



Financial Statements
Year Ended March 31, 2011



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of B.C. Pavilion Corporation, and
To the Minister of Jobs, Tourism and Innovation, Province of British Columbia

Report on the Financial Statements

I have audited the accompanying financial statements of B.C. Pavilion Corporation ("the Entity"), which comprise the balance sheet as at March 31, 2011, and the statements of operations, comprehensive income and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of B.C. Pavilion Corporation as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

John Doyle, MAcc, CA
Auditor General

Victoria, British Columbia
June 16, 2011

B.C. Pavilion Corporation

Statement of Management Responsibility

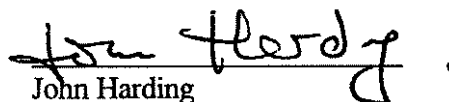
Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements for B.C. Pavilion Corporation. These statements present fairly the financial position of the corporation as at March 31, 2011 and results of its operations and cash flows for the year ended March 31, 2011.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his work on the financial statements for B.C. Pavilion Corporation.



David Podmore
Chair



John Harding
Chief Financial Officer

Vancouver, British Columbia
June 16, 2011

B.C. Pavilion Corporation

Balance Sheet

(in \$000s)

March 31	2011	2010
Assets		
Current		
Cash and cash equivalents (Note 9)	86,192	77,652
Accounts receivable (Note 10)	8,216	6,928
Due from Province of BC (Note 11)	37,478	6,500
Prepays (Note 13)	5,822	5,308
	<u>137,708</u>	<u>96,388</u>
Long-term		
Property, plant & equipment (Note 14)	1,193,303	1,017,631
Intangible assets (Note 15)	2,011	2,090
	<u>1,195,314</u>	<u>1,019,721</u>
	<u>1,333,022</u>	<u>1,116,109</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 17)	45,171	31,534
Deferred revenue (Note 19)	8,365	6,827
	<u>53,536</u>	<u>38,361</u>
Long-term		
Long-term debt (Note 18)	150,000	29,731
Deferred revenue (Note 19)	24,901	21,715
Deferred contributions (Note 20)	237,005	241,740
	<u>411,906</u>	<u>293,186</u>
	<u>465,442</u>	<u>331,547</u>
Shareholder's Equity		
Share capital (Note 21)	-	-
Provincial contributions (Note 22)	839,767	756,749
Retained earnings	27,813	27,813
	<u>867,580</u>	<u>784,562</u>
	<u>1,333,022</u>	<u>1,116,109</u>

Commitments (Note 26)

Contingent Liabilities (Note 27)

On behalf of the Board


Chair


Director

See accompanying notes to the financial statements.

B.C. Pavilion Corporation

Statement of Operations, Comprehensive Income and Retained Earnings

(in \$000s)

Years ended March 31	2011	2010
Operating revenues (Note 23)	56,257	41,603
Direct costs (Note 23)	24,326	23,279
	31,931	18,324
Facility expenses		
Staffing	13,310	13,558
Operating	10,581	12,104
General and administration	4,336	4,253
Business development	2,487	5,492
Fees	2,629	1,781
	33,343	37,188
Loss before amortization and other costs	(1,412)	(18,864)
Amortization	(30,168)	(26,551)
Loss on operations after amortization	(31,580)	(45,415)
BC Place redevelopment (Note 12)	(12,985)	(2,283)
Event readiness expenses	-	(13,250)
Loss before contributions	(44,565)	(60,948)
Amortization of deferred contributions (Note 20)	5,944	5,740
Amortization of provincial contributions (Note 22)	38,621	55,208
Net income for the year, being comprehensive income	-	-
Retained earnings – beginning of year	27,813	27,813
Retained earnings – end of year	27,813	27,813

See accompanying notes to the financial statements.

