



Financial Statements
March 31, 2012 and March 31, 2011

B.C. Pavilion Corporation

Statement of Management Responsibility

The financial statements of the B.C. Pavilion Corporation have been prepared by management in accordance with Canadian public sector accounting standards and provincial reporting legislation, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with information contained in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

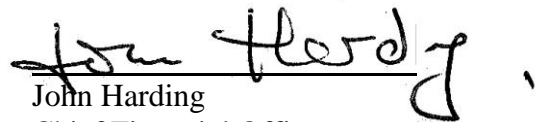
Systems of internal control are developed and maintained by management to provide reasonable assurance that reliable information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The B.C. Pavilion Corporation Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board and its Finance and Audit Committee. The Board reviews internal financial statements at each meeting and external audited financial statements annually. Significant financial reporting or internal control matters are discussed by the Board and its Audit and Finance Committee prior to their approval of the corporation's financial statements.

The Auditor General of British Columbia conducts an independent examination, in accordance with Canadian auditing standards, and express their opinion on the B.C. Pavilion Corporation financial statements. The auditors have full and free access to financial management of B.C. Pavilion Corporation and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements for B.C. Pavilion Corporation.



David Podmore
Chair



John Harding
Chief Financial Officer

Vancouver, British Columbia
June 28, 2012



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*

I have audited the accompanying financial statements of B.C. Pavilion Corporation, which comprise the statements of financial position as at March 31, 2012, March 31, 2011, and April 1, 2010, and the statements of operations, statements of changes in net assets and statements of cash flow for the years ended March 31, 2012, and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, 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 audits. I conducted my audits 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 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 presentation of the financial statements.

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

Opinion

In my opinion, the financial statements of B.C. Pavilion Corporation for the years ended March 31, 2012, and March 31, 2011, and the statement of financial position as at April 1, 2010, are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying my opinion, I draw attention to Note 3 to the financial statements which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 24 to the financial statements discloses the impact of these differences.

Victoria, British Columbia
June 28, 2012

John Doyle, MAcc, CA
Auditor General

B.C. Pavilion Corporation
Statement of Financial Position
(in \$000's)

	<i>Note</i>	March 31 2012	March 31 2011	April 1 2010
			<i>Restated – Note 23</i>	<i>Restated – Note 23</i>
Financial Assets				
Cash and cash equivalents	6	41,743	86,192	77,652
Accounts receivable	7	29,996	4,672	5,576
Due from government	8	6,366	41,022	7,853
		<u>78,105</u>	<u>131,886</u>	<u>91,081</u>
Liabilities				
Accounts payable and accrued liabilities	9	39,801	44,441	30,882
Employee leave liability	10	936	728	652
Deferred revenue	11	38,557	33,266	28,542
Deferred contributions – other	12	19,093	20,422	20,600
Deferred contributions – government	13,24	1,076,727	977,120	899,384
Long term debt	14	150,000	150,000	29,731
		<u>1,325,114</u>	<u>1,225,978</u>	<u>1,009,791</u>
Net financial assets (debt)		<u>(1,247,009)</u>	<u>(1,094,092)</u>	<u>(918,711)</u>
Non-financial assets				
Tangible capital assets	15	1,346,528	1,187,343	1,012,476
Inventories held for use		76	69	75
Prepaid expenses	16	952	5,753	5,233
		<u>1,347,556</u>	<u>1,193,165</u>	<u>1,017,784</u>
Accumulated surplus	23,24	<u>100,547</u>	<u>99,073</u>	<u>99,073</u>
Contingencies and contractual obligations	17			



David Podmore
Chair – Board of Directors



Terry Lyons
Chair – Audit Committee

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

B.C. Pavilion Corporation
Statement of Operations and Change in Accumulated Surplus
(in \$000's)

	<i>Note</i>	March 31, 2012		March 31 2011
		Budget <i>(Note 21)</i>	Actual	Actual <i>Restated – Note 23</i>
Revenues	25			
Event revenues		40,009	47,551	38,946
Lease revenues		2,900	2,655	2,058
Miscellaneous revenues		1,446	32,363	11,697
Deferred contributions – other		800	3,540	1,387
Deferred contributions - government		65,163	46,923	43,902
Interest revenue		20	889	1,063
		110,338	133,921	99,053
Expenses	18,25			
BC Place Stadium		48,821	63,434	30,809
Vancouver Convention Centre		61,517	69,013	68,244
		110,338	132,447	99,053
Annual operating surplus		-	1,474	-
Accumulated surplus, beginning of year			99,073	99,073
Accumulated surplus, end of year			100,547	99,073

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

B.C. Pavilion Corporation
Statement of Change in Net Financial Assets (Debt)
(in \$000's)

	March 31, 2012		March 31
	Budget	Actual	2011
	<i>(Note 21)</i>		<i>Restated – Note 23</i>
Annual operating surplus	-	1,474	-
Acquisition of tangible capital assets	(158,367)	(199,142)	(206,328)
Amortization of tangible capital assets	38,122	39,680	30,167
Loss on sale/disposal of tangible capital assets	-	276	1,294
Acquisition of artwork	-	(693)	(727)
Expense of artwork additions	-	693	727
	(120,245)	(159,186)	(174,867)
Acquisition of supplies inventories	-	(87)	(18)
Acquisition of prepaid expense	-	(15,372)	(19,619)
Consumption of supplies inventories	-	80	24
Use of prepaid expense	-	20,174	19,099
	-	4,795	(514)
Increase in net financial debt	(120,245)	(152,917)	(175,381)
Net financial debt – beginning of year		(1,094,092)	(918,711)
Net financial debt – end of year		(1,247,009)	(1,094,092)

