
Summary Financial Statements

Province of British Columbia

For the Fiscal Year Ended
March 31, 2012



Statement of Responsibility for the Summary Financial Statements of the Government of the Province of British Columbia

Responsibility for the integrity and objectivity of the Summary Financial Statements for the Government of the Province of British Columbia rests with the government. The Comptroller General prepares these financial statements in accordance with the *Budget Transparency and Accountability Act* (BTAA), which requires generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA. The fiscal year of the government is from April 1 to March 31 of the following year.

To fulfill its accounting and reporting responsibilities, the government maintains financial management and internal control systems. These systems give due consideration to costs, benefits and risks, and are designed to provide reasonable assurance that transactions are properly authorized by the Legislative Assembly, are executed in accordance with prescribed regulations and are properly recorded. This is done to maintain accountability of public money and safeguard the assets and properties of the Province of British Columbia under government administration. The Comptroller General of British Columbia maintains the accounts of British Columbia, a centralized record of the government's financial transactions, and obtains additional information as required from ministries, Crown corporations, agencies, school districts, universities, colleges, institutes and health organizations to meet accounting and reporting requirements.

The Auditor General of British Columbia provides an independent opinion on the financial statements prepared by the government. The duties of the Auditor General in that respect are contained in section 11 of the *Auditor General Act*.

Annually, the financial statements are tabled in the legislature as part of the Public Accounts, and are referred to the Select Standing Committee on Public Accounts of the Legislative Assembly. The Select Standing Committee on Public Accounts reports to the Legislative Assembly with the results of its examination and any recommendations it may have with respect to the financial statements and accompanying audit opinions.

Approved on behalf of the Government of the Province of British Columbia:

A handwritten signature in black ink, appearing to read 'Kevin Falcon', with a long, sweeping flourish extending to the right.

KEVIN FALCON

Chair, Treasury Board



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of British Columbia

Report on the Summary Financial Statements

I have audited the accompanying summary financial statements of the Government of the Province of British Columbia ("the Government"), which comprise the consolidated statement of financial position as at March 31, 2012, and the consolidated statements of operations, change in net liabilities and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Government's Responsibility for the Summary Financial Statements

Government is responsible for the preparation and fair presentation of these summary financial statements in accordance with Canadian public sector accounting standards, and for such internal control as it 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 under the *Auditor General Act* is to express an opinion based on my audit as to whether these summary financial statements are presented fairly in accordance with generally accepted accounting principles. 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 summary financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the summary 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 summary 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 government, as well as evaluating the overall presentation of the summary financial statements.

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

Basis for Qualified Opinion

Failure to fully consolidate the Transportation Investment Corporation

Government has prematurely classified the Transportation Investment Corporation as a government business enterprise, now consolidated in these summary financial statements using the modified equity basis as described in note 1 (c). Under Canadian public sector accounting standards, to be classified as a government business enterprise, an organization must maintain its operations and meet its liabilities from revenues received from outside the government reporting entity. As of March 31, 2012, the Transportation Investment Corporation does not have this characteristic and, therefore, is not properly classified as a government business enterprise. Had this organization been properly classified, it would have been accounted for using the full consolidation method and certain financial statement line items would have changed by a material amount.

Material changes to the summary financial statements, had the Transportation Investment Corporation been fully consolidated:

	Increase/(decrease) \$ millions	
	2012	2011
Consolidated statement of financial position:		
Loans for purchase of assets, recoverable from agencies	(1,779)	(1,148)
Accounts payable and accrued liabilities	519	440
Taxpayer-supported debt	1,779	1,148
Self-supported debt	(1,779)	(1,148)
Tangible capital assets	2,331	1,604
Consolidated statement of operations:		
Surplus (deficit) for the year	(97)	(20)

The increase to the deficit for the year relates to realized losses on interest rate hedging transactions that would be recorded as an expense if fully consolidated. Other line items in the consolidated statements of financial position and operations were also impacted by lesser amounts.

The supporting consolidated summary financial statements by sector (pages 86 to 93) and the supporting statements for self-supported Crown corporations and agencies (pages 94 and 95) would also be impacted by this inappropriate classification of the Transportation Investment Corporation and by the summary financial statement changes described above.

Had the Transportation Investment Corporation been properly classified as a taxpayer-supported Crown corporation, the presentation of contractual obligations in note 26 (c) in these summary financial statements would also differ. Contractual obligations for taxpayer-supported Crown corporations (transportation) would have increased by \$661 million (2011: \$1,114 million), and contractual obligations for self-supported Crown corporations (transportation) would have decreased by \$661 million (2011: \$1,114 million).

Failure to provide for earned natural gas producer royalty credits

No provision has been made in the summary financial statements for royalty credits earned by natural gas producers under the government's deep-well drilling program. In this respect the summary financial statements are not in accordance with Canadian public sector accounting standards.

Had a provision been made prospectively, as required by Canadian public sector accounting standards when an issue is raised by an auditor in one period but not corrected until a subsequent period, accounts payable and accrued liabilities as at March 31, 2012, would have been greater by \$702 million, natural resources and economic development expenses for the year then ended would have been greater by \$702 million and the deficit for the year then ended would have been greater by \$702 million.

Inappropriate deferral of government transfers revenue

Government's accounting treatment for funds received from the Federal Government and other outside entities restricted for the purchase or construction of capital assets is to defer such transfers and recognize as revenue in the statement of operations on the same basis as the related assets are amortized. In this respect, the summary financial statements are not in accordance with Canadian public sector accounting standards which require transfers of a capital nature to be recorded in revenue when the funds provided have been used to purchase or construct the capital asset, or to the extent that stipulations imposed by the transferring entity give rise to an obligation, when the obligation is settled.

Had the correction been made prospectively, as required by Canadian public sector accounting standards when an issue is raised by an auditor in one period but not corrected until a subsequent period, deferred revenues as at March 31, 2012, would have been less by \$279 million, contributions from the federal government would have been greater by \$200 million, miscellaneous revenue would have been greater by \$79 million and the deficit for the year then ended would have been less by \$279 million.

Failure to disclose required government business enterprise financial information

In the other explanatory information, government is not disclosing condensed supplementary financial information about the financial position and results of operations of certain subsidiaries of government organizations that are accounted for as government business enterprises. In this respect the summary financial statements are not in accordance with Canadian public sector accounting standards.

Had this information been disclosed, the supporting statements for self-supported Crown corporations and agencies on pages 94 and 95 would have been different as follows:

- assets would have been greater by \$1,122 million;
- liabilities other than debt would have been greater by \$207 million;
- other debt would have been greater by \$655 million
- equity would have been greater by \$260 million;
- revenues would have been greater by \$230 million;
- expenses would have been greater by \$148 million; and
- net earnings would have been greater by \$82 million.

Amounts in the condensed supplementary financial information reconciling net earnings of self-supported Crown corporations and agencies to equity in self-supported Crown corporations and agencies for the year would have also changed.

In addition, all of the investments in these subsidiaries should have been reported as investments in government business enterprises. Had this been done, equity in self-supported crown corporations and agencies, as reported on the consolidated statement of financial position, would have been greater by \$241 million, and other investments would have been less by \$241 million. The deficit for the year as reported in the consolidated statement of operations would not have been impacted.

Impact of audit qualifications on the recorded deficit for the year

If the summary financial statements were prepared fully in accordance with Canadian public sector accounting standards, the recorded deficit for the year would have been \$520 million higher. The actual deficit for the year would therefore have been \$2,360 million.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the summary financial statements present fairly, in all material respects, the financial position of the Government of the Province of British Columbia as at March 31, 2012, and the results of its operations, change in its net liabilities, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles.

Basis of Accounting

Without modifying my opinion, I draw attention to Note 1(a) to the summary financial statements, which describes the basis of accounting used in the preparation of these financial statements. In this regard, I note that the basis of accounting under the *Budget Transparency and Accountability Act* is consistent in all respects with Canadian public sector accounting standards.

Victoria, British Columbia
June 29, 2012



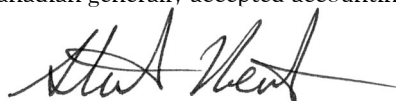
John Doyle, MAcc, CA
Auditor General

Summary Financial Statements Consolidated Statement of Financial Position as at March 31, 2012

		In Millions	
	Note	2012	2011
		\$	\$
Financial Assets			
Cash and cash equivalents.....		2,177	2,163
Temporary investments.....		1,062	889
Accounts receivable.....	3	2,451	2,408
Inventories for resale.....	4	45	41
Due from other governments.....	5	943	979
Due from self-supported Crown corporations and agencies.....	6	476	865
Equity in self-supported Crown corporations and agencies.....	7	6,676	6,695
Loans, advances and mortgages receivable.....	8	1,624	1,492
Other investments.....	9	2,594	2,538
Sinking fund investments.....	10	1,491	1,410
Loans for purchase of assets, recoverable from agencies.....	11	14,846	12,947
		34,385	32,427
Liabilities			
Accounts payable and accrued liabilities.....	12	6,467	6,411
Due to other governments.....	13	2,204	1,058
Due to Crown corporations, agencies and trust funds.....	14	52	72
Deferred revenue.....	15	10,571	10,852
Employee pension plans.....	16	110	87
Taxpayer-supported debt.....	17	36,012	33,079
Self-supported debt.....	18	14,942	13,030
		70,358	64,589
Net assets (liabilities).....	20	(35,973)	(32,162)
Non-financial Assets			
Tangible capital assets.....	21	35,763	34,337
Restricted assets.....	22	1,452	1,362
Prepaid program costs.....	23	636	635
Other assets.....	24	579	451
		38,430	36,785
Accumulated surplus (deficit).....	25	2,457	4,623
Measurement uncertainty.....	2		
Contingencies and contractual obligations.....	26		
Significant events.....	32		

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

Prepared in accordance with Canadian generally accepted accounting principles.



STUART NEWTON
Comptroller General

Summary Financial Statements

Consolidated Statement of Operations

for the Fiscal Year Ended March 31, 2012

	In Millions		
	2012	2011	
	Estimates (Note 33) \$	Actual \$	Actual \$
Revenue			
Taxation (Note 27).....	19,014	19,203	18,197
Contributions from the federal government.....	7,580	7,707	7,997
Fees and licences.....	4,707	4,725	4,432
Natural resources (Note 28).....	3,100	2,811	2,727
Miscellaneous.....	2,958	2,830	2,803
Net earnings of self-supported Crown corporations and agencies (Note 7).....	2,941	2,680	2,927
Investment income.....	1,037	1,042	867
	<u>41,337</u>	<u>40,998</u>	<u>39,950</u>
Expense (Note 29)			
Health	17,477	17,048	16,114
Education	11,294	11,238	11,171
Social services.....	3,377	3,435	3,384
Interest	2,553	2,383	2,252
Other	1,823	1,414	1,211
Transportation	1,617	1,544	1,580
Natural resources and economic development.....	1,347	1,518	1,995
Protection of persons and property.....	1,322	1,512	1,448
General government.....	1,102	2,746	1,044
	<u>41,912</u>	<u>42,838</u>	<u>40,199</u>
Surplus (deficit) for the year before unusual items.....	(575)	(1,840)	(249)
Forecast allowance.....	(350)		
Surplus (deficit) for the year.....	<u>(925)</u>	<u>(1,840)</u>	<u>(249)</u>
Accumulated surplus (deficit)—beginning of year as restated (Note 25).....		<u>4,274</u>	<u>4,523</u>
Accumulated surplus (deficit)—before other comprehensive income.....		2,434	4,274
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 95)—end of year.....		23	349
Accumulated surplus (deficit)—end of year.....		<u>2,457</u>	<u>4,623</u>

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

Summary Financial Statements

Consolidated Statement of Change in Net Liabilities for the Fiscal Year Ended March 31, 2012

	In Millions		
	2012		2011
	Estimates	Actual	Actual
	\$	\$	\$
Surplus (deficit) for the year.....	(925)	(1,840)	(249)
Effect of change in tangible capital assets:			
Acquisition of tangible capital assets.....	(4,105)	(3,571)	(4,111)
Amortization of tangible capital assets.....	2,107	2,039	1,978
Disposals and valuation adjustments.....	(18)	106	87
	<u>(2,016)</u>	<u>(1,426)</u>	<u>(2,046)</u>
Effect of change in:			
Restricted assets.....		(90)	(71)
Prepaid program costs.....	4	(1)	(68)
Other assets.....	(2)	(128)	(122)
	<u>2</u>	<u>(219)</u>	<u>(261)</u>
Effect of self-supported Crown corporations' and agencies' other comprehensive income.....	(136)	(326)	(110)
(Increase) in net liabilities.....	(3,075)	(3,811)	(2,666)
Net (liabilities)—beginning of year.....	(32,318)	(32,162)	(29,496)
Net (liabilities)—end of year (Note 20).....	<u>(35,393)</u>	<u>(35,973)</u>	<u>(32,162)</u>

