		
Discount rate	5.5%	5.5%
Assumed health care cost trend rates at March 31	3.5% to 11%	3.5% to 11%

Other information regarding the Institute's benefits are as follows:

	2005	2004
Employer contributions	\$ 995	\$ 880

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

10. Long-term debt:

	2005	2004
Long-term debt	\$ 27,662	\$ 27,666
Capital lease obligations	2,238	3,858
	29,900	31,524
Less current portion	1,519	1,624
	\$ 28,381	\$ 29,900

(a) Long-term debt:

Long-term debt as at March 31 is comprised of:

	2005	2004
Province of British Columbia, 8% bond, due 2023	\$ 22,888	\$ 22,888
Royal Bank of Canada, 5.55% mortgage, due August 29, 2013	2,204	2,271
UBC Properties Investment Ltd., 5.10% mortgage, due September 15, 2007	2,570	2,507
	27,662	27,666
Less current portion of long-term debt	71	4
	\$ 27,591	\$ 27,662

The Institute makes contributions to the sinking funds each year to repay the bond at maturity (note 5). Principal is due and payable in full on 2023.

Mortgage payments, including principal and interest, are paid to Royal Bank of Canada at \$15,945 per month for the remaining term of the mortgage. The mortgage is secured by a charge against a portion of the student residences.

Interest payments are made to UBC Properties Investment Ltd. semi-annually for the term of the mortgage. Principal is due and payable in full on September 15, 2007.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

10. Long-term debt (continued):

(a) Long-term debt (continued):

Principal payments for the next five years are as follows:

	Province of British Columbia	Royal Bank	UBC Properties Investment Ltd.	Total
2006	\$ -	\$ 191	\$ -	\$ 191
2007	-	191	-	191
2008	-	191	2,570	2,761
2009	-	191	-	191
2010	-	191	-	191
Thereafter	22,888	1,249	-	24,137
	\$ 22,888	\$ 2,204	\$ 2,570	\$ 27,662

(b) Capital lease obligations:

Capital lease payments, including principal, interest and taxes are as follows:

2006	\$ 1,549
2007	686
2008	321
	2,556
Less payment representing implicit interest rates	318
Present value of minimum capital lease payments	\$ 2,238

11. Deferred contributions:

The balance is made up of the following:

(a) Capital:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue for the statement of operations.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

11. Deferred contributions (continued):

(a) Capital (continued):

	2005	2004
Balance, beginning of year	\$ 134,350	\$ 134,794
Contributions received during the year	6,458	15,381
Less amounts amortized to revenue	(10,374)	(10,333)
Transfer to land	-	(5,492)
Balance, end of year	\$ 130,434	\$ 134,350

The balance of unamortized capital contributions related to capital assets consists of the following:

	2005	2004
Unamortized capital contributions used to purchase assets	\$ 128,250	\$ 130,195
Unspent capital funding	2,184	4,155
	\$ 130,434	\$ 134,350

(b) Other:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations.

Changes in deferred contributions - other are as follows:

	2005	2004
Balance, beginning of year	\$ 1,772	\$ 2,745
Contributions received during the year relating to future periods	3,582	1,869
Less amounts recognized as revenue	(3,448)	(2,842)
Balance, end of year	\$ 1,906	\$ 1,772

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

12. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2005	2004
Capital assets	\$ 252,816	\$ 249,027
Amounts financed by:		
Deferred capital contributions	(128,250)	(130,195)
Long-term debt	(29,900)	(31,524)
Short-term debt	(2,227)	(2,636)
Other long-term liabilities	(960)	(960)
	\$ 91,479	\$ 83,712

(b) Excess of revenue over expenses:

	2005	2004
Amortization of deferred capital contributions	\$ 10,374	\$ 10,333
Depreciation expense	(18,583)	(17,733)
	\$ (8,209)	\$ (7,400)

(c) Change in net assets invested in capital assets:

	2005	2004
Purchase of capital assets	\$ 22,372	\$ 24,711
Amounts funded by deferred capital contributions	(6,458)	(15,381)
Change in unspent capital contributions	(1,971)	1,318
Payment of long-term debt	1,624	440
Payment (issuance) of short-term debt	409	(736)
Contributions of land	-	5,492
	\$ 15,976	\$ 15,844

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

13. Commitments:

Total commitments under construction contracts for capital projects as at March 31, 2005 were \$714,562 (2004 - \$1,740,766).

Commitments under operating leases for facilities and equipment for the next five fiscal years and thereafter are as follows:

2006	\$ 1,353,000
2007	1,253,000
2008	1,012,000
2009	456,000
2010	456,000

14. Supplementary cash flow information:

(a) Change in non-cash operating working capital:

	2005	2004
Accounts receivable	\$ (2,033)	\$ 132
Inventories	169	13
Prepaid expenses	(405)	67
Accounts payable and accrued liabilities	3,196	2,933
Deferred tuition fees	1,146	3,602
	\$ 2,073	\$ 6,747

(b) During the year, interest of \$2,351 (2004 - \$2,316) was paid.

(c) Non-cash transactions:

	2005	2004
Receipt of donated equipment	\$ 1,132	\$ 2,149

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(tabular amounts in thousands of dollars)

Years ended March 31, 2005 and 2004

15. Financial instruments:

The Institute's financial instruments include cash, investments, accounts receivable, debt sinking fund deposits, long-term debt and obligations under capital leases. It is management's opinion that the Institute is not exposed to any significant credit or interest rate risk as a result of these financial instruments. Interest rates have been fixed for all long-term debt and capital leases.

16. Comparative figures:

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