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

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

	March 31 2012	March 31 2011
		<i>Restated – Note 23</i>
Operating transactions		
Surplus for the period	1,474	-
<i>Non-cash items included in surplus (deficit):</i>		
Amortization of tangible capital assets	39,680	30,167
Loss on disposal of tangible capital assets	276	1,294
Amortization of deferred contributions - other	(3,540)	(1,387)
Amortization of deferred contributions – government	(46,923)	(43,902)
Accounts receivable	(25,325)	904
Due from government	11,012	(9,526)
Accounts payable and accrued liabilities	(4,640)	13,559
Employee future benefits	208	76
Deferred revenue	5,291	4,724
Inventories held for use	(7)	6
Prepaid expenses	4,801	(520)
<i>Cash used in operations</i>	<u>(17,693)</u>	<u>(4,605)</u>
Capital transactions		
Tangible capital assets	(199,142)	(206,328)
<i>Cash used in capital transactions</i>	<u>(199,142)</u>	<u>(206,328)</u>
Financing transactions		
Deferred contributions - other	2,211	1,209
Deferred contributions – government	146,532	121,638
Due from government	23,643	(23,643)
Long term debt	-	120,269
<i>Cash provided for in financing transactions</i>	<u>172,386</u>	<u>219,473</u>
(Decrease)/increase in cash and cash equivalents	(44,449)	8,540
Cash and cash equivalents – beginning of year	86,192	77,652
Cash and cash equivalents – end of year	<u>41,743</u>	<u>86,192</u>

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

B.C. Pavilion Corporation

Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

1. Authority and Nature of Operations

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. PavCo is wholly owned by the Province of British Columbia, and reports to the Legislative Assembly through the Ministry of Jobs, Tourism and Innovation. As a provincial crown agency, PavCo is subject to legislative regulations in government reporting acts which include the *Budget Transparency and Accountability Act* and the *Financial Administration Act*.

PavCo's mandate is to generate economic and community benefits for the people of British Columbia through the management of public tourism and cultural facilities. The corporation owns and operates BC Place Stadium 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.

2. Conversion to Public Sector Accounting Standards

Commencing with the 2012 fiscal year, PavCo has adopted Canadian public sector accounting standards ("PSA") as issued by the Public Sector Accounting Board. These financial statements are the first annual financial statements for which the corporation has applied Canadian public sector accounting standards. Accounting changes as a result of adopting the new standards have been applied retroactively to the transition date (April 1, 2010) with restatement of prior periods.

Detailed information on the impact of the conversion to Canadian public sector accounting standards is presented in Note 23.

3. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia which requires financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to accounting for government transfers as presented in Note 24. Significant accounting policies used in the preparation of these financial statements are:

Financial assets

Cash and cash equivalents include cash on hand and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Accounts and loans receivable are recorded at cost less the amount of any valuation allowance (bad debt allowance). Valuation allowances are made when collection is in doubt. Changes in valuation allowances are recognized as expenses in the period when the valuation change is made. Interest is only accrued on receivables when collection is certain.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the years ended March 31, 2012 and March 31, 2011
(tabular amounts in \$000s)

3. Significant Accounting Policies (cont.)

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Asset costs (excluding land), less any residual value, are amortized over their estimated useful lives to PavCo as follows:

Building and improvements	10 to 50 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement or the term of the lease
Equipment and other capital assets	1 to 10 years, straight line
Furniture	3 to 5 years, straight line
Vehicles	30% per annum, declining balance
Computer hardware and software	3 to 5 years, straight line

Assets under construction are recorded at cost and include direct costs during development and construction, indirect costs that are directly attributable to the construction or development activity and other carrying costs. When construction is substantially complete or the asset is ready for use, it is subsequently amortized over its estimated useful life.

The corporation has entered into agreements where value-in-kind (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 its applicable tangible capital asset class.

Contributed tangible capital assets are recorded at fair value as of the date of contribution. When fair value of a contributed asset cannot be determined by market or appraisal estimates, the asset is recorded at nominal value.

PavCo reviews the value of its tangible capital assets that are in active service for impairment based on their service potential. Assets are written down when conditions indicate that they no longer contribute to PavCo's ability to provide goods and services.

PavCo does not report the cost of its artwork and theming program in the Statement of Financial Position as artwork is not recognized under public sector accounting standards. All costs associated with developing, constructing, acquiring, installing and securing these assets are expensed when incurred.

Inventories

Inventories consist of minor consumable supplies held for use in the course of operations at PavCo's facilities and are recognized at historical cost.

Prepaid expenses

Prepaid expenses include cash disbursements for facility insurance and future event and operational costs, which will be charged to expense over the periods expected to benefit from it.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the years ended March 31, 2012 and March 31, 2011
(tabular amounts in \$000s)

3. Significant Accounting Policies (cont.)

Revenue recognition

Revenues from events held at PavCo's facilities are recognized upon completion of the events. Amounts received in advance of event completion are recorded as deferred revenue.

Non-event related revenues are recognized on an accrual basis and in the period in which the transactions or events that gave rise to the revenues occurred.

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

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

Contributions and transfers that are subject to legislative or contractual stipulations or restrictions on their use are treated as deferred contributions and classified as government or other, and are recognized to revenue in accordance with when their stipulations or restrictions are met.

Funding received for other specific purposes is treated as deferred contributions and recognized in the period that the stipulation or restriction is met.