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

Summary Financial Statements

Consolidated Statement of Cash Flow

for the Fiscal Year Ended March 31, 2012

	In Millions			2011
	2012		Net	
	Receipts	Disbursements	\$	\$
	\$	\$	\$	\$
Operating Transactions				
Surplus (deficit) for the year ¹			(1,840)	(249)
Non-cash items included in surplus (deficit):				
Amortization of tangible capital asset.....			2,039	1,978
Amortization of public debt deferred revenue and deferred charges			28	26
Concessionary loan adjustments (decrease) increase.....			(5)	15
Valuation adjustment.....			208	189
Net earnings of self-supported Crown corporations and agencies..			(2,680)	(2,927)
Temporary investments (increase) decrease.....			(171)	102
Accounts receivable (increase) decrease.....			(225)	4
Due from other governments decrease (increase).....			36	(86)
Due from self-supported Crown corporations and agencies decrease (increase).....			389	(657)
Accounts payable increase.....			55	342
Due to other governments increase.....			1,146	233
Due to Crown corporations, agencies and funds (decrease) increase.			(20)	6
Employee pension plan increase.....			23	34
Items applicable to future operations (decrease) increase.....			(444)	552
Contributions of self-supported Crown corporations and agencies ...			<u>2,358</u>	<u>3,197</u>
Cash derived from operations.....			<u>897</u>	<u>2,759</u>
Capital Transactions				
Tangible capital assets (acquisitions).....	<u>123</u>	<u>(3,571)</u>	<u>(3,448)</u>	<u>(4,031)</u>
Cash (used for) capital.....	<u>123</u>	<u>(3,571)</u>	<u>(3,448)</u>	<u>(4,031)</u>
Investment Transactions				
Loans, advances and mortgages receivable (issues).....	167	(317)	(150)	(209)
Other investments—net (increase).....		(56)	(56)	(61)
Restricted assets—net (increase).....		(90)	(90)	(71)
Sinking fund investments—net (increase).....	<u>217</u>	<u>(298)</u>	<u>(81)</u>	<u>(81)</u>
Cash (used for) investments.....	<u>384</u>	<u>(761)</u>	<u>(377)</u>	<u>(422)</u>
Sub-total cash (requirements).....			<u>(2,928)</u>	<u>(1,694)</u>

Summary Financial Statements

Consolidated Statement of Cash Flow—Continued for the Fiscal Year Ended March 31, 2012

	In Millions			2011 Net \$
	2012		Net \$	
	Receipts \$	Disbursements \$		
Sub-total cash (requirements) carried forward from previous page...			(2,928)	(1,694)
Financing Transactions²				
Public debt increases.....	26,822	(21,972)	4,850	3,425
Derived from Warehouse Borrowing Program investments.....	3,553	(3,553)		
(Used for) purchase of assets, recoverable from agencies.....	7,333	(9,241)	(1,908)	(1,478)
Cash derived from financing.....	<u>37,708</u>	<u>(34,766)</u>	2,942	1,947
Increase in cash and cash equivalents.....			14	253
Cash and cash equivalents—beginning of year.....			<u>2,163</u>	<u>1,910</u>
Cash and cash equivalents—end of year			<u><u>2,177</u></u>	<u><u>2,163</u></u>
Cash and cash equivalents are made up of:				
Cash.....			1,591	1,584
Cash equivalents.....			<u>586</u>	<u>579</u>
			<u><u>2,177</u></u>	<u><u>2,163</u></u>

¹Interest received during the year was \$1,018 million (2011: \$862 million). Interest paid during the year was \$2,354 million (2011: \$2,217 million). Interest received is made up of interest income from the Statement of Operations in the amount of \$1,042 million (2011: \$867 million) plus the change in accrued interest receivable in the amount of \$(24) million (2011: \$(5) million). Interest paid is made up of interest expense from the Statement of Operations in the amount of \$2,383 million (2011: \$2,252 million) plus the change in accrued interest payable in the amount of \$(29) million (2011: \$(35) million).

²Financing transaction receipts are from debt issues and disbursements are for debt repayments.

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

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012

1. Significant Accounting Policies

(a) BASIS OF ACCOUNTING

The government's Summary Financial Statements are prepared in accordance with the *Budget Transparency and Accountability Act* (BTAA), which requires generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA.

(b) REPORTING ENTITY

These financial statements include the accounts of organizations that meet the criteria of control (by the province) as established under GAAP. The reporting entity also includes government partnerships.

A list of organizations included in these consolidated financial statements may be found on pages 83 – 85. Trusts administered by government or government organizations are excluded from the reporting entity.

(c) PRINCIPLES OF CONSOLIDATION

Taxpayer-supported Crown corporations, agencies, and the school districts, universities, colleges, institutes, health organizations (SUCH) and the Consolidated Revenue Fund (CRF) are consolidated using the full consolidation method. The government's interests in government partnerships are recorded on a proportional consolidation basis.

Self-supported Crown corporations, agencies, entities and government business partnerships are consolidated using the modified equity basis of consolidation.

Organizations are reviewed annually to determine whether they can be expected to meet the definition of self-supported over their normal course of operations. In determining whether organizations will be able to maintain their operations and meet their liabilities from revenues received from sources outside of the government reporting entity, the following factors are considered as they apply:

- i) The organization's history of maintaining its operations and meeting its liabilities;
- ii) Whether the organization would continue to maintain its operations and meet its liabilities without relying on sales to, or subsidies in cash or kind from, the government reporting entity;
- iii) Past, present and future economic conditions within which the organization operates; and
- iv) Whether the organization has realistic and specific plans that show how it expects to be able to maintain its operations and meet its liabilities in the future.

The status of self-supported organizations is not changed in response to financial results which are reasonably expected to be temporary in nature. Organizations are classified as self-supported on establishment and during a start up period if they are reasonably expected to meet the definition of self-supported in their normal course of operations.

The definitions of these consolidation methods can be found on page 139.

Adjustments are made for Crown corporations, agencies and entities whose fiscal year ends are different from the government's fiscal year end of March 31. These Crown corporations, agencies and entities consist of the British Columbia Assessment Authority (December 31), the British Columbia Public School Employers' Association (June 30), the Insurance Corporation of British Columbia (December 31), and all school districts (June 30).

Statistics Canada's Financial Management System for Government Statistics provides the guidance for establishing segment disclosure and function reporting. The Consolidated Statement of Financial Position by Sector and the Consolidated Statement of Operations by Sector are found on pages 86 – 93. These statements include the operations of the CRF, taxpayer-supported Crown corporations and agencies, and SUCH sector organizations. Each taxpayer-supported Crown corporation, agency and SUCH sector organization is assigned to a sector based on its major activity. Sectors are identified using functions. The nature of each function is described in greater detail under Note 1(d) Classification by Sector.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

1. Significant Accounting Policies—Continued

(d) SPECIFIC ACCOUNTING POLICIES

Classification by Sector

The province uses the following sectors: health, education, social services, natural resources and economic development, protection of persons and property, transportation, general government, debt servicing and other.

The health sector includes the provincial health care system. It includes providing medical, hospital and preventive care, and other health-related services such as laboratories and diagnostic facilities.

The education sector includes education services. It includes elementary, secondary, and post-secondary schools. It also includes other education services such as programs to upgrade the skills of individuals and to provide apprenticeship training.

The social services sector includes outlays that the province made to help disadvantaged individuals and families overcome obstacles and circumstances which threaten their well-being. It includes counselling and rehabilitation services, transfer payments to individuals who are unable to lead a normal life due to a physical or mental disability, and services and goods provided by the province to the elderly.

The natural resources and economic development sector includes the promotion and development of industries, as well as the development and conservation of the natural resources on which these industries depend. It includes regulating the various industrial activities that are carried on in the province, as well as research related to resource conservation.

The protection of persons and property sector includes the protection of persons and property from negligence, abuse and crime. It includes policing, operating and maintaining courts of law and correctional facilities. It also includes negotiations to resolve land, resources, governance and jurisdictional issues with First Nations.

The transportation sector includes the operation and maintenance of transportation systems. This includes highway infrastructure, other road systems and public transit.

The general government sector is composed of three sub-categories. These are general administration, executive and legislature, and other general government services. General administration includes central accounting, budgeting, tax administration and collection, and other centralized administrative services. Executive and legislature includes the political, law enactment and constitutional activities of the province.

The debt servicing sector represents the financial impacts of activities related to management of public debt.

The other sector consists of activities which cannot be allocated to any of the specifically described sector classifications, such as housing and culture.

Revenue

All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, as is the case with corporate income tax that is recorded on the basis of cash amounts transferred from the federal government.

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted for specific programs such as health transfers.

Tax credits/offsets are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue but are not considered valuation allowances. Royalty revenue is reported net of allowable credits integral to determining the amount of royalty. Amounts that are neither received nor receivable are not reported as revenue.

Expense

The cost of all goods consumed and services received during the year is expensed. Interest expense includes debt servicing costs such as amortization of discounts and premiums, foreign exchange gains and losses, and issue costs.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

1. Significant Accounting Policies—Continued

Pension expense is calculated as the cost of pension benefits earned by employees during the year, interest on the pension benefits liability, net of pension plan assets, and amortization of the government's share of any experience gains or losses, less contributions made by members. The estimated total cost of government's share of plan amendments related to past service is expensed in the year the plan is amended.

Government transfers include grants, entitlements and transfers under agreements, as defined in the definitions on page 140. Government transfers are recognized as expenses in the period in which the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. Transfers are deferred if the amount represents prepaid operating expenses.

Assets

Assets are recorded to the extent they represent cash and claims upon outside parties, items held for resale to outside parties, prepaid expenses, deferred charges or tangible capital assets acquired as a result of events and transactions prior to year end.

Financial Assets

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash. These are subject to an insignificant risk of changes in value. These short-term investments generally have a maturity of three months or less and are held for the purpose of meeting short-term cash commitments rather than for investing.

Temporary investments and Warehouse Program investments include short-term investments recorded at the lower of cost or market value. The fair values of short-term investments approximate their carrying values because of the short-term maturity of these instruments. Warehouse Program investments are short-term investments related to specific borrowings in advance of requirements under the Warehouse Borrowing Program.

Inventories for resale include property that has been purchased, or for which development costs have been incurred, and that is held for ultimate resale or lease to outside parties. Inventories for resale are recorded at the lower of cost or net realizable value.

Equity in self-supported Crown corporations and agencies represents the province's investment (including long-term advances) in those self-supported Crown corporations and agencies at cost, increases/decreases in the investees' net assets, and other comprehensive income.

Loans for purchase of assets recoverable from agencies are recorded at maturity value, less unamortized premium or discount, deferred foreign exchange gains or losses and sinking fund balances. Premium/discount is amortized on a constant yield basis.

Loans and advances are recorded at cost less adjustment for any prolonged impairment in value. Mortgages receivable are recorded at the principal amount less valuation allowance, are secured by real estate and are repayable over periods ranging up to thirty-five years. Concessionary loans and mortgages are recorded at net present value at issue, and related present value discounts are expensed. Valuation allowances are made when collectibility is considered doubtful. Interest is accrued on loans receivable only when collection is certain. Otherwise, it is recognized on the cash basis.

Other investments are recorded at the cost of acquisition (which may be adjusted by attributed income). Valuation adjustments are made when the value of investments is impaired.

Sinking fund investments are cash and marketable securities held specifically for the purpose of repaying outstanding debt at maturity. Sinking fund investments are recorded at the cost of acquisition.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

1. Significant Accounting Policies—Continued

Tangible Capital Assets

Tangible capital assets are recorded at historical cost, plus asset retirement obligations, less accumulated amortization. The recorded cost, less the residual value, is generally amortized over the estimated useful lives of the assets on a straight-line basis.

All significant tangible capital assets of government organizations and operations have been capitalized. Intangible assets and items inherited by right of the Crown, such as forest, water and mineral resources, are not recognized in these financial statements. Crown land is capitalized at a nominal value of one dollar.

The value of collections (artifacts, specimens and documents) has been excluded from the Statement of Financial Position. When collections are purchased, these items are expensed.

Liabilities

All liabilities are recorded to the extent they represent claims payable to outside parties as a result of events and transactions prior to year end. This includes probable losses on loan guarantees issued by the province, contingent liabilities (when it is likely a liability exists and the amount of the liability can be reasonably determined on an individual or portfolio basis) and unfunded pension liabilities. Liabilities are not recorded for tax or royalty credits which are integral in determining the amount of revenue.

Guaranteed debt includes guarantees by the Minister of Finance, made through specific agreements or legislation, to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents the best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expense in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

Employee Pension Plans

The province accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service. The amount is calculated using the accrued benefit actuarial cost method. Where plans are in a net asset position and Joint Trusteeship Agreements restrict access to the assets, the province records the value of plan net assets as nil. The province records a liability for its share where plans are in a net obligation position. Changes in net liabilities/assets, which arise as a result of actuarial gains and losses, are amortized on a straight-line basis over the average remaining service period of employees active at the date of the adjustments. Past service costs from plan amendments are recognized in full in the year of the amendment.

Unfunded pension liabilities of the Members of the Legislative Assembly Superannuation Account represent the terminal funding that would be required from the province for the difference between the present value of the obligations for future benefit entitlements and the amount of funds available in the account.

Public Debt

Public debt represents the direct debt obligations of the Province of British Columbia, including borrowings incurred for government operating purposes, the acquisition of capital assets, re-lending to authorized government bodies and borrowings in advance of future requirements under the Warehouse Borrowing Program. Public debt consists of short-term promissory notes, notes, bonds and debentures, bank loans, capital leases and mortgages payable. These obligations are recorded at principal less unamortized premium or discount and unrealized foreign exchange gains or losses.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

1. Significant Accounting Policies—Continued

Public debt is reported under two categories:

- (i) Taxpayer-supported debt—includes direct debt used for government operating and capital purposes, the debt of those Crown corporations, agencies and SUCH sector entities who require an operating or debt servicing subsidy from the provincial government, and the debt of an entity that is fully consolidated within these financial statements.
- (ii) Self-supported debt—includes the portion of debt of self-supported organizations and entities that has been borrowed through the government's fiscal agency loan program. It does not include all debt of self-supported organizations as these entities are consolidated on the modified equity basis. Self-supported organizations fully fund their operations and debt from revenue generated through the sale of goods and/or services at commercial rates to buyers that are outside the government reporting entity. Self-supported debt includes debt of the Warehouse Borrowing Program.