B.C. Pavilion Corporation
Statement of Cash Flows
(in \$000s)

Years ended March 31	2011	2010
Operations		
Loss on operations	(44,565)	(60,948)
<i>Items not affecting cash</i>		
Amortization	30,168	26,551
Disposal of assets	1,294	239
<i>Change in working capital</i>		
Deferred revenue	4,724	6,485
Change in non-cash working capital (Note 24)	(19,143)	(36,589)
<i>Cash used in operations</i>	(27,522)	(64,262)
Investing		
Property, plant & equipment additions	(207,008)	(122,121)
Intangibles	(47)	(116)
Increase in long-term debt	120,269	29,588
<i>Cash used in investing activities</i>	(86,786)	(92,649)
Financing		
Contributions from the Province of British Columbia	121,639	50,743
Contributions from other	1,209	13,820
<i>Cash provided by financing activities</i>	122,848	64,563
Net increase (decrease) in cash and cash equivalents	8,540	(92,348)
Cash and cash equivalents – beginning of year	77,652	170,000
Cash and cash equivalents – end of year (Note 9)	86,192	77,652

See accompanying notes to the financial statements.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

1. Authority and Purpose

B.C. Pavilion Corporation (PavCo) was formed on April 1, 2008 under the *British Columbia Business Corporations Act*, following the amalgamation of the former B.C. Pavilion Corporation and Vancouver Convention Centre Expansion Project Ltd. The mandate of PavCo is to generate economic and community benefits for the people of British Columbia through the management of public tourism and cultural facilities.

PavCo owns and operates BC Place and the Vancouver Convention Centre's west facility. The Corporation operates the Vancouver Convention Centre's east facility under a separate agreement with Canada Place Corporation.

PavCo is exempt from income taxes under the Income Tax Act as it is wholly owned by the Province of British Columbia.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies used in the preparation of these financial statements are:

a) Financial Instruments – Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial assets and financial liabilities including derivatives are measured in the balance sheet at fair value, except for loans and receivables, and other financial liabilities, which are measured at amortized cost.

PavCo has designated its financial instruments as follows:

Cash and cash equivalents are classified as financial assets held for trading.

Accounts receivable are classified as loans and receivables and are measured at amortized cost. Accounts payable, accrued liabilities, and long term debt are classified as other financial liabilities and are also measured at amortized cost.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values, due to the short-term nature of these financial instruments.

b) Construction-in-progress

All costs of construction are recorded at cost and include direct costs during development and construction and other carrying costs. When construction is substantially complete and the asset is ready for use, the costs are transferred to property, plant and equipment. They are subsequently amortized over their estimated useful lives.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

c) Value-in-kind (VIK)

PavCo has entered into agreements where VIK is provided. VIK is recognized at fair value and when the goods would otherwise have been purchased (including any applicable taxes). The VIK provided by these agreements is included in property, plant and equipment.

d) Contra-transactions

Unearned revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is amortized over the term of the services contract.

e) Capital Assets

Property, plant and equipment are recorded at cost less accumulated amortization. Assets are amortized over their estimated useful lives to PavCo:

Buildings and improvements	10 to 50 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement and the term of the lease
Equipment and other capital assets	1 to 10 years, straight line
Mobile equipment (vehicles)	30% per annum, declining balance
Furniture	3 to 5 years, straight line
Computer equipment	3 years, straight line

PavCo treats its art/theming program as a tangible capital asset with a virtually unlimited useful life. All costs of developing, constructing, acquiring, installing and securing the art/theming program have been recorded at cost in PavCo's books and classified as property, plant and equipment. PavCo has title to all pieces in the program, and is responsible for preservation and protection. Given that the nature of the asset is to be held for use in the supply of service and public exhibition and for its cultural and aesthetic value in perpetuity, and the useful or service life of these pieces is extraordinarily long and virtually unlimited, no amortization is being taken on the pieces.

f) Impairment of long-lived assets

Given the nature of the Corporation's mandate, PavCo believes that assessing the service potential of its assets best reflects whether there is any indication of asset impairment. PavCo reviews the value of its capital assets that are in active service for impairment, based on their service potential and ability to provide goods and services.

g) Intangible assets

Non-depreciable intangible assets are recorded at the lower of cost or net realizable value. Depreciable intangible assets are recorded at cost and amortized on a straight line basis over their estimated useful lives of three years.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

h) Employee Benefits Plan

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension (Plan) is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2008) disclosed an actuarial surplus. The next full actuarial valuation will be at March 31, 2011.

Contributions to the Plan by PavCo for fiscal 2011 were \$916 thousand (2010 - \$970 thousand).

i) Deferred contributions

Contributions for the construction of capital assets are deferred and are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

j) Government funding

Funding received from the Province of British Columbia is recognized as Provincial Contributions when received.