Funding received for the acquisition of land or a transfer in the form of land, is recognized as revenue in the same period that the asset is acquired.

Deferred Contributions

The value of contributed depreciable tangible capital assets or funding received from government for the purpose of acquiring or developing tangible capital assets for use in providing services, is treated as deferred contributions and is amortized to revenue in the period during which the assets are used to provide those services, at a rate corresponding with the amortization rate for the related tangible capital assets. If the net book value of a depreciable tangible capital asset funded by a deferred contribution is reduced for any reason other than amortization, the proportionate share of the deferred contribution is recognized to revenue during the same period. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 24 for the impact of this policy on these financial statements.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the years ended March 31, 2012 and March 31, 2011
(tabular amounts in \$000s)

3. Significant Accounting Policies (cont.)

Expenses

The cost of all goods consumed and services received during the fiscal year, not related to assets under construction, is expensed. Expenses are reported on an accrual basis.

Direct costs from events held at the facilities are recognized upon completion of the events. Amounts incurred in advance of event completion are recorded as prepaid expense.

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

Foreign currency transactions

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect on the transaction date. Any foreign currency denominated monetary assets and liabilities are stated in the Statement of Financial Position using the prevailing rate of exchange at the financial statement date.

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.

An actuarial valuation of the plan every three years assesses its financial position. The most recent actuarial valuation, as at March 31, 2011, disclosed an actuarial deficit of \$275 million for basic pension benefits. In order to fund the liability, both employer and employee rates increased effective April 1, 2012.

Contributions to the Plan by PavCo for fiscal 2012 were \$1.1 million (2011 - \$916 thousand).

4. Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these statements. Actual results could differ from these estimates.

Management has made estimates for valuation allowances on receivables, accrued liabilities and on the expected timing of future expenditures related to construction commitments (Note 17).

B.C. Pavilion Corporation

Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

5. Government Partnership

PavCo has partnered with the Greater Vancouver Convention and Visitors Bureau and the Vancouver Hotel Destination Association to create the Convention Development Fund (CDF) to provide incentives to convention groups in order to attract and secure convention business which is mutually beneficial to the parties. PavCo's contribution to the CDF constitutes an investment in a government partnership.

Included in the corporation's financial statements is PavCo's proportionate interest in the partnership, based on its contributions to the CDF (2012 –16.9%; 2011 – 29.4%):

Statement of Financial Position	March 31 2012	March 31 2011	April 1 2010
Cash	800	800	-
Accounts Payable	-	20	-
Deferred contributions - government	800	780	-

Statement of Operations	March 31 2012	March 31 2011	April 1 2010
Revenue	8	21	-
Expense	(12)	21	-

Statement of Cash Flows	March 31 2012	March 31 2011	April 1 2010
Increase in deferred contributions - government	20	20	-
Decrease in accounts payable	20	820	-
Increase in cash and cash equivalents	-	800	-

PavCo also has a proportionate interest in the future commitments of the CDF. The corporation's current share of these commitments, to be funded by the CDF, as of March 31, 2012 is:

Fiscal 2013	\$ 12 thousand
Fiscal 2014	\$ 73 thousand
Fiscal 2015	\$ 114 thousand
Fiscal 2016	\$ 83 thousand
Fiscal 2017 and beyond	\$ 291 thousand

6. Cash and Cash Equivalents

	March 31 2012	March 31 2011	April 1 2010
Cash	40,943	85,392	77,652
Investment in Convention Development Fund	800	800	-
	41,743	86,192	77,652

B.C. Pavilion Corporation

Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

7. Accounts Receivable

	March 31 2012	March 31 2011	April 1 2010
Trade	30,128	4,815	5,912
Less: provision for doubtful accounts	(132)	(143)	(336)
	29,996	4,672	5,576

8. Due from Government

	March 31 2012	March 31 2011	April 1 2010
Federal government	2,094	3,544	1,353
Province of British Columbia	4,272	37,478	6,500
	6,366	41,022	7,853

Amounts due from the federal government represent reimbursement for harmonized sales tax. Amounts due from the Province of British Columbia are contributions for sustaining operations and construction of tangible capital assets.

9. Accounts Payable and Accrued Liabilities

	March 31 2012	March 31 2011	April 1 2010
Trade accounts payable and accrued liabilities	37,218	22,920	26,692
Builder's lien holdbacks	2,583	21,521	4,190
	39,801	44,441	30,882

10. Employee Leave Liability

Employee leave liability represents the accumulated vacation entitlement that PavCo owes its employees for vacation not yet taken.

11. Deferred Revenue

	March 31 2012	March 31 2011	April 1 2010
Unearned lease revenues	32,011	26,460	22,669
Unearned event revenue and deposits	6,546	6,806	5,873
	38,557	33,266	28,542

Unearned lease 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.

Event revenues and deposits are receipts in advance of scheduled event dates and are deferred until completion of the event.

B.C. Pavilion Corporation

Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

12. Deferred Contributions – Other

	Balance April 1 2011	Receipts during year	Transferred to revenue	Balance March 31 2012
	<i>Restated – Note 23</i>			
Value in kind contributions	7,992	1,948	(2,499)	7,441
Other contributions	12,430	263	(1,041)	11,652
	20,422	2,211	(3,540)	19,093

	Balance April 1 2010	Receipts during year	Transferred to revenue	Balance March 31 2011
	<i>Restated – Note 23</i>			
Value in kind contributions	8,443	443	(894)	7,992
Other contributions	12,157	766	(493)	12,430
	20,600	1,209	(1,387)	20,422

Value-in-kind agreements reflect agreements for tangible capital assets and contributed assets at PavCo's facilities. These are amortized over the term specified in the agreements which range 10 to 15 years.