Debt premium/discount is amortized on a constant yield basis. Unamortized premium/discount on bonds called and refinanced is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at year end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction unless hedged by forward contracts that specify the rate of exchange. Adjustments to revenue or expense transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise. Unrealized foreign currency gains and losses on long-term, fixed-term monetary assets and liabilities are reported as a component of sinking funds, public debt and loans for purchase of assets recoverable from agencies, and amortized over the remaining terms of the related items on a straight-line basis. Non-monetary assets and liabilities are translated at historical rates of exchange.

Derivative Financial Instruments

The province is a party to financial instruments with off-balance sheet risk due to fluctuations in foreign currency exchange rates, interest rate fluctuations and counterparty default on financial obligations. The province does not use derivative financial instruments for speculative purposes. Off-balance sheet position data is given in the form of nominal principal amounts outstanding. Amounts earned and expenses incurred under swaps are recognized and offset against the related interest expense. Gains and losses on terminated derivative contracts are deferred and amortized over the lesser of the remaining term of the contract or the term of the related debt.

Other Comprehensive Income

Public sector generally accepted accounting principles do not recognize other comprehensive income in relation to taxpayer-supported Crowns. Therefore, any transactions relating to other comprehensive income in the taxpayer-supported Crown corporation statements have been reversed. Any recognition of other comprehensive income for self-supported Crown corporations has been reflected in the equity in self-supported Crown corporations and agencies, and in the accumulated surplus (deficit).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

1. Significant Accounting Policies—Continued

Asset Retirement Obligations

The province recognizes asset retirement obligations where a reasonable estimate of the fair value of the obligation and the future settlement date of the retirement of the asset can be determined. The associated retirement costs are capitalized as part of the assets' carrying value and amortized over the assets' useful lives. Legal liabilities may exist for the removal and disposal of asbestos within buildings that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made.

(e) CHANGES IN ACCOUNTING POLICY

Adoption of International Financial Reporting Standards (IFRS)

Self-supported Crown corporations, except for the British Columbia Hydro and Power Authority, adopted IFRS during the year to comply with Canadian GAAP. The change has been implemented retroactively with a restatement of prior year figures. The effects of this change are to decrease equity in self-supported Crown corporations and agencies by \$273 million (2011: \$273 million), to decrease the accumulated surplus, beginning of year, by \$186 million (2011: \$203 million), to increase revenue for 2011 by \$17 million, to decrease accumulated other comprehensive income, beginning of year, by \$87 million (2011: increase by \$47 million), and to decrease annual other comprehensive income for 2011 by \$134 million. Details are available from the self-supported Crown corporations' financial statements on the public website at <http://www.fin.gov.bc.ca/pubs.htm>.

Classification of restricted assets

During the year, the province changed the financial statement presentation of endowments and other restricted assets reported by post-secondary institutions, school districts, and Crown agencies. In prior years, restricted assets were included in the financial assets section of the Statement of Financial Position. Restricted assets are now included in the non-financial assets section of the Statement of Financial Position because these assets are not available to satisfy the existing obligations of the reporting entity.

2. Measurement Uncertainty

The preparation of financial statements requires the province to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses during the reporting period. Uncertainty in the determination of these amounts is known as measurement uncertainty.

Some of the more significant estimates used in these financial statements affect the accrual of tax revenues, Canada Health Transfer and Canada Social Transfer entitlements, obligations for pension obligations and other employee future benefits, accruals for environmental obligations, future payments related to contingent liabilities, and valuation allowances for loans, investment and advances. Actual results could differ from estimates. For many common financial statement items, such as accounts payable and allowances for doubtful accounts, measurement uncertainty is inherent but inestimable.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

2. Measurement Uncertainty—Continued

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 financial statements, as identified in the table below, for items with a variability of over \$10 million:

Program Area	In Millions				
	Actual ¹	Measurement Uncertainty		Range	
	Amount Recorded	Minimum	Maximum	Minimum	Maximum
	\$	\$	\$	\$	\$
Liabilities					
<i>Accounts Payable and Accrued Liabilities</i>					
Litigation and Arbitration.....	162	152	172	(10)	10
Crime Victim Assistance Program.....	189	180	199	(9)	10
Silviculture Liability.....	86	77	94	(9)	8
BC Place Revitalization Project.....	16	11	26	(5)	10
Contaminated Sites.....	117	105	129	(12)	12
LiveSmart BC Program.....	67	60	73	(7)	6

Variability arises from uncertainty from the outcomes or the use of estimates.

Revenues

Taxation

Personal Income Tax.....	5,864	5,564	6,164	(300)	300
Harmonized Sales Tax.....	5,779	5,579	5,979	(200)	200

Contributions from the Federal Government

Canada Health Transfer payments ²	3,808	3,768	3,848	(40)	40
Canada Social Transfer payments ³	1,527	1,515	1,539	(12)	12

Variability is based on the potential differences between the estimates for the economic factors used in calculating the accruals and actual economic results.

See note 26(b) with respect to the measurement uncertainty related to environmental remediation liabilities.

¹Actual amount recorded for each program area may not represent the entire amount in the financial statement line item.

²Canada Health Transfer payments are transfers from the federal government based on calculations of national and provincial tax points and the provincial share of national population figures.

³Canada Social Transfer payments are transfers from the federal government based on the provincial share of national population figures.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

3. Accounts Receivable

	In Millions	
	2012	2011
	\$	\$
Accounts receivable.....	2,023	1,985
Taxes receivable.....	934	895
Accrued interest.....	235	211
	3,192	3,091
Provision for doubtful accounts.....	(741)	(683)
	<u>2,451</u>	<u>2,408</u>

4. Inventories for Resale

	In Millions	
	2012	2011
	\$	\$
Properties.....	14	13
Miscellaneous.....	31	28
	<u>45</u>	<u>41</u>

Inventories for resale are charged to expense when sold. During the year, the total cost of sales was \$157 million (2011: \$155 million) including the effect of write-downs of \$2 million (2011: \$3 million) and the effect of reversals of write-downs of nil (2011: nil). Write-downs occurred due to obsolete materials no longer used, damaged goods, and reductions in the market value of goods.

5. Due from Other Governments

	In Millions	
	2012	2011
	\$	\$
Government of Canada:		
Current.....	817	854
Long-term.....	46	53
Provincial governments:		
Current.....	16	14
Local governments: ¹		
Current.....	51	47
Long-term.....	13	11
	<u>943</u>	<u>979</u>

¹Local governments are municipal units established by the provincial government which include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

6. Due from Self-supported Crown Corporations and Agencies

	In Millions	
	2012	2011
	\$	\$
British Columbia Hydro and Power Authority.....	236	473
British Columbia Lottery Corporation.....	137	116
Insurance Corporation of British Columbia.....	101	276
Columbia Power Corporation.....	2	
	476	865

See Statement of Financial Position for Self-supported Crown Corporations and Agencies on page 94 for details.

7. Equity in Self-supported Crown Corporations and Agencies

	In Millions				2011
	2012			Total	
	Investments	Unremitted Earnings	Other Comprehensive Income		
	\$	\$	\$	\$	\$
Insurance Corporation of British Columbia.....		2,884	229	3,113	3,278
British Columbia Hydro and Power Authority.....	20	3,115	63	3,198	2,880
Columbia Power Corporation.....	276	153		429	418
British Columbia Railway Company.....	107	41	(6)	142	147
Transportation Investment Corporation.....	150	(75)	(229)	(154)	(9)
Provincial Capital Commission.....					15
British Columbia Lottery Corporation.....		(18)	(34)	(52)	(34)
	553	6,100	23	6,676	6,695

Change in Equity in Self-supported Crown Corporations and Agencies

Balance—beginning of year.....	553	5,979	436	6,968	7,231
Prior period adjustments.....		(201)	(87)	(288)	(156)
Balance—beginning of year restated.....	553	5,778	349	6,680	7,075
Increase (decrease) in other comprehensive income.....			(326)	(326)	(110)
Net earnings of self-supported Crown corporations and agencies.....		2,680		2,680	2,927
Contributions paid to the Consolidated Revenue Fund..		(2,137)		(2,137)	(2,978)
Adjustments to contributions paid.....		(221)		(221)	(219)
Balance—end of year.....	553	6,100	23	6,676	6,695

See Statement of Financial Position for Self-supported Crown Corporations and Agencies and Summary of Results of Operations and Statement of Equity for Self-supported Crown Corporations and Agencies on pages 94 – 95 for details.

This note does not include commercial subsidiaries of taxpayer-supported Crown corporations and agencies that are reported by those entities on the equity basis. Details are included in Note 9 on page 57 under equity investments and commercial loans and investments.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

8. Loans, Advances and Mortgages Receivable

	In Millions	
	2012	2011
	\$	\$
Loans and Advances		
BC student loans.....	1,079	991
Land Tax Deferment loans.....	452	394
Construction loans to social housing projects.....	185	202
Industrial Development Fund commercial loans.....	8	12
Accountable advances.....	3	3
Miscellaneous.....	90	83
	<u>1,817</u>	<u>1,685</u>
Provision for doubtful accounts.....	(264)	(278)
	<u>1,553</u>	<u>1,407</u>
Mortgages Receivable		
Reconstruction Program.....	72	86
Miscellaneous.....	1	1
	<u>73</u>	<u>87</u>
Provision for doubtful accounts.....	(2)	(2)
	<u>71</u>	<u>85</u>
	<u><u>1,624</u></u>	<u><u>1,492</u></u>

The BC Student Loan Program provides loans to borrowers for higher education. Borrowers are required to repay these loans through a contracted service provider to the province with a floating interest rate of prime plus 2.5%. Amortization of the loans is usually set for 174 months, but borrowers can extend that amortization to a maximum of 234 months. Defaulted loans are due on demand with interest at a floating rate of prime plus 2.5%. The BC Student Loan Program also administers defaulted student loans issued by financial institutions under a guaranteed and risk sharing agreement with the province.

The Land Tax Deferment Program allows eligible owners to defer payment of all, or a portion of, annual property taxes due on principal residences. Eligible individuals are either 55 years of age or older, a surviving spouse, a person with a disability, or an owner who is financially supporting, at the time of application, a dependent child who is under the age of 18 at any time in the calendar year. The program for individuals 55 years of age or older, a surviving spouse, or a person with a disability, requires 25% equity in the home. The program for families with dependent children requires 15% equity in the home. Simple interest is charged on the deferred taxes at a rate set by the minister of finance. This rate will not exceed the prime lending rate of the principal banker to the government and will vary depending on the eligibility criteria used. The deferred taxes, plus any administration fees or outstanding interest, must be repaid before the residence can be legally transferred to a new owner, other than directly to a surviving spouse.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

8. Loans, Advances and Mortgages Receivable—Continued

Construction loans are provided by British Columbia Housing Management Commission (BCHMC), a taxpayer-supported Crown corporation and an approved lender under the *National Housing Act*. BCHMC provides construction loans for societies that are building approved projects under social housing programs. Interest is payable at the province's weighted average borrowing rate for short-term funds, plus administration costs. Loans are repaid at substantial completion of each project from financing arranged with private lenders.

The Industrial Development Fund provided loans to assist the establishment of new industry, the introduction of new technology to existing industry, or the development of a region of British Columbia. These loans incur interest at rates ranging from 0% to 7.75%. The Industrial Development Fund was eliminated pursuant to the repeal of the *Industrial Development Incentive Act* under the *Budget Measures Implementation Act, 2002*. No loans were issued after March 31, 2002.

Accountable advances represent funds issued for program costs that have not yet been expended in accordance with the applicable agreements.

The Reconstruction Loan Program was established in 1998 under the *Homeowner Protection Act* to provide financial assistance to British Columbians who own homes damaged by premature building envelope failure and have limited ability to secure financing to pay for necessary remediation work.

The program was administered by the Homeowner Protection Office (HPO), a provincial Crown corporation, and provided financial assistance in one of the following ways:

- Interest free loans provided by the HPO to homeowners;
- Interest free deferred payment loans provided by the HPO to homeowners over 65 years of age;
- Guarantees and interest subsidies on loans provided by financial institutions to homeowners; or
- Interest subsidies on loans provided by Canada Mortgage and Housing Corporation to housing cooperatives.

Effective July 31, 2009, the HPO stopped accepting new applicants, and effective April 1, 2010, responsibility for the ongoing management of the Reconstruction Loan Program was transferred to the Ministry of Finance. It is still governed by the *Homeowner Protection Act*, but is now known as the Reconstruction Loan Portfolio. (Note: Financial assistance is secured by registered mortgages).

Miscellaneous mortgages receivable have terms less than a year with interest rates of up to 3.95%.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

9. Other Investments

	In Millions	
	2012	2011
	\$	\$
Pooled investment portfolios.....	741	711
Provincial government bonds.....	494	468
Equity investments.....	460	377
Commercial loans and investments.....	281	366
Government of Canada bonds.....	142	124
Municipal, corporate and other bonds.....	119	182
British Columbia Ferry Services Inc.....	75	75
Miscellaneous.....	282	235
	<u>2,594</u>	<u>2,538</u>

Pooled investment portfolios consist mainly of units in various funds of the British Columbia Investment Management Corporation. These funds' investments consist primarily of debt and equity holdings of privately held companies. Pooled investment portfolios have a market value of \$661 million (2011: \$763 million).