Funding received to assist in sustaining operations is deferred and amortized to income as the related expenses occur.

Funding received for capital assets is deferred and amortized at a rate corresponding with the amortization rate for the related capital assets.

Funding received for the acquisition of, or in the form of non-depreciable capital assets is recognized as a direct increase to Provincial Contributions in the same period that the assets are acquired.

Funding received for specific purposes is deferred and recognized as the expenses are incurred.

k) Revenue recognition

Revenue from events at BC Place and the Vancouver Convention Centre is recognized on the completion of events. Amounts received in advance of event completion are recorded as unearned revenue.

Revenues received in advance from lease and business alliance agreements and expenses incurred to generate them are amortized on a straight line basis over the term specified in the agreements.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

l) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions based on the information available. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Management has made estimates on the expected timing of future expenditures related to construction commitments (Note 26a). Actual results could differ from the amounts estimated.

m) Environmental expenses

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

n) Foreign currency transactions

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the balance sheet date.

3. Financial Instruments – Risk Management

PavCo is exposed to various risks related to its financial assets and liabilities. It is management's opinion that the corporation is not exposed to significant market, liquidity or credit risk arising from these financial instruments.

PavCo's risk management objective when it invests in financial instruments is to ensure that any investments are in quality securities, so as to safeguard the assets of the shareholder, and enable the corporation to continue operations as a going concern.

Market Risk – Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect PavCo's income or the value of its financial instruments.

PavCo's exposure to currency risk is only related to the value of foreign exchange transactions in the normal course of business, and manages this risk by minimizing the amount of transactions in foreign funds.

PavCo is not subject to interest rate risk on its long term debt as a fixed rate is provided for in the loan agreement which eliminates fluctuations in the value of this financial instrument during the repayment period.

Liquidity Risk – Liquidity risk is the risk that PavCo will have difficulty in meeting its financial obligations when they come due.

PavCo manages liquidity risk by continually monitoring cash flows, and by maintaining the ability to borrow funds from its shareholder.

Credit Risk - Credit risk is the risk of financial loss to PavCo if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

PavCo's exposure to credit risk is only related to the value of accounts receivable in its normal course of business, and manages this risk by minimizing the amount of transactions which require recovery. The corporation continually monitors and manages the collection of receivables from other customers.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

4. Changes in Accounting Policy

a) Accounting pronouncements issued but not yet effective

The Public Sector Accounting Board ("PSAB") sets out the applicable source of Generally Accepted Accounting Principles to be applied by Canadian government organizations. PavCo is classified as an Other Government Organization ("OGO").

Recent revisions to the introduction of the PSAB Handbook requires PavCo to report under either the PSAB Handbook or International Financial Reporting Standards ("IFRS") in its fiscal period commencing April 1, 2011; however, the Province of British Columbia has directed PavCo to adopt the PSAB Handbook. Conversion to the PSAB Handbook will result in significant changes to both the recognition and measurement of certain accounts and to the overall presentation of the financial statements including disclosures.

b) Adoption of Section 3055 – Interest in joint ventures

Section 3055 establishes standards for accounting in joint ventures. Interests in joint ventures are recorded using the proportionate consolidation method therefore PavCo accounts for and reports its pro-rata share of the assets, liabilities, revenues and expenses that are subject to joint control, within similar items in its financial statements.

During the year, management determined that PavCo's contribution to a Convention Development Fund meets the definition and criteria outlined in Section 3055 (Note 8).

5. Prior Period Adjustment

During the year, management discovered a classification error within its property, plant and equipment, whereas some building improvements and equipment were unintentionally misclassified to furniture and fixtures. The result, due to differing amortization rates, was an understatement of property, plant and equipment and provincial contributions by \$106 thousand, and an overstatement of asset amortization and amortization of provincial contributions by \$106 thousand in fiscal 2010.