Other deferred contributions include contributions, defined by their contractual stipulations, from non-related parties to fund major improvements to or the acquisition of capital assets to provide future public benefit at PavCo's facilities. Contributions are amortized to revenue in the period during which the related assets are used to provide those benefits, at the same rate corresponding to the amortization rate for the related tangible capital assets.

13. Deferred Contributions – Government

Government contributions are funding transfers which contain eligibility criteria and legislative or contractual stipulations with respect to their use. PavCo has received funding for asset acquisition and capital construction projects at PavCo's facilities as well as funding to support ongoing operations and for other specified purposes as follows:

	Balance April 1 2011	Receipts during year	Transferred to revenue	Balance March 31 2012
	<i>Restated – Note 23</i>			
Government of Canada	215,516	-	(4,556)	210,960
Province of British Columbia	761,604	146,532	(42,369)	865,767
	977,120	146,532	(46,925)	1,076,727

B.C. Pavilion Corporation
Notes to the Financial Statements
For the years ended March 31, 2012 and March 31, 2011
(tabular amounts in \$000s)

13. Deferred Contributions – Government (cont.)

	Balance April 1 2010	Receipts during year	Transferred to revenue	Balance March 31 2011
	<i>Restated – Note 23</i>			
Government of Canada	220,072	-	(4,556)	215,516
Province of British Columbia	679,312	121,638	(39,346)	761,604
	899,384	121,638	(43,902)	977,120

Contributions from the Government of Canada is funding for the construction of the Vancouver Convention Centre’s west facility and the connector between the east and west facility. Federal funding for the Vancouver Convention Centre’s west facility includes the construction of the waste water treatment facility.

PavCo received contributions from its shareholder, the Province of British Columbia, for capital and operating purposes, and is segregated based on shareholder direction on the use of funds.

Government contributions for capital are amortized to revenue in the period during which the assets are used to provide those services, at a rate corresponding with the amortization rate for the related tangible capital assets. Other government contributions are recognized when their legislative or contractual stipulations are met.

14. Long-term Debt

	March 31 2012	March 31 2011	April 1 2010
Province of British Columbia	150,000	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 refurbishment upgrades at BC Place Stadium. PavCo received the balance of the loan in fiscal 2011.

Under the terms of the loan agreement, the repayable loan is non-interest bearing during the construction and start up period. Commencing April 2, 2013, PavCo will repay the loan by providing semi-annual blended payments of principal and interest (fixed interest rate at 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 Stadium and the Vancouver Convention Centre.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the years ended March 31, 2012 and March 31, 2011
(tabular amounts in \$000s)

15. Tangible Capital Assets

	BC Place	Vancouver Convention Centre⁽¹⁾	March 31 2012	March 31 2011	April 1 2010
Land	31,292	41,442	72,734	71,260	71,260
Buildings and improvements	497,494	674,587	1,172,081	1,061,655	888,244
Leasehold improvements	-	30,010	30,010	31,644	27,934
Equipment	40,846	5,645	46,491	16,673	15,173
Furniture and fixtures	21,632	3,420	25,052	5,708	9,415
Vehicles	-	-	-	4	5
Computer hardware/software	113	47	160	399	445
Total	591,377	755,151	1,346,528	1,187,343	1,012,476

(1) Includes corporate office assets

PavCo holds a variety of art pieces at its facilities however does not recognize the cost or value of artwork in its financial statements. All costs of developing, constructing, acquiring, installing and securing the pieces have been expensed. The corporation has title to most pieces in the program, and is responsible for the preservation and protection of all pieces.

The Vancouver Convention Centre's comprehensive art program, which was produced as part of the west facility expansion, includes various paintings, sculptures, First Nations pieces, and other items. The historical cost of these art pieces at March 31, 2012 is \$6.2 million (\$6.1 million at March 31, 2011 and \$5.4 million at March 31, 2010).

As part of the BC Place revitalization project, PavCo developed and re-constructed Terry Fox plaza to showcase the new Terry Fox memorial sculptures. The historical cost for the Terry Fox memorial sculptures is \$0.6 million (\$ nil at March 31, 2011).

The corporation uses the historical cost value of the art pieces for insurance purposes, unless appraisal values are available.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the years ended March 31, 2012 and March 31, 2011
(tabular amounts in \$000s)

15. Tangible Capital Assets (cont.)

	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2012
Cost:								
Opening balance	71,260	1,132,547	36,988	30,483	10,399	49	2,160	1,283,886
Additions	1,474	138,543	241	36,377	22,395	-	112	199,142
Disposals and adjustments	-	(367)	-	(326)	(627)	(24)	(106)	(1,450)
Closing balance	72,734	1,270,723	37,229	66,534	32,167	25	2,166	1,481,578
Accumulated amortization:								
Opening balance	-	(70,892)	(5,344)	(13,810)	(4,691)	(45)	(1,761)	(96,543)
Amortization expense	-	(27,909)	(1,875)	(6,966)	(2,578)	(3)	(349)	(39,680)
Effect of disposals and adjustments	-	159	-	733	154	23	104	1,173
Closing balance	-	(98,642)	(7,219)	(20,043)	(7,115)	(25)	(2,006)	(135,050)
Net book value	72,734	1,172,081	30,010	46,491	25,052	-	160	1,346,528
	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2011
Cost:								
Opening balance	71,260	952,963	31,587	28,617	12,294	49	2,015	1,098,785
Additions	-	195,248	5,401	5,127	316	-	236	206,328
Disposals and adjustments	-	(15,664)	-	(3,261)	(2,211)	-	(91)	(21,227)
Closing balance	71,260	1,132,547	36,988	30,483	10,399	49	2,160	1,283,886
Accumulated amortization:								
Opening balance	-	(64,719)	(3,653)	(13,445)	(2,879)	(43)	(1,570)	(86,309)
Amortization expense	-	(22,586)	(1,691)	(3,782)	(1,824)	(2)	(282)	(30,167)
Effect of disposals and adjustments	-	16,413	-	3,417	12	-	91	19,933
Closing balance	-	(70,892)	(5,344)	(13,810)	(4,691)	(45)	(1,761)	(96,543)
Net book value	71,260	1,061,655	31,644	16,673	5,708	4	399	1,187,343