Equity investments have a market value of \$505 million (2011: \$437 million). They include investments in Canadian, U.S. and international equity markets. Also included in equity investments are investments by the University of British Columbia, University of Victoria and Simon Fraser University in subsidiaries that are reported on the equity basis. The total investment reported for these entities is \$33 million (2011: \$26 million).

Provincial bonds of various provinces have a market value of \$512 million (2011: \$481 million), with yields ranging from 1.5% to 11.0%. Maturity dates range from June 1, 2012 to June 2, 2062.

Commercial loans and investments are recorded at the lower of cost of acquisition adjusted by attributed income and market value. Commercial loans and investments include Columbia Basin Trust's \$281 million (2011: \$366 million) investment in power development joint ventures.

Municipal, corporate and other bonds have a market value of \$228 million (2011: \$176 million) with yields ranging from 0.0% to 9.00%. Maturity dates range from April 2, 2012 to December 31, 2108.

Government of Canada bonds have a market value of \$146 million (2011: \$126 million), with yields ranging from 0.3% to 5.00%. Maturity dates range from June 1, 2012 to December 1, 2045.

As part of a secured debenture amendment and preferred share surrender agreement dated May 23, 2003, the province exchanged its interest in British Columbia Ferry Corporation for 75,477 preferred shares in British Columbia Ferry Services Inc. These non-voting preferred shares are valued at \$1,000 per share and entitle the province to a fixed cumulative dividend at a rate of 8% of the issue price.

Miscellaneous investments consist of other pooled funds as well as various forms of income securities, notes and treasury bills. The market value of miscellaneous investments is \$291 million (2011: \$233 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

10. Sinking Fund Investments

	In Millions	
	2012	2011
	\$	\$
Sinking fund investments related to taxpayer-supported debt.....	1,386	1,313
Sinking fund investments related to self-supported debt.....	105	97
	<u>1,491</u>	<u>1,410</u>

	In Millions	
	2012	2011
	\$	\$
Provincial government bonds.....	1,412	1,229
Local government bonds.....	68	155
Pooled investment portfolios.....	11	10
Cash.....		16
	<u>1,491</u>	<u>1,410</u>

Provincial bonds of various provinces have a market value of \$1,636 million (2011: \$1,326 million), with yields ranging from 0.82% to 4.33%. Maturity dates range from April 17, 2012 to February 15, 2050.

Local government bonds have a market value of \$75 million (2011: \$164 million), with yields ranging from 1.02% to 8.50%. Maturity dates range from May 8, 2012 to November 30, 2023. Local government bonds mainly consist of debt issued by the BC Municipal Financing Authority.

Pooled investment portfolios have a market value of \$11 million (2011: \$10 million). These pooled investment portfolios consist of units in the British Columbia Investment Management Corporation's bond funds, which mainly consist of various governments' bonds and short-term unitized funds that hold money market instruments.

11. Loans for Purchase of Assets, Recoverable from Agencies

	In Millions	
	2012	2011
	\$	\$
British Columbia Hydro and Power Authority.....	12,968	11,700
Transportation Investment Corporation.....	1,779	1,148
British Columbia Lottery Corporation.....	90	85
Improvement districts.....	9	14
	<u>14,846</u>	<u>12,947</u>

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

12. Accounts Payable and Accrued Liabilities

	In Millions	
	2012	2011
	\$	\$
Accounts payable.....	2,386	2,407
Other accrued estimated liabilities ¹	1,792	1,751
Accrued employee leave entitlements (see table below)	1,690	1,684
Accrued interest on debt.....	599	569
	<u>6,467</u>	<u>6,411</u>

¹Includes pending litigation, provision for guaranteed debt payout and other miscellaneous accrued claims.

	In Millions	
	2012	2011
	\$	\$
Accrued employee leave entitlements		
Vacation, compensatory time off, sick bank.....	730	670
Retirement allowance.....	664	762
Long-term disability.....	236	202
Worker compensation benefits.....	60	50
	<u>1,690</u>	<u>1,684</u>

Across the reporting entity, there are a variety of employee benefit plans with different terms that provide for post-employment benefits, compensated absences and termination benefits. The province is responsible for adequately funding most of the plans. The cost of benefits are recognized in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the province to pay benefits occurs.

The province accrues a liability for vacation pay, compensatory time off and banked sick time. Part of the liability is based on actuarial valuations.

The province provides termination payments under various collective agreements. The amounts payable are based on years of service and annual salary.

Amounts recorded in the financial statements relating to long-term disability benefits represent the actual amount of benefits paid during the year plus the actuarial estimate for future payments, based on claims ongoing at year-end.

Amounts recorded for worker compensation benefits represent the actual premiums accruing to WorkSafeBC for the year.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

13. Due to Other Governments

	In Millions	
	2012	2011
	\$	\$
Government of Canada:		
Current.....	549	217
Long-term.....	1,492	547
Provincial governments:		
Current.....	31	22
Long-term.....	18	6
Local governments: ¹		
Current.....	114	266
	<u>2,204</u>	<u>1,058</u>

¹Local governments are municipal units established by the provincial government that include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

14. Due to Crown Corporations, Agencies and Trust Funds

	In Millions	
	2012	2011
	\$	\$
British Columbia Liquor Distribution Branch.....	9	9
Trust funds.....	43	63
	<u>52</u>	<u>72</u>

15. Deferred Revenue

	In Millions	
	2012	2011
	\$	\$
Petroleum, natural gas and minerals, leases and fees.....	3,785	4,355
Deferred contributions.....	2,937	2,846
Federal contributions.....	1,197	1,217
Federal and municipal infrastructure project revenues.....	1,122	992
Unearned lease revenue.....	642	558
Motor vehicle licences and permits.....	255	249
Tuition.....	164	151
Water rentals and recording fees.....	113	95
Medical Services Plan premiums.....	68	60
Derivative debt instruments.....	52	97
Forest Stand Management Fund.....	10	11
Miscellaneous.....	226	221
	<u>10,571</u>	<u>10,852</u>

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

16. Employee Pension Plans

	In Millions	
	2012	2011
	\$	\$
Teachers' Pension Plan.....	107	84
Members of the Legislative Assembly Superannuation Account.....	3	3
	<u>110</u>	<u>87</u>

(a) Members of the Legislative Assembly Superannuation Account

The Legislative Assembly Superannuation Account (the "Account") is administered by the British Columbia Pension Corporation (the "Pension Corporation"). As members of the Legislative Assembly retire, the present value of the amount required to provide a legislative member's future pension benefit is transferred from the Account to the Public Service Pension Plan from which monthly pensions are paid. The province contributes to this plan and provides additional funding when the present value of the funding exceeds the accumulated assets in the Account available to fund those members' benefit entitlements in the plan. This plan provides basic pension benefits based on length of service, highest four-year average earnings and plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding.

(b) Other Pension Plans

Other pension plans represent defined benefit plans outside of the College, Public Service, Municipal, and Teachers' Pension plans which are funded by entities within the government reporting entity. They include the Retirement Plan for Non-Teaching Employees of the Board of School Trustees of School District No. 43 (Coquitlam), the University of Victoria's pension plan for employees other than faculty and professional staff, and Simon Fraser University's Academic Pension Plan and Administrative/Union Pension Plan. The accrued benefit obligation for these other pension plans is \$574 million (2011: \$488 million), with estimated pension fund assets of \$522 million (2011: \$478 million), and an unamortized actuarial gain (loss) of \$(59) million (2011: \$(12) million). The accrued net (liability) asset is \$7 million (2011: \$2 million).

There are additional employee pension plans in Crown corporations and agencies consolidated on the modified equity basis. They include British Columbia Hydro and Power Authority, British Columbia Lottery Corporation, British Columbia Railway Company, and the Insurance Corporation of British Columbia (ICBC). Net assets or net liabilities of the pension funds are included in the investment balance of the particular Crown corporation or agency. Total accrued benefit obligations equal \$4,378 million (2011: \$4,342 million), with estimated pension fund assets of \$3,436 million (2011: \$3,753 million), and an unamortized actuarial gain (loss) of \$(1,028) million (2011: \$(1,007) million), and a derecognition of surplus assets of \$8 million (2011: nil) related to the adoption of International Financial Reporting Standards by ICBC. The accrued net asset is \$78 million (2011: \$418 million).

(c) Joint Trusteed Plans

The province contributes to four defined benefit pension plans for substantially all of its employees. The four pension plans are the College Pension Plan, the Public Service Pension Plan, the Municipal Pension Plan, and the Teachers' Pension Plan. The plans provide basic pensions based on length of service, highest five-year average earnings and plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding. No unfunded liability exists for the future indexing of pensions as the obligation is limited to the amount of available assets in separate inflation accounts.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

16. Employee Pension Plans—Continued

The College, Public Service, Municipal and Teachers' pension plans are joint trustee plans. In joint trustee plans, control of the plans and their assets is assumed by individual pension boards made up of plan employer and plan member appointed trustees. Provisions of these plans stipulate that the province has no formal claim to any pension plan surplus or asset. The boards are fully responsible for the management of the plans, including investment of the assets and administration of the plans. The Pension Corporation provides benefit administrative services as an agent of the boards of trustees. The British Columbia Investment Management Corporation provides investment management services as an agent of the boards of trustees.

In the event an unfunded liability is determined by an actuarial valuation (performed at least every three years), the pension boards are required to address it through contribution adjustments shared equally by plan members and employers. It is expected, therefore, that any unfunded liabilities in the future will be short-term in nature.

The reported net assets or net obligations of the pension plans are under joint trust arrangements which limit the province's possible conditional share to 50%. The province has no claim on accrued asset amounts. If the individual pension boards decide to reduce or suspend employer contributions for a period of time, the province may record an asset. Therefore, the recorded value of the net assets is nil until such time such a decision is made. The province is responsible for 50% of a reported net obligation. Settlement of the obligation will occur in future periods as contributions maintain a fully funded plan status over time. Also, only 70% of the pension fund assets, accrued benefit obligation, and preliminary current year employer contributions are included for the Municipal Pension Plan, reflecting the province's interest in the plan.

The accrued benefit obligations and pension assets shown for 2011/12 are based on extrapolations of the most recent actuarial valuations as shown below. Fund assets are based on market value at the date of actuarial valuation and extrapolated using actuarial growth assumptions as shown in the following table. The expected long-term inflation rates used in these assumptions are nil, since the future indexing of pensions is limited to the amount of available assets in the inflation adjustment account.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

16. Employee Pension Plans—Continued

Key actuarial assumptions and dates:

	Public Service Pension Plan	Municipal Pension Plan	Teachers' Pension Plan	College Pension Plan
Date of actuarial valuation.....	Mar 31/11	Dec 31/09	Dec 31/08	Aug 31/09
Date of audited financial statements.....	Mar 31/11	Dec 31/10	Dec 31/10	Aug 31/11
Expected long-term rate of return.....	6.50%	6.50%	6.50%	6.50%
Assumed rate of salary escalation.....	3.75%	3.75%	3.75%	3.75%

The audited financial statements of each pension plan listed, except the Account, may be found in the annual reports at www.pensionsbc.ca outside these audited statements.

(d) Accrued net obligation (asset) table

The estimated financial position as at March 31, 2012, for the basic pension in each plan is as follows:

	In Millions				
	Public Service Pension Plan	Municipal Pension Plan	Teachers' Pension Plan	College Pension Plan	Total
	\$	\$	\$	\$	\$
Accrued benefit obligation.....	14,768	18,332	16,369	2,574	52,043
Pension fund assets.....	15,090	17,843	15,195	2,644	50,772
	(322)	489	1,174	(70)	1,271
Unamortized actuarial gain (loss).....	(471)	(1,472)	(960)	(177)	(3,080)
Accrued net obligation (asset).....	(793)	(983)	214	(247)	(1,809)

(e) The preliminary overall fund rates of return (loss) reported to the pension boards as at December 31, 2011 for each plan are: College Pension Plan 3.0% (2011: 9.9%), Public Service Pension Plan 3.2% (2011: 10.0%), Municipal Pension Plan 3.3% (2011: 9.8%), and Teachers' Pension Plan 3.1% (2011: 9.6%).

(f) The province's share includes contributions for all participants in the government reporting entity. Total contributions this year for each plan are: College Pension Plan \$63 million (2011: \$61 million), the Public Service Pension Plan \$302 million (2011: \$294 million), the Municipal Pension Plan \$547 million (2011: \$490 million), and the Teachers' Pension Plan \$366 million (2011: \$360 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

17. Taxpayer-supported Debt¹

		In Millions					
	Year of Maturity	Canadian Dollar	US Dollar ²	Other Currencies ²	2012 Canadian Dollar Total	2011 Canadian Dollar Total	
		\$	\$	\$	\$	\$	
Short-term promissory notes.....	2012				0	2,570	
	2013	2,216	752		2,968	0	
Notes, bonds and debentures ³	2012				0	2,562	
	2013	741			741	681	
	2014	1,653	590		2,243	2,234	
	2015	2,109		84	2,193	2,185	
	2016	229	1,500		1,729	1,721	
	2017	483	1,442		1,925	132	
	2018–2022	7,576	742	658	8,976	6,336	
	2023–2027	3,903			3,903	3,825	
	2028–2032	3,372		96	3,468	3,986	
	2033–2037	1,153			1,153	1,149	
	2038–2042	3,616		56	3,672	3,606	
	2043–2047	2,528			2,528	1,874	
	2048–2052	147			147	92	
	2053–2057	130			130	0	
Capital leases.....	2013–2048	184			184	195	
Total debt issued at face value..		<u>30,040</u>	<u>5,026</u>	<u>894</u>	35,960	33,148	
Unamortized discount.....					53	(61)	
Unrealized foreign exchange gains (losses)					(1)	(8)	
Total taxpayer-supported debt.....					<u>36,012</u>	<u>33,079</u>	

The effective interest rates (weighted average) as at March 31 on the above debt are:

2012.....	4.44%	
2011.....		5.01%

¹The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 19 (Risk Management and Derivative Financial Instruments).