In addition, management determined that for consistency, some equipment which was misclassified and reported as mobile equipment should also be reclassified accordingly. This reclassification resulted in a minor (\$1 thousand) overstatement of asset amortization and amortization of provincial contributions and related understatement of property, plant and equipment and provincial contributions. The financial statements for the prior year have been restated to correct this error.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

5. Prior Period Adjustment (cont.)

The effect of this change within property, plant and equipment on the corporation's financials is as follows:

	2010
Balance Sheet:	
Increase in property, plant and equipment	107
Increase in provincial contributions	107
Income Statement:	
Decrease in amortization	107
Decrease in amortization of provincial contributions	107
Statement of Cash Flows:	
Decrease in amortization	107
Decrease in loss before contributions	107

The effect of the reclassification changes by category within property, plant and equipment are:

	Carrying Cost	2010 Net Book Value
Increase in building and improvements	1,410	1,375
Decrease in furniture and fixtures	(2,199)	(1,979)
Increase equipment	2,324	2,008
Decrease in mobile equipment (vehicles)	(1,535)	(1,297)

6. Capital Management

PavCo defines its capital structure as cash and cash equivalents, long-term debt and shareholder's equity.

The Corporation's objectives when managing capital are to optimize the use of its assets so as to provide the maximum economic return to its shareholder and stakeholders, while maintaining financial flexibility in order to preserve its ability to meet financial obligations and to continue as a going concern.

PavCo manages its capital structure with consideration to targets set through its Service Plan and Shareholder's Letter of Expectation, expenditure priorities and the funds available to address them. Funding assistance from PavCo's shareholder may be required to maintain or adjust the capital structure.

There has been no change to PavCo's capital management approach for the current period.

PavCo has externally imposed capital restrictions. It is not permitted to dispose of BC Place or the Vancouver Convention Centre. Funding received for designated purposes, must be used for those purposes provided. PavCo is in full compliance with these restrictions.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

7. Economic Dependence

PavCo relies on its sole shareholder to provide any capital for investments in property, plant and equipment and when required, to assist with operational funding.

8. Interest in Joint Venture

During fiscal 2011, PavCo determined that its contribution to a Convention Development Fund (CDF) constitutes an interest in a joint venture. The fund was created in fiscal 2010 with joint participation between the Greater Vancouver Convention and Visitors Bureau, the Vancouver Hotel Destination Association and PavCo, to provide incentives to convention groups in order to attract and secure convention business which is mutually beneficial to the parties.

Included in the corporation's financial statements is PavCo's interest in the CDF joint venture based on its contributions to the fund (2011 – 29.4%; 2010 – 48.5%) applied on a prospective basis:

	2011	2010
Balance Sheet:		
Increase in cash	800	-
Decrease in prepaids	800	-
Increase in accounts payable	20	-
Decrease in provincial contributions	20	-
Income Statement:		
Increase in operating revenue	1	-
Increase in operating expense	21	-
Increase in amortization of provincial contributions	20	-
Statement of Cash Flows:		
Increase in loss before contributions	20	-
Increase in working capital	820	-
Increase in cash and cash equivalents	800	-

PavCo also has a proportionate interest in the future commitments of the joint venture. PavCo's share of these commitments, to be funded by the CDF, as of March 31, 2011 is:

Fiscal 2012	\$ 12 thousand
Fiscal 2013	\$ 10 thousand
Fiscal 2014	\$ 65 thousand
Fiscal 2015	\$ 21 thousand
Fiscal 2016 and beyond	\$ 51 thousand

9. Cash and Cash Equivalents

PavCo considers deposits in banks and investments with maturities of three months or less as cash and cash equivalents. A previous restriction on \$0.9 million of cash in fiscal 2010 expired during the year, as the terms and conditions of the restriction which related to long term lease agreements at the Vancouver Convention Centre were met.

Cash and cash equivalents includes \$0.8 million reflecting PavCo's interest in the Convention Development Fund (Note 8).

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

10. Accounts Receivable

	March 31 2011	March 31 2010
Trade	4,675	5,575
HST	3,541	1,353
	8,216	6,928

11. Due from Province of British Columbia

	March 31 2011	March 31 2010
Due from Province of British Columbia	37,478	6,500
	37,478	6,500

The \$37.5 million current receivable relates to funding assistance for PavCo and consists of \$13.8 million for funding of continuing operations (2010 - \$6.5 million) and \$23.6 million for funding of the BC Place revitalization project.