B.C. Pavilion Corporation
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15. Tangible Capital Assets (cont.)

(i) *Contributed Assets*

The corporation received contributed assets during the year which were recognized at fair value and are included in the following asset classes:

	March 31 2012	March 31 2011	April 1 2010
Land	1,474	-	-
Equipment	500	443	-
	1,974	443	-

The City of Vancouver enacted zoning for certain lands to the west of BC Place resulting in a minor property transfer (Terry Fox Way) to the corporation, and BC Place received contributed kitchen and concessionary equipment as part of an operating agreement with a supplier.

(ii) *Work in Progress*

During fiscal 2012, PavCo completed its refurbishment project at BC Place Stadium within its \$563.0 million budget. The project included a new retractable roof, significant structural upgrades and interior refurbishments. The stadium re-opened on September 30, 2011. Development and construction costs associated with the refurbishment program were treated as work in progress, and recorded at cost with no amortization until the asset was substantially complete and ready for use.

Development and construction costs associated with the completion of the seawall along the west side of the Vancouver Convention Centre are treated as work in progress and are recorded at cost with no amortization until the asset is substantially complete or ready for use. At March 31, 2011, work in progress consisted of minor interior renovations and implementation of an energy management system.

Work in progress included in asset cost is as follows:

	Buildings and improvements	Equipment	Furniture and fixtures	2012
BC Place Stadium	50	-	-	50
Vancouver Convention Centre	65	-	-	65
	115	-	-	115

	Buildings and improvements	Equipment	Furniture and fixtures	2011
BC Place Stadium	232,465	3,246	68	235,779
Vancouver Convention Centre	47	41	-	88
	232,512	3,287	68	235,867

B.C. Pavilion Corporation

Notes to the Financial Statements

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16. Prepaid Expenses

Prepaid expenses reflect prepayments for event and operational requirements as well as deferred costs associated with the implementation and rental of the temporary stadium during the BC Place closure period. The temporary stadium rental period expired in November 2011.

	March 31 2012	March 31 2011	April 1 2010
Event and operations prepayments	952	974	1,564
Temporary stadium facility	-	4,779	3,669
	952	5,753	5,233

17. Contingencies and Contractual Obligations

Contingent assets

PavCo holds an interest in a parcel of land in Surrey, British Columbia. Under the terms of the agreement, if the land were to be sold or redeveloped before March 2016, 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.

Contingent liabilities

- The corporation has issued a letter of credit to the Department of Fisheries and Oceans Canada with respect to a five year habitat compensation and monitoring program arising from the Vancouver Convention Centre west expansion development. The letter of credit is valued at \$100 thousand, and includes an annual auto-renewal clause, unless cancelled prior to the expiry date of November 24, 2012. PavCo is liable for remediation of the habitat program, if monitoring shows negative results. At March 31, 2012, the corporation has successfully completed its third year of the monitoring program with no required remediation to date.
- 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 the corporation.
- The corporation is named in various legal actions resulting from operations at PavCo's facilities. No determination can be made on the eventual outcome or disposition of the legal actions. PavCo does not expect the outcome of any proceedings, individually or in the aggregate, to have a material impact on the corporation's financial position.

B.C. Pavilion Corporation

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17. Contingencies and Contractual Obligations (cont.)

Contractual obligations

a) Operating leases

The corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2020. These represent total commitments as follows:

Fiscal 2013	\$705 thousand
Fiscal 2014	\$495 thousand
Fiscal 2015	\$318 thousand
Fiscal 2016	\$308 thousand
Fiscal 2017 and beyond	\$306 thousand

b) Construction

PavCo is committed to completing upgrades and renovations with respect to its major capital projects, within the approved project budgets.

At March 31, 2012, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining construction obligations as follows:

Fiscal 2013	\$2.6 million
-------------	---------------

c) Lands 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 Stadium, or to allow it to fall into material disrepair during the first 40 years of the lease term.

d) Redevelopment

On November 29th, 2011 the City of Vancouver Council enacted zoning, as approved at Public Hearing on April 19, 2011, for certain lands on the west side of BC Place. The City of Vancouver acquired lands between Expo Boulevard and Pacific Boulevard for the construction of an extension to Smithe Street (Smithe Street Extension), and transferred its surplus lands between the Smithe Street Extension and BC Place to PavCo (including Terry Fox Way). Under the rezoning obligations, PavCo is required to provide 300 parking stalls for public hourly use in the first development on the lands.

Under separate Agreements, PavCo is also obligated to bear the costs of remediation of soils beneath the Smithe Street Extension and the development lands; the costs of demolition of a pedestrian overpass over BC Place lands and adjacent lands; the costs of installation of City services under the Smithe Street Extension; and the construction of the Smithe Street Extension to its west curb line. The costs of these obligations and their completion dates have not been determined.