²All foreign currency denominated debt as at March 31, 2012 was hedged to Canadian dollars—US\$4,889 million was fully hedged to CAD\$5,026 million; 700 million Swiss Francs was fully hedged to CAD\$754 million; 527 million Hong Kong dollars was fully hedged to CAD\$84 million; and 40 million Euro was fully hedged to CAD\$56 million.

³Notes, bonds and debentures includes \$1,925 million (2011: \$1,801 million) in public private partnership obligations and \$82 million (2011: \$87 million) in other loans.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

17. Taxpayer-supported Debt—Continued

Notes, bonds and debentures

Redeemable by the province

Balances include debentures issued to the Canada Pension Plan totalling \$3,510 million (2011: \$3,510 million) at a weighted average interest rate of 5.39% (2011: 5.98%). These debentures mature at various dates from May 8, 2012 to November 9, 2040 with interest rates varying between 2.24% and 9.45%. These debentures are redeemable in whole or in part before maturity, on thirty days prior notice, at the option of the province. During the year, \$335 million (2011: \$311 million) Canada Pension Plan debentures were issued.

Mortgages

Balances include mortgages totalling \$278 million (2011: \$270 million) secured by land and buildings.

Aggregate payments to meet sinking fund instalments and retirement provisions

Aggregate payments for the next five fiscal years and thereafter to meet sinking fund instalments and retirement provisions on notes, bonds and debentures are:

	In Millions Canadian Dollar
	<u> </u>
	\$
2013.....	993
2014.....	2,386
2015.....	2,368
2016.....	1,651
2017.....	2,119
2018–2057.....	<u>20,100</u>
Total of stated minimum payments.....	<u>29,617</u>

Capital Lease Obligations

Capital lease obligations consist of the present value of the minimum lease payments related to capital leased assets. The province has lease agreements with terms between one year and forty-two years, with interest rates ranging between 0% and 7.25%.

Major leases include: PHH Vehicle Management Services Inc. of \$11 million (2011: \$22 million); health organizations of \$114 million (2011: \$114 million); post-secondary institutions of \$46 million (2011: \$44 million); and other entities in the government reporting entity of \$13 million (2011: \$13 million). Details of leases held outside the Consolidated Revenue Fund are available from the entity financial statements on the public website at <http://www.fin.gov.bc.ca/pubs.htm>.

The PHH leases are accounted for by the province as capital leases. The province first entered into a contract with PHH in 1998 which expired on January 31, 2006. A new contract was awarded for seven years ending January 31, 2013, with the option of a single two year extension exercised in 2011 thereby extending the contract to January 31, 2015. The original capital lease obligation is recorded based on the PHH purchase price of the lease vehicles which is equivalent to the fair market value of the assets that are amortized for either six or seven years. No residual values are assigned. The province is billed monthly for the amortization, interest, and other lease charges and adjustments. Interest charges are based on varying rates that depend on the thirty day banker's acceptance rate quoted by the Bank of Canada. The lease provides for an option to purchase any time after the first twelve months of a vehicle's lease for the greater of its fair market or net book value, plus applicable taxes.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

17. Taxpayer-supported Debt—Continued

Aggregate payments to meet capital lease payments

Aggregate minimum lease payments over the next five fiscal years and thereafter are:

	In Millions Canadian Dollar
	\$
2013.....	25
2014.....	18
2015.....	13
2016.....	11
2017.....	10
2018–2048.....	256
Total minimum lease payments.....	333
Less imputed interest.....	(149)
Total capital lease liability.....	184

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

18. Self-supported Debt¹

	Year of Maturity	In Millions			
		Canadian Dollar	US Dollar ²	2012 Canadian Dollar Total	2011 Canadian Dollar Total
		\$	\$	\$	\$
Short-term promissory notes.....	2012			0	2,702
	2013	2,200	933	3,133	0
Notes, bonds and debentures.....	2012			0	450
	2013	200		200	200
	2014	500	290	790	790
	2015	325		325	325
	2016	150		150	150
	2017			0	0
	2018–2022	2,871	204	3,075	3,075
	2023–2027	400	593	993	989
	2028–2032	2,499		2,499	1,908
	2033–2037		353	353	351
	2038–2042	1,524		1,524	1,524
	2043–2047	1,400		1,400	100
	2048–2052	421		421	370
Total debt issued at face value.....		12,490	2,373	14,863	12,934
Unamortized premium.....				13	20
Unrealized foreign exchange gain.....				66	76
Total self-supported debt.....				14,942	13,030

The effective interest rates (weighted average) as at March 31 on the above debt are:

2012.....	4.66%
2011.....	4.61%

¹The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 19 (Risk Management and Derivative Financial Instruments).

²Foreign currency denominated debt as at March 31, 2012 includes US\$2,115 million (CAD\$2,373 million), of which US\$1,888 million was fully hedged to CAD\$2,147 million and US\$227 million was unhedged (CAD\$226 million).

Notes, bonds and debentures

Redeemable by the province

Balances include debentures issued to the Canada Pension Plan totalling \$148 million (2011: \$148 million) at a weighted average interest rate of 4.94% (2011: 4.94%). These debentures mature at various dates from June 11, 2017 to June 9, 2039, with interest rates varying between 4.75% and 5.06%. These debentures are redeemable in whole or in part before maturity, on thirty days prior notice, at the option of the province. During the year, no Canada Pension Plan debentures were issued (2011: nil).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

18. Self-supported Debt—Continued

Aggregate payments to meet retirement provisions

Aggregate payments for the next five fiscal years and thereafter to meet retirement provisions on notes, bonds and debentures are:

	In Millions Canadian Dollar
	\$
2013.....	200
2014.....	790
2015.....	325
2016.....	150
2017.....	0
2018–2052.....	10,032
Total of stated minimum payments.....	<u>11,497</u>

19. Risk Management and Derivative Financial Instruments

The province borrows funds in both domestic and foreign capital markets, and manages its existing debt portfolio to achieve the lowest debt costs within specified risk parameters. As a result, the province is exposed to risks associated with interest rate fluctuations, foreign exchange rate fluctuations and credit risk. In accordance with risk management policy guidelines set by the Risk Committee of the Ministry of Finance, the province uses a variety of derivative financial instruments to hedge exposure to interest rate and foreign exchange risks.

Derivatives used by the province include interest rate swaps, cross-currency swaps and forward foreign exchange contracts. A derivative instrument is a financial contract with a financial institution or counterparty that is applied to effect a hedge on interest rate or foreign exchange exposure contained in the underlying provincial debt instrument. A derivative derives value from the impact of market changes on the underlying hedged debt instrument.

The following tables present maturity schedules of the province's derivatives by type, outstanding at March 31, 2012, based on the notional amounts of the contracts. The notional amounts of derivative financial instruments are the face amounts that are used to calculate interest payments made on those instruments. There is no exchange of the notional amounts in interest rate swaps. Cross-currency swaps can have an exchange of the notional amounts at the start of the contract, the end of the contract, or both.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

19. Risk Management and Derivative Financial Instruments—Continued

Taxpayer-supported Portfolios (Notional Values)

Year of Maturity	In Millions			Total
	Cross- Currency Swaps ¹	Interest Rate Swaps ¹	Forward Foreign Exchange Contracts ¹	
	\$	\$	\$	\$
2013		240	955	1,195
2014	590	590	436	1,616
2015	84			84
2016	1,500	1,500		3,000
2017	1,442	2		1,444
2018–2022	1,400	748		2,148
2023–2027		148		148
2028–2032	96	593		689
2033–2037	41	22		63
2038–2042	56	100		156
Total.....	5,209	3,943	1,391	10,543

¹March 31, 2012, fair market valuation was an unrealized loss of \$140 million (2011: \$278 million loss) on cross-currency swaps, an unrealized gain of \$445 million (2011: \$234 million gain) on interest rate swaps, an unrealized gain of nil (2011: \$6 million gain) on advanced rate setting arrangements and an unrealized loss of \$15 million (2011: nil) on forward foreign exchange contracts. These unrealized gains and losses are incurred on derivatives held in matched hedging arrangements with related debt instruments. The unrealized gains or losses on these hedging derivatives are offset by corresponding unrealized gains or losses on the matched debt instruments.

Self-supported Portfolios (Notional Values)

Year of Maturity	In Millions			Total
	Cross- Currency Swaps ²	Interest Rate Swaps ²	Forward Foreign Exchange Contracts ²	
	\$	\$	\$	\$
2013		200	934	1,134
2014	290	840		1,130
2015				0
2016				0
2017				0
2018–2022		500	204	704
2023–2027		300	436	736
2028–2032				0
2033–2037			283	283
2038–2042				0
Total.....	290	1,840	1,857	3,987

²March 31, 2012, fair market valuation was an unrealized loss of \$92 million (2011: \$98 million loss) on cross-currency swaps, an unrealized loss of \$106 million (2011: \$12 million loss) on interest rate swaps, an unrealized loss of nil (2011: \$50 million loss) on advanced rate setting agreements and an unrealized loss of \$100 million (2011: \$83 million loss) on forward foreign exchange contracts. These unrealized gains and losses are incurred on derivatives held in matched hedging arrangements with related debt instruments that are held to maturity. The unrealized gains or losses on these hedging derivatives are offset by corresponding unrealized gains or losses on the matched debt instruments.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

19. Risk Management and Derivative Financial Instruments—Continued

Interest rate risk

Interest rate risk is the risk that the province's debt servicing costs will fluctuate due to changes in interest rates. The province uses derivative contracts (interest rate swaps) to manage interest rate risk by exchanging a series of interest payments and assuming either a fixed or floating rate liability to a counterparty, based on the notional principal amount. Derivatives allow the province to alter the proportion of its debt held in fixed and floating rate form to take advantage of changes in interest rates.

The government's current policy guidelines with respect to the provincial government direct debt portfolio, which totals \$24,806 million (2011: \$22,850 million), allow floating rate exposure up to 45.00% (2011: 45.00%) of this portion of the taxpayer-supported debt. At March 31, 2012, floating rate debt exposure was 25.20% (2011: 23.20%) of the government direct debt portfolio.

Under current policy guidelines for British Columbia Hydro and Power Authority (BC Hydro), the maximum floating rate exposure is 40.00% (2011: 40.00%) of their debt that totals \$12,978 million (2011: \$11,710 million). At March 31, 2012, floating rate debt exposure for BC Hydro was 25.20% (2011: 28.60%) of their debt.

Based on the taxpayer-supported and self-supported debt portfolios at March 31, 2012, a one percent change in interest rates would impact the annual debt servicing expense by \$66 million (2011: \$52 million) for the taxpayer-supported debt portfolio and \$37 million (2011: \$37 million) for the self-supported debt portfolio.

At March 31, 2012, swap agreements relating to investments held by taxpayer-supported portfolios included interest rate swaps totalling \$84 million (2011: \$84 million).

Foreign exchange risk

Foreign exchange risk is the risk that the province's debt servicing costs and principal payments will fluctuate due to changes in foreign exchange rates. The province uses derivative contracts (cross-currency swaps) to hedge foreign exchange risk by converting foreign currency principal and interest cash flows into Canadian dollar cash flows.

The government's current policy guidelines with respect to the provincial government direct debt portfolio, which totals \$24,806 million (2011: \$22,850 million), allow unhedged foreign debt exposure up to 10.00% (2011: 10.00%) of this portion of the taxpayer-supported debt. At March 31, 2012, unhedged foreign debt exposure, in Japanese yen was 0.0% (2011: 1.85%) of the government direct debt portfolio.

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 5.00% (2011: 5.00%) of its debt, which totals \$12,978 million (2011: \$11,710 million). At March 31, 2012, 0.90% (2011: 1.00%) of its debt was in the form of unhedged foreign debt in US dollars.

Based on the taxpayer-supported and self-supported debt portfolios at March 31, 2012, a one Japanese yen change versus the value of the Canadian dollar would impact the annual debt servicing costs for the taxpayer-supported debt portfolio by nil (2011: \$2 million); and a one cent change in the Canadian dollar versus the US dollar would impact the annual debt servicing costs for the self-supported debt portfolio by \$1 million (2011: \$1 million).

At March 31, 2012, swap agreements relating to investments held by taxpayer-supported portfolios included cross-currency swaps totalling \$41 million (2011: \$41 million), and forward currency contracts \$203 million (2011: \$199 million).

Credit risk

Credit risk is the risk that the province will incur financial loss due to a counterparty defaulting on its financial obligation to the province. In accordance with the government's policy guidelines, the province reduces its credit risk by dealing with only highly rated counterparties. The province only enters into derivative transactions with counterparties that have a rating from Standard & Poor's or Moody's Investors Service Inc. of at least A+/A1. The province also establishes limits on individual counterparty credit exposures and monitors these exposures on a regular basis.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

20. Net Liabilities

The Consolidated Statement of Change in Net Liabilities (see page 43) shows the net impact of applying the expenditure basis of accounting. The net liabilities calculation uses the expenditure, rather than the expense basis of accounting. Under the expenditure basis of accounting, tangible capital assets, prepaid program costs and other assets are recorded as expenditures when calculating the current year surplus or deficit. Under the expense basis of accounting, these items are recorded on the Consolidated Statement of Financial Position as assets and amortized over an applicable period of time.