12. Funding for Capital Projects

BC Place

PavCo received approval to proceed with construction projects of up to \$563.0 million at BC Place. This includes interior refurbishments, deferred maintenance projects, structural upgrades and replacement of the air-supported roof with a retractable roof.

The project funding will be provided by way of self-financing by PavCo through the development of lands surrounding BC Place, existing cash reserves, expanded event business and sponsorship opportunities, as well as a repayable loan (Note 18) and capital contributions from the Province of British Columbia.

In February 2010, PavCo entered into a 70-year lease agreement for a parcel of its land to the west of BC Place. PavCo will receive annual lease payments from the lessee following completion of the redevelopment of these lands. PavCo has obligations to provide certain services and benefits to these lands for the lessee, who has agreed to make a financial contribution towards these services and benefits.

During the period ended March 31, 2011, PavCo incurred costs of \$13.0 million associated with the comprehensive redevelopment of its lands including the temporary facility constructed at Empire Field in Vancouver.

	March 31 2011	March 31 2010
Redevelopment costs written off	11,962	2,044
Loss on disposal of assets	1,023	239
	12,985	2,283

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

12. Funding for Capital Projects (cont.)

Vancouver Convention Centre Expansion

The budget for construction of the Vancouver Convention Centre expansion including the connection between the expanded facility and Canada Place together with upgrades to the existing facility at Canada Place was \$883.2 million, and was funded by the Province of British Columbia (\$540.7 million), the Government of Canada (\$222.5 million), Tourism Vancouver (\$90 million), and \$30 million from commercial opportunities.

Upgrades to the existing facility were completed in the current year.

Funding for the expansion project has been received in full.

13. Prepaids

	March 31	March 31
	2011	2010
Event and operations prepayments	1,043	1,639
Temporary stadium facility	4,779	3,669
	5,822	5,308

The temporary stadium rental period expires in the Fall of 2011.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

14. Property, Plant & Equipment

By facility	March 31, 2011			March 31 2010
	Carrying Cost	Accumulated Amortization	Net Book Value	Net Book Value
BC Place	460,349	48,062	412,287	225,577
Vancouver Convention Centre	828,827	47,882	780,945	791,955
Corporate Office	139	68	71	99
	1,289,315	96,012	1,193,303	1,017,631

By category	March 31, 2011			March 31 2010
	Carrying Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	71,260	-	71,260	71,260
Buildings & Improvements	937,023	76,235	860,788	876,122
Construction in Progress				
VCC Expansion	88	-	88	1,354
BC Place	235,778	-	235,778	40,113
Equipment	27,196	13,810	13,386	15,961
Mobile Equipment (vehicles)	49	45	4	5
Furniture	10,331	4,692	5,639	7,216
Computer Equipment	1,497	1,230	267	234
Art/ Theming Collection	6,093	-	6,093	5,366
	1,289,315	96,012	1,193,303	1,017,631

PavCo's lease agreement with Canada Place Corporation for the Vancouver Convention Centre's east facility is for a 20-year term expiring in 2027. It is at nominal annual rent and PavCo is responsible for all operating costs. As the lease term represents the full economic life of the asset, it is included in the capital assets of the Corporation.

The new Vancouver Convention Centre west facility commenced operations on April 3, 2009. Asset cost includes direct costs of construction and an apportioned amount of overhead costs directly attributable to the construction including capitalized interest earned of \$24.9 million.

At March 31, 2011, PavCo has completed significant structural upgrades and interior refurbishments to BC Place under its \$563.0 million multi-project envelope. The corporation has entered into a stipulated price agreement for construction of the retractable roof and most of the remaining project components.

Modifications and renovations to the Convention Centre's east facility were substantially completed in fiscal 2011, while construction on the retractable roof, deferred maintenance projects and interior refurbishments at BC Place will continue into fiscal 2012.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

15. Intangible Assets

By Category	March 31, 2011			March 31
	Carrying Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software & website re-design	664	531	131	210
Agreement to secure and market the 2011 Grey Cup	1,880	-	1,880	1,880
	2,544	531	2,011	2,090

The agreement to secure the 2011 Grey Cup to showcase the revitalization of BC Place was fully funded by Province of British Columbia. The cost will be amortized to operations in fiscal 2012.