B.C. Pavilion Corporation
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18. Expenses by Object

The following summarizes expenses by object:

	2012 Budget	2012	2011
Event direct costs	19,732	27,314	21,834
Salaries, wages and benefits	16,801	15,526	13,311
Operating expenses	14,864	14,707	11,304
General and administration	4,429	4,941	4,336
Business development	4,289	2,421	2,925
Professional consulting fees	2,525	2,857	2,191
Redevelopment	9,566	25,001	12,985
Amortization	38,132	39,680	30,167
	110,338	132,447	99,053

19. 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.

20. Valuation Allowance

Valuation allowances are included in 'General and administration' expenditures (Note 18), and represent the write-down of assets and liabilities in the statement of financial position.

	BC Place	Vancouver Convention Centre	2012	2011
Accounts receivable	-	99	99	39

21. Budgeted Figures

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2011/12 Annual Service Plan report which was approved by PavCo's Board of Directors.

22. Comparative Numbers

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

B.C. Pavilion Corporation
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23. Conversion to Public Sector Accounting Standards

Commencing with the 2012 fiscal year, PavCo has adopted Canadian public sector accounting standards (“PSA”) as issued by the Public Sector Accounting Board. These financial statements are the first annual financial statements for which the corporation has applied Canadian public sector accounting standards. Accounting changes as a result of adopting the new standards have been applied retroactively to the transition date (April 1, 2010) with restatement of prior periods.

The following changes and restatements have been implemented to comply with the new PSA standards, except for deferred government contributions (see Note 3 and Note 24):

a) Statement of Financial Position

	<i>Previously stated</i>			<i>Restated</i>
	April 1	PSA		April 1
Retroactive changes and restatements	2010	Adjustment⁽ⁱ⁾	Reclassified⁽ⁱⁱ⁾	2010
Accounts receivable	6,928	-	(1,353)	5,576
Due from government	6,500	-	1,353	7,853
Intangible assets	2,090	(2,090)	-	-
Tangible capital assets	1,017,631	(5,156)	-	1,012,476
Prepaid expenses	5,308	-	(75)	5,233
Inventory	-	-	75	75
Deferred contributions – other	241,740	(1,068)	(220,072)	20,600
Deferred contributions - government	756,749	(6,178)	148,812	899,384
Accumulated operating surplus	27,813	-	71,260	99,073

	<i>Previously stated</i>			<i>Restated</i>
	March 31	PSA		March 31
Retroactive changes and restatements	2011	Adjustment⁽ⁱ⁾	Reclassified⁽ⁱⁱ⁾	2011
Accounts receivable	8,216	-	(3,544)	4,672
Due from government	37,478	-	3,544	41,022
Intangible assets	2,011	(2,011)	-	-
Tangible capital assets	1,193,303	(5,960)	-	1,187,343
Prepaid expenses	5,822	-	(69)	5,753
Inventory	-	-	69	69
Deferred contributions – other	237,005	(1,068)	(215,515)	20,422
Deferred contributions - government	839,767	(6,903)	144,256	977,120
Accumulated operating surplus	27,813	-	71,260	99,073

- (i) As intangible assets are not recognized under PSA, the right to host the 2011 Grey Cup was written off and computer software was reclassified to tangible capital assets. As artwork is not recognized under PSA, tangible capital assets were written down. The adjustments to deferred contributions by other and government reflect the write down of contributions for the Grey Cup and artwork.
- (ii) In order to conform to the new financial statement presentation, receivables were adjusted to reflect harmonized sales tax refunds due from the federal government, inventory was reclassified from prepaid expenses, federal funding contributions were reclassified from deferred contributions – other to deferred contributions – government, and deferred contributions from government related to land (contributed surplus) was reclassified to accumulated operating surplus.

B.C. Pavilion Corporation

Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

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23. Conversion to Public Sector Accounting Standards (cont.)

b) Statement of Operations

	<i>Previously stated</i> March 31 2011	PSA Adjustment ⁽ⁱ⁾	Reclassified ⁽ⁱⁱ⁾	<i>Restated</i> March 31 2011
Revenues:				
Operating revenue	56,257	(2,499)	(53,758)	-
Event revenue	-	-	38,946	38,946
Lease revenue	-	-	2,058	2,058
Miscellaneous revenue	-	-	11,697	11,697
Deferred contributions – other	5,944	-	(4,557)	1,387
Deferred contributions – government	38,621	727	4,554	43,902
Interest revenue	-	-	1,063	1,063
	<u>100,822</u>	<u>(1,772)</u>	<u>3</u>	<u>99,053</u>
Expenses:				
Direct costs	24,326	(2,499)	(21,827)	-
Facility expenses	33,343	727	(34,070)	-
Amortization	30,168	-	(30,168)	-
Redevelopment	12,985	-	(12,985)	-
BC Place Stadium	-	-	30,809	30,809
Vancouver Convention Centre	-	-	68,244	68,244
	<u>100,822</u>	<u>(1,772)</u>	<u>3</u>	<u>99,053</u>

(i) Event revenues and event direct costs have been adjusted to net out internal gross up factors based on contractual arrangements. Facility expenses and deferred government contributions were adjusted to comply with the non recognition of artwork.

(ii) In order to conform to the new financial statement presentation, revenues and expenses were reclassified as shown.