21. Tangible Capital Assets

	In Millions	
	2012	2011
	\$	\$
Land and land improvements.....	4,260	4,168
Buildings (including tenant improvements).....	17,922	16,916
Highway infrastructure.....	8,965	8,561
Transportation equipment.....	1,745	1,820
Computer hardware and software.....	981	1,018
Other.....	1,890	1,854
	<u>35,763</u>	<u>34,337</u>

See Consolidated Statement of Tangible Capital Assets on page 96.

The estimated useful lives of the more common tangible capital assets are: buildings (useful life or 5–70 years); highway infrastructure (15–40 years); transportation equipment (including rapid transit, ferries and related infrastructure) (2–100 years); computer hardware and software (1–10 years); major software systems (1–15 years); and other (including vehicles, specialized equipment, and furniture and equipment) (1–30 years). Land improvements are amortized over 30 years (recreation areas) or 40 years (dams and water management systems). Leasehold improvements are amortized over 1–50 years, over the lease term, or over the lesser of the lease term and the life of the asset.

Included in tangible capital assets of British Columbia Transit (BCT) and of Rapid Transit Project 2000 Ltd (RTP) are capital assets under lease to South Coast British Columbia Transportation Authority (SCBCTA). These capital assets under lease consist of land, land improvements, stations, guideways and other assets related to the SkyTrain (including the Millennium Line) system and the West Coast Express. These assets are made available to SCBCTA for their use under operating lease arrangements pursuant to an Order in Council (OIC) and to the Millennium Line Use Agreement, and represent one of the province's contributions toward public transportation in the Metro Vancouver service area. The operating lease arrangements between SCBCTA and BCT are for one dollar per year under an initial 15-year term to 2014, with additional five-year renewal periods upon the agreement of BCT and SCBCTA. The net book value of these assets is \$681 million (2011: \$713 million). The operating lease arrangements between SCBCTA and RTP are for one dollar per year under an initial 11 year, 7 month term to 2014, with additional five-year renewal periods upon the agreement of RTP and SCBCTA. The net book value of these assets is \$825 million (2011: \$838 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

22. Restricted Assets

	In Millions	
	2012	2011
	\$	\$
Endowment funds.....	1,402	1,312
Restricted contributions.....	50	50
	<u>1,452</u>	<u>1,362</u>

Donors have placed restrictions on their contributions to the endowment funds of universities, colleges, school districts, and taxpayer-supported Crown corporations. One restriction is that the original contribution should not be spent. Another potential restriction is that any investment income of the endowment fund that is required to offset the eroding effect of inflation or preserve the original value of the endowment should also not be spent. Restricted assets also include \$50 million (2011: \$50 million) in the British Columbia Innovation Council.

23. Prepaid Program Costs

	In Millions	
	2012	2011
	\$	\$
Prepaid program costs.....	<u>636</u>	<u>635</u>

The prepaid program costs include deferred costs associated with the BC Timber Sales Program and other prepaid operating costs. Also included in these amounts are inventories of supplies and other not-for-resale items held by taxpayer-supported Crown corporations and agencies which are charged to expense when consumed in the normal course of operations. At March 31, 2012, the total inventories held for use or consumption was \$306 million (2011: \$288 million). During the year, the total expense due to the consumption of inventories was \$1,157 million (2011: \$1,129 million) including the effect of write-downs of \$2 million (2011: \$14 million) and the effect of reversals of write-downs of nil (2011: nil).

24. Other Assets

	In Millions	
	2012	2011
	\$	\$
Deferred debt instrument costs.....	534	394
Other deferred costs.....	45	57
	<u>579</u>	<u>451</u>

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

25. Accumulated Surplus (Deficit)

	In Millions	
	2012	2011
	\$	\$
Accumulated surplus (deficit)—before other comprehensive income—beginning of year as previously reported ¹	4,396	4,705
Adjustments to accumulated surplus (deficit) ^{2,3}	<u>(122)</u>	<u>(182)</u>
Accumulated surplus (deficit)—beginning of year as restated.....	4,274	4,523
Surplus (deficit) for the year ⁴	<u>(1,840)</u>	<u>(249)</u>
Accumulated surplus (deficit)—before other comprehensive income.....	<u>2,434</u>	<u>4,274</u>
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 95)—beginning of year	349	459
Other comprehensive income from self-supported Crown corporations and agencies (see page 95).....	<u>(326)</u>	<u>(110)</u>
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 95)—end of year.....	<u>23</u>	<u>349</u>
Accumulated surplus (deficit)—end of year.....	<u>2,457</u>	<u>4,623</u>

¹The opening accumulated surplus (deficit) figures for April 1, 2011 and April 1, 2010 are reported before accumulated other comprehensive income.

²During 2011/12, adjustments were made to the opening accumulated surplus for 2010/11 as follows:

Insurance Corporation of British Columbia restatement related to adoption of International Financial Reporting Standards (IFRS)	(236)
Transportation Investment Corporation restatement related to adoption of IFRS.....	(39)
University of British Columbia restatement of UBC Properties Trust.....	(25)
Restatement of Social Services Tax, Motor Fuel Tax, and Hotel Tax.....	(21)
British Columbia Lottery Corporation restatement related to adoption of IFRS.....	(19)
British Columbia Transit restatement related to adoption of Public Sector Accounting Standards.....	(13)
Restatement for correction of error in accounts payable.....	33
British Columbia Railway Company restatement related to adoption of IFRS.....	55
Columbia Power Corporation restatement related to adoption of IFRS.....	36
Columbia Basin Trust restatement related to their power project government business enterprises' adoption of IFRS.....	32
Restatement for PharmaCare Cost Recovery Agreement receivables.....	8
Restatement of debt issue costs.....	<u>7</u>
Total.....	<u>(182)</u>

³During 2011/12, adjustments were made to the opening accumulated surplus for 2011/12 for the following items:

Insurance Corporation of British Columbia restatement related to adoption of IFRS.....	(233)
Transportation Investment Corporation restatement related to adoption of IFRS.....	(39)
University of British Columbia restatement of UBC Properties Trust.....	(30)
Restatement of Social Services Tax, Motor Fuel Tax, and Hotel Tax.....	(21)
British Columbia Lottery Corporation restatement related to adoption of IFRS.....	(19)
British Columbia Transit restatement related to adoption of Public Sector Accounting Standards.....	(16)
Restatement for correction of error in accounts payable.....	69
British Columbia Railway Company restatement related to adoption of IFRS.....	60
Columbia Power Corporation restatement related to adoption of IFRS.....	45
Columbia Basin Trust restatement related to their power project government business enterprises' adoption of IFRS.....	42
Restatement for PharmaCare Cost Recovery Agreement receivables.....	14
Restatement of debt issue costs.....	<u>6</u>
Total.....	<u>(122)</u>

⁴During 2011/12, adjustments were made to the reported deficit figure for the 2010/11 fiscal year as follows:

Insurance Corporation of British Columbia restatement related to adoption of IFRS.....	3
University of British Columbia restatement of UBC Properties Trust.....	(5)
British Columbia Transit restatement related to adoption of Public Sector Accounting Standards.....	(3)
Restatement for correction of error in accounts payable.....	36
British Columbia Railway Company restatement related to adoption of IFRS.....	5
Columbia Power Corporation restatement related to adoption of IFRS.....	9
Columbia Basin Trust restatement related to their power project government business enterprises' adoption of IFRS.....	10
Restatement for PharmaCare Cost Recovery Agreement receivables.....	6
Restatement of debt issue costs.....	<u>(1)</u>
Total.....	<u>60</u>

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

26. Contingencies and Contractual Obligations

(a) GUARANTEED DEBT

The authorized limit for loans guaranteed by the province as at March 31, 2012 was \$398 million (2011: \$405 million). These guarantees include amounts where indemnities have been made for explicit quantifiable loans. Guaranteed debt as at March 31, 2012, totalled \$36 million (2011: \$58 million). See Consolidated Statement of Guaranteed Debt on page 97 for details.

(b) CONTINGENT LIABILITIES

Litigation

The province is a defendant in legal actions and is involved in matters such as expropriation, contract and tax disputes. These matters may give rise to future liabilities.

The province has the following contingent liabilities where the estimated or known claim is, or exceeds \$100,000, but the likelihood of payment is uncertain.

	In Millions	
	2012	2011
	\$	\$
Property access disputes.....	550	56
Damage to persons or property.....	370	22
Tax disputes.....	89	49
Negligence and miscellaneous.....	54	19
Contract disputes.....	10	14
	<u>1,073</u>	<u>160</u>

When it is determined it is likely a liability exists and the amount can be reasonably estimated, the amount is recorded as an accrued liability (see Note 12) and an expense. The accrued liability for pending litigation in process at March 31, 2012 was \$129 million (2011: \$131 million).

Tax Appeals

The province has received appeals under various tax statutes totalling \$98 million (2011: \$105 million). The cost to the province cannot be determined as the outcome of these appeals is uncertain.

Guarantees and Indemnities

The province also has contingent liabilities in the form of indemnities, indirect guarantees and outstanding claims for amounts that are not explicit or reasonably estimable at this time.

Environmental Clean-up

The province is responsible for the environmental clean-up of numerous contaminated sites in the province. For those sites where the province has possession, a liability of \$132 million (2011: \$136 million) has been accrued based on preliminary environmental assessments. This liability is based on the minimum estimated clean-up costs for those sites where an estimate has been made and it has been determined the government is liable. Estimated clean-up costs, not already accrued for sites under evaluation, are approximately \$12 million (2011: \$12 million) as at March 31, 2012. In addition, the Ministry of Energy and Mines has determined possible net liabilities of approximately \$651 million (2011: \$663 million) for sites the province does not own. Many other sites remain to be evaluated; the future liability for all environmental clean-up costs is not currently determinable.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

26. Contingencies and Contractual Obligations—Continued

Aboriginal Land Claims

Treaty negotiations between the province, Canada and First Nations commenced in 1994. The province anticipates these negotiations will result in modern-day treaties defining the boundaries and nature of First Nations treaty settlement lands. As of March 31, 2012, there were forty-nine treaty tables in various stages of negotiation, representing two-thirds of the aboriginal people in British Columbia.

When final treaty agreements are ratified by all parties, the provincial cost of treaties is recorded in the Public Accounts. Costs are accounted for based on the substance of the final agreement.

The Final Agreement with the Maa-nulth First Nations came into effect on April 1, 2011, at which time 22,467 hectares of provincial Crown land was transferred to the Maa-nulth First Nations.

On November 13, 2008, an Incremental Treaty Agreement was signed with the Tla-o-qui-aht First Nation that committed to the transfer of 63 hectares of provincial Crown land as milestones are reached toward a Final Agreement. As of March 31, 2012, 16.3 hectares have been transferred.

A Final Agreement with Yale First Nation was ratified by the Yale First Nation in March 2011 and by the provincial government on June 2, 2011. The Final Agreement requires ratification by the Parliament of Canada, which is pending. The treaty will take effect after federal ratification, on a date agreed to by the parties. Through treaty the province will provide Yale with a capital transfer of \$2.5 million, economic development funding of \$1.1 million and 1,749 hectares of provincial Crown lands.

It is expected the capital transfer components in all Agreements in Principle (AiP) will be entirely provided by Canada. The current commitments of provincial Crown land for all Final Agreement tables are as follows:

- In-SHUCK-ch, 15,016 hectares
- Lheidli T'enneh, 3,416 hectares
- Sechelt, 933 hectares
- Sliammon, 6,406 hectares
- Yekooche, 5,960 hectares
- K'omoks, 1,733 hectares

Upon coming into effect, treaties will also trigger implementation costs and may result in compensation to third parties. Those costs are not determinable at this time.

Eighty per cent of funding for First Nations' negotiation costs is in the form of loans from Canada and is repayable from treaty settlements. The province has committed to reimburse Canada 50% of any negotiation support loans that default along with 50% of the interest accrued. The amount of the loans from Canada to the First Nations at March 31, 2012 was approximately \$443 million (2011: \$421 million). The amount of any provincial liability is not determinable at this time.

Some First Nations have chosen not to negotiate through the formal British Columbia Treaty Commission process. A number of First Nations have chosen to advance their claims through litigation. Claims include declarations with respect to aboriginal rights and title, commercial rights, challenges with respect to adequacy of consultation and accommodation, and damages for unjustified infringements. The amount of any provincial liability is not determinable at this time.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

26. Contingencies and Contractual Obligations—Continued

Crown Corporations, Agencies and School Districts, Universities, Colleges, Institutes and Health Organizations (SUCH)

- (i) The BC Transportation Financing Authority has contingent liabilities of \$145 million (2011: \$102 million) remaining after deducting the estimated settlement expense currently accrued from gross claims outstanding for capital projects.
- (ii) Powerex, a wholly owned subsidiary of BC Hydro, has been named, along with other energy suppliers, as a defendant in a number of US lawsuits and regulatory proceedings regarding alleged market manipulation of energy prices in the California wholesale electricity markets during part of 2000 and 2001. Powerex has obtained dismissals of all but one of the lawsuits. Powerex has obtained an indefinite stay of this remaining lawsuit pending resolution of related proceedings before the Federal Energy Regulatory Commission (FERC). Due to the ongoing nature of the regulatory and legal proceedings against Powerex, management cannot predict the outcomes.
- (iii) The B.C. Pavilion Corporation 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 B.C. Pavilion Corporation.