16. Intangible Rights

PavCo has had interests in two properties that have been sold or transferred to third parties. Under the terms of the transfer agreements, PavCo could have rights to further income or property at some future date if these or other adjacent properties are developed or sold.

The first relates to a parcel of land adjacent to BC Place that was transferred to a developer for future exchange for another piece of land of approximate size. If the adjacent land is sub-divided or developed, then PavCo will receive the land exchange, otherwise, PavCo will receive cash compensation of approximately \$150 thousand.

The second relates to a parcel of land in Surrey, British Columbia, that, if the land were to be sold or redeveloped before March 2016, then PavCo would receive three fifths of the sales proceeds of the land over \$1.1 million. No estimate is available of the current value of the land or of the intention of the owner to dispose of it at this time.

17. Accounts Payable and Accrued Liabilities

	March 31	March 31
	2011	2010
Trade	23,650	27,343
Holdbacks	21,521	4,191
	45,171	31,534

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

18. Long-term Debt

	March 31 2011	March 31 2010
Province of British Columbia	150,000	29,731
	150,000	29,731

In fiscal 2010 PavCo entered into a long term loan agreement with the Province of British Columbia to provide financing for the construction of the retractable roof and interior refurbishments at BC Place. In fiscal 2011 PavCo received the balance of the loan. Under the terms of the agreement, the repayable loan is non-interest bearing during construction. Commencing April 2, 2013, PavCo will repay the loan by providing semi-annual blended payments of principal and interest (fixed interest rate of 4.89%) until fiscal 2049. The current repayment schedule reflects loan payments by PavCo of \$4.5 million for the initial and final repayment fiscal years (2014 and 2049), and \$9.0 million for fiscal years 2015 through 2048.

The loan is secured by the assets of BC Place and Vancouver Convention Centre.

19. Deferred Revenue

	March 31 2011	March 31 2010
<i>Current</i>		
Event revenues	6,142	4,862
Unearned revenue	2,223	1,965
	8,365	6,827
<i>Long-term</i>		
Event revenues	768	1,011
Other deferred revenue	24,133	20,704
	24,901	21,715
Total deferred revenue	33,266	28,542

Event revenues are receipts in advance of scheduled event dates and are deferred until completion of the event. Long term event revenues are deposits for events scheduled up to fiscal 2020.

Other deferred revenue represents funds received in advance from lease and business alliance agreements, and are recognized in accordance to the terms specified in those agreements. The terms of the business alliance agreements range from 10 years to 50 years.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

20. Deferred Contributions

	Government of Canada	VANOC	Other	March 31 2011	March 31 2010
Opening contributions	220,072	11,209	10,459	241,740	233,660
Additional contributions received	-	-	1,209	1,209	13,820
Amortized during the year	(4,556)	(470)	(918)	(5,944)	(5,740)
Closing contributions	215,516	10,739	10,750	237,005	241,740

Deferred Contributions include contributions from non-related parties to fund the acquisition of capital assets to provide for the future benefit of the Corporation.

Government of Canada contributions is funding for the construction of the expansion of the Vancouver Convention Centre and connector between the east and west facility, as well as for construction of the water treatment facility.

Contributions received from VANOC were for improvements at PavCo's facilities.

Other contributions reflect value-in-kind agreements for property, plant and equipment at the Vancouver Convention Centre.

21. Share Capital

PavCo is authorized to issue an unlimited number of shares without par value, without special rights or restrictions attached. 101 shares are issued and outstanding. The Minister of Jobs, Tourism and Innovation (formerly Tourism, Culture and the Arts) as the designated representative of Her Majesty the Queen in Right of the Province of British Columbia holds 100 shares, and Her Majesty the Queen in Right of the Province of British Columbia holds one share.

22. Provincial Contributions

	Capital ⁽¹⁾	Sustaining Operations	Other	March 31 2011	March 31 2010
Opening contributions	749,059	1,391	6,299	756,749	761,214
Additional contributions received	99,745	21,894	-	121,639	50,743
Amortization-capital contributions	(21,019)	-	(15)	(21,034)	(20,587)
Amortization-operating contributions	-	(17,587)	-	(17,587)	(34,621)
Closing contributions	827,785	5,698	6,284	839,767	756,749

⁽¹⁾ Capital contributions include land held at its historical cost of \$71.26 million.