B.C. Pavilion Corporation
Notes to the Financial Statements
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23. Conversion to Public Sector Accounting Standards (cont.)

c) Statement of Cash Flows

	<i>Previously stated</i> March 31 2011	PSA Adjustment⁽ⁱ⁾	Reclassified⁽ⁱⁱ⁾	<i>Restated</i> March 31 2011
Operating deficit	(44,565)	-	44,565	-
Amortization	30,168	-	(1)	30,167
Disposal of assets	1,294	-	-	1,294
Amortization of deferred contributions - other	-	-	(1,387)	(1,387)
Amortization of deferred contributions - government	-	(727)	(43,175)	(43,902)
Accounts receivable	(8,334)	-	9,238	904
Due from government	-	-	(9,526)	(9,526)
Accounts payable and accrued liabilities	79	-	13,480	13,559
Employee future benefits	-	-	76	76
Deferred revenue	4,724	-	-	4,724
Inventories held for use	-	-	6	6
Prepaid expenses	(514)	-	(6)	(520)
<i>Cash provided for (used) in operations</i>	<u>(17,148)</u>	<u>(727)</u>	<u>13,270</u>	<u>(4,605)</u>
Capital				
Tangible capital assets	(207,008)	680	-	(206,328)
Intangible assets	(47)	47	-	-
Accounts receivable	(289)	-	289	-
Accounts payable and accrued liabilities	13,558	-	(13,558)	-
<i>Cash provided for (used) in capital</i>	<u>(193,786)</u>	<u>727</u>	<u>(13,269)</u>	<u>(206,328)</u>
Financing				
Deferred contributions – other	1,209	-	-	1,209
Deferred contributions – government	121,639	-	(1)	121,638
Due from government	(23,643)	-	-	(23,643)
Long term debt	120,269	-	-	120,269
<i>Cash provided for (used) in financing</i>	<u>219,474</u>	<u>-</u>	<u>(1)</u>	<u>219,473</u>
Net increase (decrease) in cash and cash equivalents	8,540	-	-	8,540

(i) Write off of artwork

(ii) Figures have been restated to conform to the current financial statement presentation

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23. Conversion to Public Sector Accounting Standards (cont.)

d) Accumulated operating surplus (deficit)

Accumulated surplus consists of the following:

	March 31 2012	March 31 2011	April 1 2010
Accumulated operating surplus	27,813	27,813	27,813
Non-depreciable assets (land)	72,734	71,260	71,260
Share capital	-	-	-
	100,547	99,073	99,073

Non-depreciable assets represent the historical cost of lands purchased by PavCo and the fair market value of contributed land.

	BC Place	Vancouver Convention Centre	March 31 2012	March 31 2011	April 1 2010
Land	31,292	41,442	72,734	71,260	71,260

	2011
Accumulated operating surplus beginning of year as originally reported	27,813
Adjustments to accumulated operating surplus due to adoption of public sector accounting standards:	
Reduction in event revenues	8,751
Reduction in event costs	(8,751)
Expense of art program	5,366
Recognition of contributions to art program	(5,366)
Accumulated surplus beginning of year restated	27,813
Annual surplus for the year as originally reported	-
Adjustments to annual surplus (deficit) for the year due to adoption of public sector accounting standards:	
Reduction in event revenues	2,499
Reduction in event costs	(2,499)
Expense of art program	727
Recognition of contributions to art program	(727)
Annual surplus for the year as restated	-
Accumulated surplus – end of year	27,813

B.C. Pavilion Corporation

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24. Impact of Accounting for Government Transfers in Accordance with Section 23.1 of the *Budget Transparency and Accountability Act*

As a provincial crown agency, PavCo is subject to reporting under the *Budget Transparency and Accountability Act* ('Act') as noted in Note 1 (authority and nature of operations) and Note 3 (significant accounting policies). Section 23.1 of the Act and its related regulations requires the corporation to recognize government transfers for capital asset acquisition or development into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the corporation's financial statements is as follows:

At April 1, 2010	
Increase in accumulated operating surplus	(860,381)
Decrease in deferred contributions - government	860,381
For the year ended March 31, 2011	
Increase in operating surplus	(8,855)
At March 31, 2011	
Increase in accumulated operating surplus	(844,393)
Decrease in deferred contributions - government	844,393
For the year ended March 31, 2012	
Increase in operating surplus	(252,943)
At March 31, 2012	
Increase in accumulated operating surplus	(1,064,601)
Decrease in deferred contributions - government	1,064,601

B.C. Pavilion Corporation

Notes to the Financial Statements

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25. Segmented Information

PavCo reports segmented information by its operating divisions: BC Place Stadium, the Vancouver Convention Centre and Corporate services. The facilities, BC Place and the Vancouver Convention Centre, market, sell and manage space for conventions, trade and consumer shows, entertainment, sports and other events. PavCo's corporate services division provides the corporation's governance and consolidated reporting, and is allocated equally to its facilities.