(c) CONTRACTUAL OBLIGATIONS

The government has entered into a number of multiple-year contracts for the delivery of services and the construction of assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts. Contractual obligations are future-oriented financial information about non-discounted future cash payments for operating and capital contracts, and do not indicate when the related expenses will be recognized in the financial statements.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

26. Contingencies and Contractual Obligations—Continued

The following table presents the minimum amounts required to satisfy the contractual obligations, for contractual obligations that are greater than \$50 million, by sector, by year. Details are available as unaudited supplementary information on the public website at http://www.fin.gov.bc.ca/ocg/pa/11_12/Contractual_Obligations.pdf.

	In Millions						Total
	2013	2014	2015	2016	2017	2018 and beyond	
	\$	\$	\$	\$	\$	\$	\$
Consolidated Revenue Fund and Taxpayer-supported Crown corporations and agencies							
Health.....	1,947	586	509	372	320	5,090	8,824
Education.....	113	54	6	1			174
Social services.....	153	9	3	2	1	2	170
Other.....	458	349	392	395	398	2,334	4,326
Transportation.....	1,232	753	402	342	316	10,998	14,043
Natural resources and economic development.....	231	71	39	31	28	171	571
Protection of persons and property.....	383	365	357	358	340	5,172	6,975
General government.....	518	520	322	291	278	676	2,605
	<u>5,035</u>	<u>2,707</u>	<u>2,030</u>	<u>1,792</u>	<u>1,681</u>	<u>24,443</u>	<u>37,688</u>
Self-supported Crown corporations and agencies							
Transportation.....	501	97	39	6	6	12	661
Natural resources and economic development.....	2,781	1,982	1,770	1,575	1,653	48,038	57,799
Protection of persons and property.....	5	5	5	5	5	25	50
General government.....	33	30	26	22	17	48	176
	<u>3,320</u>	<u>2,114</u>	<u>1,840</u>	<u>1,608</u>	<u>1,681</u>	<u>48,123</u>	<u>58,686</u>
Total.....	<u><u>8,355</u></u>	<u><u>4,821</u></u>	<u><u>3,870</u></u>	<u><u>3,400</u></u>	<u><u>3,362</u></u>	<u><u>72,566</u></u>	<u><u>96,374</u></u>

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

27. Taxation Revenue

	In Millions	
	2012	2011
	\$	\$
Personal income.....	5,861	5,361
Harmonized sales.....	5,779	4,176
Property.....	1,911	1,918
Corporate income.....	1,629	1,658
Social service.....	62	1,330
Other.....	3,961	3,754
	<u>19,203</u>	<u>18,197</u>

Personal income tax and corporate income tax revenues are recorded after adjustment for tax credits. Deductions allowable in the calculation of personal income tax revenue were \$94.1 million (2011: \$94.8 million) and corporate income tax were \$443.0 million (2011: \$422.0 million). The types of tax credits adjusting personal income tax and corporation income tax revenues are for foreign taxes, logging taxes, venture capital, training, film and production services, scientific and experimental development tax and mining flow-through share.

Personal income tax revenue was also reduced by \$110.0 million (2011: \$139.1 million) for the BC Tax Reduction and by \$184.0 million (2011: \$166.9 million) for the low income climate action tax credit and by \$314.1 million (2011: \$213.8 million) for the BC Harmonized Sales Tax credit.

Personal income tax revenue was further reduced by \$4.4 million (2011: \$6.0 million), representing that portion of the Family Bonus program payments that effectively reduce recipients' tax liability.

Personal and corporate income tax refunds are issued under the *International Business Activity Act*. Personal income tax refunds were \$0.04 million (2011: nil) and corporate income tax refunds were \$19.6 million (2011: \$22.7 million).

Property tax revenue was recorded net of home owner grants of \$785.0 million (2011: \$717.0 million).

28. Natural Resource Revenue

	In Millions	
	2012	2011
	\$	\$
Petroleum, natural gas and minerals.....	1,797	1,749
Forests.....	474	437
Water and other.....	540	541
	<u>2,811</u>	<u>2,727</u>

Oil and gas royalty revenues are reported after adjustments for various royalty deduction programs such as producer cost of service allowances, deep well, summer drilling, marginal, ultra marginal, low production, 2% incentive, net profit, new pool discovery and road construction. Deductions allowable in the calculation of royalties revenue were \$496.6 million (2011: \$469.3 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

29. Expense

	In Millions	
	2012	2011
Total Expense by Group Account Classification	\$	\$
Salaries and benefits.....	16,490	15,922
Government transfers.....	9,856	9,736
Operating costs.....	9,823	9,630
Interest ¹	2,383	2,252
Amortization.....	2,039	1,978
Other.....	2,247	681
	<u>42,838</u>	<u>40,199</u>

¹Includes foreign exchange loss amortization of \$19 million (2011: loss amortization of \$9 million).

30. Valuation Allowances

	In Millions	
	2012	2011
	\$	\$
Accounts receivable.....	183	151
Loans, advances and mortgages receivable.....	23	29
Tangible capital assets.....	2	7
Inventories for resale.....		2
	<u>208</u>	<u>189</u>

These amounts are included in "Other" of "Total Expense by Group Account Classification" in Note 29, and represent the write-down of assets and liabilities in the above Consolidated Statement of Financial Position categories.

31. Trusts Under Administration¹

	In Millions	
	2012	2011
	\$	\$
Public Guardian and Trustee of British Columbia ²		
—administered by government officials.....	878	831
Supreme and provincial court (Suitors' Funds)		
—administered by the Courts.....	101	66
Credit Union Deposit Insurance Corporation of British Columbia ³		
—administered by various government officials and a non-government investment corporation.....	373	336
Other trust funds ⁴		
—administered by various government officials.....	284	265
	<u>1,636</u>	<u>1,498</u>

¹Indicates the equity balance.

²Public Guardian and Trustee of British Columbia converted to International Financial Reporting Standards in fiscal 2012. The information is draft and unaudited as at March 31, 2012.

³Credit Union Deposit Insurance Corporation of British Columbia converted to International Financial Reporting Standards in fiscal 2012. The financial statements are draft and unaudited as at March 31, 2012.

⁴The comparative figure for other trust funds has been restated to conform with the current year's presentation.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

32. Significant Events

The province recognized an expense of \$1,599 million related to the repayment of transitional funding for the Harmonized Sales Tax.

33. Comparison to Estimates

The Estimates numbers on the Statement of Operations are taken from the Estimated Statement of Operations, the Estimated Revenue by Source, and the Estimated Expense by Function on pages 4 – 6 of the *Estimates, Fiscal Year Ending March 31, 2012*, presented to the Legislative Assembly May 3, 2011.

34. Comparatives

Comparative figures have been restated to conform with the current year's presentation. The effect of restatements on the previously reported operating result is disclosed in Note 25.

35. Asset Retirement Obligations¹

	In Millions	
	2012	2011
	\$	\$
Consolidated Revenue Fund and Taxpayer-supported Crown corporations and agencies		
Education.....	20	9
Health.....	16	12
Natural resources and economic development.....	4	7
Social services.....	1	
Other.....		3
	41	31
Self-supported Crown corporations and agencies		
Transportation.....	92	58
Natural resources and economic development.....	47	44
General Government.....	1	1
	140	103
	181	134

¹Additional asset retirement obligation costs exist which have not been recognized because they cannot be reasonably estimated at this time. Self-supported Crown corporations' balances in the Transportation and General Government sectors are calculated using International Financial Reporting Standards.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2012—Continued

36. Government Partnerships

Canadian Blood Services owns and operates the national blood supply system for Canada, except for the province of Quebec. It is a government partnership amongst Canadian provinces and territories. The ministers of health for the provinces and territories, except Quebec, provide contributions to fund its operations. Its financial results are proportionately consolidated with those of the province based upon the province's share of its total provincial contributions (14.67%). The amounts included in these financial statements are as follows:

Consolidated Statement of Financial Position	In Millions	
	2012	2011
	\$	\$
Financial assets.....	82	73
Liabilities.....	109	103
Net liabilities.....	(27)	(30)
Non-financial assets.....	51	48
Accumulated surplus (deficit).....	24	18

Consolidated Statement of Operations	In Millions	
	2012	2011
	\$	\$
Revenue.....	145	156
Expenses.....	139	154
Surplus (deficit) for the year.....	6	2
Accumulated surplus (deficit)—beginning of year.....	18	16
Accumulated surplus (deficit)—end of year.....	24	18

37. Regulatory Accounting

Included in the Summary Financial Statements are entities that are regulated by the independent British Columbia Utilities Commission (the Commission). The Commission is responsible for regulating utilities in British Columbia which includes establishing tariffs, approving the construction of new facilities planned by utilities, and their issuance of securities. As an independent provincial agency, the operating results of the Commission are also included in the Summary Financial Statements.

Rate-regulation can result in the deferral and amortization of costs and recoveries to allow for adjustment of future rates. In the absence of rate-regulation, these amounts would otherwise be included in the determination of net income in the year the amounts are incurred. BC Hydro had unamortized net regulatory assets at the end of March 31, 2012 of \$2,466 million (2011: \$2,160 million). Regulatory accounting resulted in an increase to net income for BC Hydro for the year ended March 31, 2012 of \$306 million (2011: \$447 million). Further details are available in BC Hydro's financial statements outside these audited financial statements at <http://www.fin.gov.bc.ca/pubs.htm>.

**Supplementary Statement to the
Consolidated Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2012**
TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES
(GOVERNMENT ORGANIZATIONS)
RECORDED ON A CONSOLIDATED BASIS

Consolidated Revenue Fund¹

Health Sector

BC Academic Health Council
British Columbia Health Services Purchasing Organization
Bella Coola General Hospital
Canadian Blood Services²
Fraser Health Authority
Interior Health Authority
Louis Brier Home and Hospital
Menno Hospital
Mount St. Mary Hospital
Nisga'a Valley Health Authority
Northern Health Authority
Providence Health Care
Provincial Health Services Authority
RW Large Memorial Hospital
St Joseph's General Hospital
St Michael's Centre
Vancouver Coastal Health Authority
Vancouver Island Health Authority
Wrinch Memorial Hospital

Education Sector

British Columbia Institute of Technology
Camosun College
Capilano University
College of New Caledonia
College of the Rockies
Douglas College
Emily Carr University of Art & Design
Industry Training Authority
Justice Institute of British Columbia
Knowledge Network Corporation
Kwantlen Polytechnic University
Langara College
Leading Edge Endowment Fund
Nicola Valley Institute of Technology
North Island College
Northern Lights College
Northwest Community College
Okanagan College

**Supplementary Statement to the
Consolidated Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2012—Continued**
TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES
(GOVERNMENT ORGANIZATIONS)
RECORDED ON A CONSOLIDATED BASIS

Education Sector—Continued

Private Career Training Institutions Agency
Royal Roads University
School Districts
Selkirk College
Simon Fraser University
The British Columbia Council for International Education³
The University of British Columbia
Thompson Rivers University
Trades Training Consortium of British Columbia³
University of the Fraser Valley
University of Northern British Columbia
University of Victoria
Vancouver Community College
Vancouver Island University

Natural Resources and Economic Development Sector

BC Immigrant Investment Fund Ltd
B.C. Pavilion Corporation
British Columbia Enterprise Corporation
British Columbia Innovation Council
Columbia Basin Trust
Creston Valley Wildlife Management Authority Trust Fund
Forestry Innovation Investment Ltd
Nechako–Kitimaat Development Fund Society
Oil and Gas Commission
Pacific Carbon Trust Inc.
Partnerships British Columbia Inc

Transportation Sector

BC Transportation Financing Authority
British Columbia Transit
Rapid Transit Project 2000 Ltd

Protection of Persons and Property Sector

British Columbia Securities Commission
Organized Crime Agency of British Columbia Society

Social Services Sector

Community Living British Columbia
Legal Services Society

**Supplementary Statement to the
Consolidated Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2012—Continued**
TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES
(GOVERNMENT ORGANIZATIONS)
RECORDED ON A CONSOLIDATED BASIS

Other Sector

BC Games Society
British Columbia Assessment Authority
British Columbia Housing Management Commission
British Columbia Public School Employers' Association
Community Social Services Employers' Association
Crown Corporations Employers' Association³
First Peoples' Heritage, Language and Culture Council
Health Employers Association of British Columbia
Post-Secondary Employers' Association
Provincial Capital Commission⁴
Provincial Rental Housing Corporation
The Royal British Columbia Museum Corporation

SELF-SUPPORTED CROWN CORPORATIONS AND AGENCIES
(GOVERNMENT BUSINESS ENTERPRISES)
RECORDED ON A MODIFIED EQUITY BASIS

BCIF Management Ltd^{5,9}
British Columbia Hydro and Power Authority⁵
British Columbia Liquor Distribution Branch⁶
British Columbia Lottery Corporation⁶
British Columbia Railway Company⁷
Columbia Power Corporation⁵
Insurance Corporation of British Columbia⁸
Transportation Investment Corporation⁷

¹The Consolidated Revenue Fund has been allocated to the appropriate sector on the Consolidated Statement of Financial Position by Sector (page 86) and on the Consolidated Statement of Operations by Sector (page 90).

²This organization reflects a government partnership amongst Canadian provinces and is proportionally consolidated based upon the province's share (14.67%) of the total provincial contributions to the partnership.