Provincial contributions are capital and operating contributions from PavCo's shareholder and are segregated based on shareholder direction on the use of funds.

Capital is funding received for asset acquisition and capital construction projects at PavCo's facilities. Funding for sustaining operations includes amounts to support ongoing operations, as well as sales and marketing initiatives at the Vancouver Convention Centre. Other funding reflects contributions received in fiscal 2010 specified for event readiness costs.

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23. Operating Revenues and Direct Costs by Business Segment

	March 31 2011	March 31 2010
Operating Revenues		
Vancouver Convention Centre	45,813	23,291
BC Place	9,682	18,079
Corporate Office ⁽¹⁾	762	233
	56,257	41,603

⁽¹⁾ Corporate office revenues consist of interest earned on cash and investments and any fair value adjustment on the investments.

	March 31 2011	March 31 2010
Direct Costs		
Vancouver Convention Centre	24,024	10,824
BC Place	302	12,455
	24,326	23,279

Fiscal 2011 revenues and direct costs reflect a full year of operations at the Vancouver Convention Centre ('VCC') inclusive of the eight month closure of VCC's east facility exhibition halls due to the landlord's replacement of the roof. BC Place was closed for the entire year with the exception of one event held in April 2010. During the year, PavCo received \$11.3 million (2010 - \$14.0 million) due to hosting Olympic activities at its facilities (VCC - \$2.7 million; BC Place \$8.6 million).

24. Change in Non-cash Working Capital

	March 31 2011	March 31 2010
Receivables	(32,266)	2,543
Prepays	(514)	(3,101)
Trade payables and accrued liabilities	13,637	(36,031)
	(19,143)	(36,589)

Receivables include any changes in amounts due from the Province of British Columbia and the Government of Canada.

25. Environmental Costs

PavCo and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that may exist at its facilities. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to PavCo.

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26. Commitments

a) Construction

PavCo is committed to completing upgrades and renovations to the BC Place refurbishment project, including the retractable roof, within its \$563.0 million approved budget.

At March 31, 2011, the Corporation has committed to future expenditures under contracts currently entered into with respect to construction obligations as follows:

Fiscal 2012	\$ 143.4 million
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b) Operating leases

The Corporation is committed to payments under several operating leases, the longest of which extends to 2020. These represent total commitments of \$4.4 million as follows:

Fiscal 2012	\$ 3.5 million
Fiscal 2013	\$ 0.3 million
Fiscal 2014	\$ 0.2 million
Fiscal 2015	\$ 0.1 million
Fiscal 2016 and beyond	\$ 0.3 million

c) Lands to be leased to third parties

Under the terms of an agreement for the parcel of land to the west of BC Place leased to a third party commencing in 2013, PavCo is not permitted to abandon BC Place, or to allow it to fall into material disrepair during the first 40 years of the lease term.

27. Contingent Liabilities

The Corporation has issued Letters of Credit to the following:

Value (in \$)	Expiry Date
Department of Fisheries and Oceans Canada: Habitat compensation and monitoring	\$100,000 September 3, 2011

The Letter of Credit includes an annual auto-renewal clause, unless cancelled prior to the expiry date.

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28. Related Party Transactions

PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

	March 31	March 31
	2011	2010
Amounts included in :		
Assets		
Due from Province of British Columbia	37,478	6,500
Prepays	1	-
Capital Assets	1,221	33
Liabilities		
Accounts payable	226	563
Long term debt	150,000	29,731
Deferred revenue	3,200	3,600
Equity		
Provincial contributions	840,433	756,642
Operations		
Revenues	828	767
Staffing	1	103
Fees	-	149
General & administrative costs	89	30
Operations	1,148	1,755

29. Subsequent Event

Subsequent to March 31, 2011, PavCo executed an amendment to one of its long term commercial leases whereby PavCo modified the rent payment schedule and deferred a portion of its lessee's rent until certain terms and conditions are met. There is no impact on the financial statements for the year ended March 31, 2011.

30. Comparative Numbers

Certain comparative numbers may have been restated to conform to the financial statement presentation used in the current year.