The segmented information provided is consistent with the accounting policies provided with PavCo's financial statements as disclosed in Note 3. Revenues, expenses and tangible capital assets by facility are provided in the following tables:

	<u>BC Place⁽¹⁾</u>		<u>Vancouver Convention Centre⁽¹⁾⁽²⁾</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Revenues						
Event revenues	5,483	612	42,068	38,334	47,551	38,946
Lease revenues	9	-	2,646	2,058	2,655	2,058
Miscellaneous revenues ⁽³⁾	32,128	8,969	235	2,728	32,363	11,697
Deferred contributions – other	2,140	469	1,400	918	3,540	1,387
Deferred contributions - government	24,822	20,378	22,101	23,524	46,923	43,902
Interest revenue	326	381	563	682	889	1,063
	64,908	30,809	69,013	68,244	133,921	99,053
Expenses						
Event direct costs	3,109	204	24,205	21,630	27,314	21,834
Salaries, wages and benefits	7,237	5,038	8,289	8,273	15,526	13,311
Operating expenses	4,743	416	9,964	10,888	14,707	11,304
General and administration	1,930	1,362	3,011	2,974	4,941	4,336
Business development	1,557	766	864	2,159	2,421	2,925
Professional consulting fees	1,703	1,074	1,154	1,117	2,857	2,191
Redevelopment ⁽⁴⁾	25,001	12,985	-	-	25,001	12,985
Amortization	18,154	8,964	21,526	21,203	39,680	30,167
	63,434	30,809	69,013	68,244	132,447	99,053
Surplus (deficit) for the period	1,474	-	-	-	1,474	-

(1) Corporate office revenues and expenditures have been allocated equally between PavCo's facilities

(2) PavCo's proportionate share of the Convention Development fund is consolidated to Vancouver Convention Centre operations

(3) Miscellaneous revenues include monies received outside of the course of normal operations. In fiscal 2012, BC Place recognized \$30.3 million from an agreement with a third party with respect to certain development rights to the west of BC Place (in fiscal 2011, BC Place received \$8.6 million and the Vancouver Convention Centre received \$2.7 million from VANOC for hosting Olympic activities at its facilities)

(4) Redevelopment costs are outside of normal operating expenses and include the write down of the temporary facility at Empire Field, and expenses associated with the redevelopment of lands to the west of BC Place

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25. Segmented Information (cont.)

BC Place	Land	Buildings and improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2012	2011
Cost:								
Opening balance	29,818	410,830	18,053	1,222	24	492	460,439	284,631
Additions	1,474	137,933	35,654	22,380	-	76	197,517	196,696
Disposals and adjustments	-	(366)	(326)	(627)	(24)	(28)	(1,371)	(20,888)
Closing balance	31,292	548,397	53,381	22,975	-	540	656,585	460,439
Accumulated amortization:								
Opening balance	-	(39,105)	(8,034)	(594)	(23)	(396)	(48,152)	(59,054)
Amortization expense	-	(11,956)	(5,235)	(903)	-	(59)	(18,153)	(8,963)
Effect of disposals and adjustments	-	159	734	153	23	28	1,097	19,865
Closing balance	-	(50,902)	(12,535)	(1,344)	-	(427)	(65,208)	(48,152)
Net book value – March 31, 2012	31,292	497,495	40,846	21,631	-	113	591,377	
Net book value – March 31, 2011	29,818	371,725	10,019	628	1	96		412,287

During fiscal 2012, PavCo completed its refurbishment project at BC Place Stadium within its \$563.0 million budget. The project included a new retractable roof, significant structural upgrades and interior refurbishments. The stadium re-opened on September 30, 2011.

Development and construction costs associated with the refurbishment program were treated as work in progress, and recorded at cost with no amortization until the asset was substantially complete and ready for use. Total asset cost includes work in progress allocated as follows:

BC Place – work in progress	Buildings and improvements	Equipment	Furniture and fixtures	Total work in progress
Total costs – March 31, 2012	50	-	-	50
Total costs – March 31, 2011	232,465	3,246	68	235,779

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25. Segmented Information (cont.)

Vancouver Convention Centre⁽¹⁾	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2012	2011
Cost:									
Opening balance	41,442	721,716	36,988	12,429	9,178	25	1,668	823,446	814,154
Additions	-	609	241	723	14	-	37	1,624	9,632
Disposals and adjustments	-	-	-	-	-	-	(78)	(78)	(340)
Closing balance	41,442	722,325	37,229	13,152	9,192	25	1,627	824,992	823,446
Accumulated amortization:									
Opening balance	-	(31,786)	(5,343)	(5,776)	(4,098)	(22)	(1,366)	(48,391)	(27,255)
Amortization expense	-	(15,952)	(1,876)	(1,732)	(1,674)	(3)	(290)	(21,527)	(21,204)
Effect of disposals and adjustments	-	-	-	-	-	-	76	76	68
Closing balance	-	(47,738)	(7,219)	(7,508)	(5,772)	(25)	(1,580)	(69,841)	(48,391)
Net book value – March 31, 2012	41,442	674,587	30,010	5,645	3,420	-	47	755,151	
Net book value – March 31, 2011	41,442	689,930	31,645	6,653	5,080	3	302		775,055

(1) Includes corporate office assets with a total net book value of \$30 thousand at March 31, 2012 (\$77 thousand at March 31, 2011)

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 tangible capital assets of the Corporation. Modifications and renovations to the east facility were substantially completed in fiscal 2011. The Vancouver Convention Centre's west facility, opened on April 3, 2009, and asset cost includes direct costs of construction and an apportioned amount of overhead costs directly attributable to its construction including capitalized interest earned of \$24.9 million.

At March 31, 2012, development and construction costs associated with the completion of the seawall along the west side of the Vancouver Convention Centre are included in costs. These costs are treated as work in progress and are recorded at cost with no amortization until the asset is substantially complete or ready for use. The value of this work is as follows:

Vancouver Convention Centre – work in progress	Buildings and improvements	Equipment	Total work in progress
Total costs – March 31, 2012	65	-	65
Total costs – March 31, 2011	47	41	88

At March 31, 2011, work in progress consisted of minor interior renovations and implementation of an energy management system.