³These organizations were included in operations for the first time during the fiscal year.

⁴During the fiscal year this organization was changed from a self-supported to a taxpayer-supported Crown corporation.

⁵These organizations were included in the Natural Resources and Economic Development Sector results.

⁶These organizations were included in the General Government Sector results.

⁷These organizations were included in the Transportation Sector results.

⁸This organization was included in the Protection of Persons and Property Sector results.

⁹This organization was wound up during the fiscal year.

**Supplementary Statement to the
Summary Financial Statements
Consolidated Statement of Financial Position by Sector
as at March 31, 2012**

In Millions

	Health		Education		Social Services		Debt Servicing ¹		Other ²	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Financial Assets	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents.....	575	560	1,386	1,244	7	4	(33)	32	102	87
Temporary investments.....	352	298	401	336	16	10			93	81
Accounts receivable.....	301	293	360	395	63	58	286	245	53	39
Inventories for resale.....	2	1	30	28						
Due from the Province of British Columbia.....	3	1	8	8	3	1				4
Due from other governments.....	79	112	77	84	43	25			61	109
Due from self-supported Crown corporations and agencies. Equity in self-supported Crown corporations and agencies.										15
Loans, advances and mortgages receivable.....	14	13	865	777					256	288
Other investments.....	132	121	1,498	1,402		4	9	9	447	436
Sinking fund investments.....			51	84			1,491	1,410		
Loans for purchase of assets, recoverable from agencies.....							20,889	18,503		
	<u>1,458</u>	<u>1,399</u>	<u>4,676</u>	<u>4,358</u>	<u>132</u>	<u>102</u>	<u>22,642</u>	<u>20,199</u>	<u>1,012</u>	<u>1,059</u>

**Supplementary Statement to the
Summary Financial Statements
Consolidated Statement of Financial Position by Sector—Continued
as at March 31, 2012**

In Millions

	Transportation		Natural Resources and Economic Development		Protection of Persons and Property		General Government ³		Adjustments ⁴		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Financial Assets	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents.....	144	142	129	190	11	20	(120)	(116)	(24)		2,177	2,163
Temporary investments.....			200	164							1,062	889
Accounts receivable.....	49	66	385	376	95	87	972	947	(113)	(98)	2,451	2,408
Inventories for resale.....			8	7	2	2	3	3			45	41
Due from the Province of British Columbia.....	38	40	7	1					(59)	(55)	0	0
Due from other governments.....	90	135	68	103	182	105	343	306			943	979
Due from self-supported Crown corporations and agencies			238	473	101	276	137	116			476	865
Equity in self-supported Crown corporations and agencies.	(12)	138	3,627	3,298	3,113	3,278	(52)	(34)			6,676	6,695
Loans, advances and mortgages receivable.....			348	259	1	1	453	395	(313)	(241)	1,624	1,492
Other investments.....	76	76	397	465	35	25					2,594	2,538
Sinking fund investments.....	1,091	846							(1,142)	(930)	1,491	1,410
Loans for purchase of assets, recoverable from agencies.....									(6,043)	(5,556)	14,846	12,947
	<u>1,476</u>	<u>1,443</u>	<u>5,407</u>	<u>5,336</u>	<u>3,540</u>	<u>3,794</u>	<u>1,736</u>	<u>1,617</u>	<u>(7,694)</u>	<u>(6,880)</u>	<u>34,385</u>	<u>32,427</u>

**Supplementary Statement to the
Summary Financial Statements
Consolidated Statement of Financial Position by Sector—Continued
as at March 31, 2012**

In Millions

	Health		Education		Social Services		Debt Servicing ¹		Other ²	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities.....	2,157	2,132	1,250	1,315	123	116	612	560	249	248
Due to other governments.....	50	50	28	16					84	110
Due to Crown corporations, agencies and trust funds.....	14	12	2	1	1				44	63
Due to the Province of British Columbia.....					5	7			1	1
Deferred revenue.....	1,801	1,780	2,534	2,356	4	4	52	97	142	207
Employee pension plans.....			107	84						
Taxpayer-supported debt.....	1,156	1,101	846	904	2	4	32,992	30,154	373	329
Self-supported debt.....							14,942	13,030		
	<u>5,178</u>	<u>5,075</u>	<u>4,767</u>	<u>4,676</u>	<u>135</u>	<u>131</u>	<u>48,598</u>	<u>43,841</u>	<u>893</u>	<u>958</u>
Net assets (liabilities).....	<u>(3,720)</u>	<u>(3,676)</u>	<u>(91)</u>	<u>(318)</u>	<u>(3)</u>	<u>(29)</u>	<u>(25,956)</u>	<u>(23,642)</u>	<u>119</u>	<u>101</u>
Non-financial Assets										
Tangible capital assets.....	6,221	6,032	12,973	12,450	128	99			1,318	1,150
Restricted assets.....			1,402	1,312						
Prepaid program costs.....	211	192	42	51	14	2			27	62
Other assets.....	20	33	25	21			461	339		
	<u>6,452</u>	<u>6,257</u>	<u>14,442</u>	<u>13,834</u>	<u>142</u>	<u>101</u>	<u>461</u>	<u>339</u>	<u>1,345</u>	<u>1,212</u>
Accumulated surplus (deficit).....	<u>2,732</u>	<u>2,581</u>	<u>14,351</u>	<u>13,516</u>	<u>139</u>	<u>72</u>	<u>(25,495)</u>	<u>(23,303)</u>	<u>1,464</u>	<u>1,313</u>

**Supplementary Statement to the
Summary Financial Statements
Consolidated Statement of Financial Position by Sector—Continued
as at March 31, 2012**

	In Millions											
	Transportation		Natural Resources and Economic Development		Protection of Persons and Property		General Government ³		Adjustments ⁴		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities.....	472	434	629	576	318	284	823	879	(166)	(133)	6,467	6,411
Due to other governments.....	71	106	22	149	91	83	1,858	544			2,204	1,058
Due to Crown corporations, agencies and trust funds.....							9	10	(18)	(14)	52	72
Due to the Province of British Columbia.....			9						(15)	(8)	0	0
Deferred revenue.....	1,338	1,189	4,320	4,868	369	338	11	13			10,571	10,852
Employee pension plans.....							3	3			110	87
Taxpayer-supported debt.....	7,571	6,803	561	516	3	4	15	2	(7,507)	(6,738)	36,012	33,079
Self-supported debt.....											14,942	13,030
	<u>9,452</u>	<u>8,532</u>	<u>5,541</u>	<u>6,109</u>	<u>781</u>	<u>709</u>	<u>2,719</u>	<u>1,451</u>	<u>(7,706)</u>	<u>(6,893)</u>	<u>70,358</u>	<u>64,589</u>
Net assets (liabilities).....	<u>(7,976)</u>	<u>(7,089)</u>	<u>(134)</u>	<u>(773)</u>	<u>2,759</u>	<u>3,085</u>	<u>(983)</u>	<u>166</u>	<u>12</u>	<u>13</u>	<u>(35,973)</u>	<u>(32,162)</u>
Non-financial Assets												
Tangible capital assets.....	11,926	11,510	2,348	2,231	49	49	813	829	(13)	(13)	35,763	34,337
Restricted assets.....			50	50							1,452	1,362
Prepaid program costs.....	12	4	150	157	2	2	178	165			636	635
Other assets.....	85	69		2					(12)	(13)	579	451
	<u>12,023</u>	<u>11,583</u>	<u>2,548</u>	<u>2,440</u>	<u>51</u>	<u>51</u>	<u>991</u>	<u>994</u>	<u>(25)</u>	<u>(26)</u>	<u>38,430</u>	<u>36,785</u>
Accumulated surplus (deficit).....	<u>4,047</u>	<u>4,494</u>	<u>2,414</u>	<u>1,667</u>	<u>2,810</u>	<u>3,136</u>	<u>8</u>	<u>1,160</u>	<u>(13)</u>	<u>(13)</u>	<u>2,457</u>	<u>4,623</u>

¹Debt servicing represents the financial impacts of activities related to management of the public debt.

²The Other Sector consists of those expenditures which cannot be otherwise allocated.

³Includes the Legislature, tax collection and administration, Canadian Health and Social Transfers from the federal government, liquor and gaming profits, general administration and central agency services such as accounting, auditing, budgeting, insurance and risk management to all sectors.

⁴Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors.

**Supplementary Statement to the
Summary Financial Statements
Consolidated Statement of Operations by Sector
for the Fiscal Year Ended March 31, 2012**

In Millions

	Health		Education		Social Services		Debt Servicing ¹		Other ²	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation.....									77	76
Contributions from the federal government.....	80	116	921	1,009	60	67			244	239
Fees and licences.....	2,222	2,081	1,457	1,378					5	12
Natural resources.....										
Miscellaneous.....	877	863	1,255	1,248	22	22		1	129	93
Contributions from the provincial government/ self-supported Crown corporations and agencies.....	39	42	200	194	21	15			20	31
Investment income.....	15	3	182	122	2	2	995	871	20	21
Total revenue.....	3,233	3,105	4,015	3,951	105	106	995	872	495	472

**Supplementary Statement to the
Summary Financial Statements
Consolidated Statement of Operations by Sector—Continued
for the Fiscal Year Ended March 31, 2012**

In Millions

	Transportation		Natural Resources and Economic Development		Protection of Persons and Property		General Government ³		Adjustments ⁴		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation.....	501	506					18,625	17,615			19,203	18,197
Contributions from the federal government.....	58	64	102	277	265	277	5,977	5,948			7,707	7,997
Fees and licences.....	61	51	149	117	744	720	87	73			4,725	4,432
Natural resources.....			2,811	2,727							2,811	2,727
Miscellaneous.....	64	132	163	110	166	161	273	238	(119)	(65)	2,830	2,803
Contributions from the provincial government/ self-supported Crown corporations and agencies.....	8	17	595	627	102	326	2,008	1,986	(313)	(311)	2,680	2,927
Investment income.....	67	47	44	44	2	1	6	3	(291)	(247)	1,042	867
Total revenue.....	759	817	3,864	3,902	1,279	1,485	26,976	25,863	(723)	(623)	40,998	39,950

**Supplementary Statement to the
Summary Financial Statements
Consolidated Statement of Operations by Sector—Continued
for the Fiscal Year Ended March 31, 2012**

In Millions

	Health		Education		Social Services		Debt Servicing ¹		Other ²	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Expense	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits.....	6,491	6,136	7,674	7,548	396	380			152	150
Government transfers.....	4,716	4,420	908	1,009	2,253	2,236			1,075	910
Operating costs.....	5,263	4,983	1,814	1,811	790	768			129	109
Interest.....	63	41	59	52			2,229	2,113	12	12
Amortization.....	559	551	692	652	13	16			57	36
Other.....	276	252	191	178	32	33			16	15
Operating expense.....	17,368	16,383	11,338	11,250	3,484	3,433	2,229	2,113	1,441	1,232
Surplus (deficit) for the Fiscal Year ended March 31.....	(14,135)	(13,278)	(7,323)	(7,299)	(3,379)	(3,327)	(1,234)	(1,241)	(946)	(760)

**Supplementary Statement to the
Summary Financial Statements
Consolidated Statement of Operations by Sector—Continued
for the Fiscal Year Ended March 31, 2012**

In Millions

	Transportation		Natural Resources and Economic Development		Protection of Persons and Property		General Government ³		Adjustments ⁴		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Expense	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits.....	158	153	517	548	676	662	426	345			16,490	15,922
Government transfers.....	129	130	366	617	633	614	(1)	6	(223)	(206)	9,856	9,736
Operating costs.....	725	765	409	573	209	172	487	454	(3)	(5)	9,823	9,630
Interest.....	302	272	9	8				1	(291)	(247)	2,383	2,252
Amortization.....	492	499	109	99	16	19	101	106			2,039	1,978
Other.....	44	38	133	169	25	24	1,736	137	(206)	(165)	2,247	681
Operating expense.....	1,850	1,857	1,543	2,014	1,559	1,491	2,749	1,049	(723)	(623)	42,838	40,199
Surplus (deficit) for the Fiscal Year ended March 31.....	(1,091)	(1,040)	2,321	1,888	(280)	(6)	24,227	24,814	0	0	(1,840)	(249)

¹Debt servicing represents the financial impacts of activities related to management of the public debt.

²The Other Sector consists of those expenditures which cannot be otherwise allocated.

³Includes the Legislature, tax collection and administration, Canadian Health and Social Transfers from the federal government, liquor and gaming profits, general administration and central agency services such as accounting, auditing, budgeting, insurance and risk management to all sectors.

⁴Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors.

**Supplementary Statement to the Summary Financial Statements
Statement of Financial Position
for Self-supported Crown Corporations and Agencies¹
as at March 31, 2012**

	In Millions					2012 Total	2011 Total ⁶
	Other	Natural Resources and Economic Development ²	Protection of Persons and Property ³	Transpor- tation ⁴	General Government ⁵		
	\$	\$	\$	\$	\$	\$	\$
Assets							
Cash and cash equivalents.....		53	35	163	98	349	315
Accounts receivable.....		602	1,177	9	47	1,835	1,764
Inventories.....		142			92	234	221
Other investments.....		514	11,653	90		12,257	12,032
Tangible capital assets.....		16,834	199	2,584	248	19,865	17,760
Other assets.....		3,361	149	1	17	3,528	3,299
Total Assets.....	0	21,506	13,213	2,847	502	38,068	35,391
Liabilities							
Accounts payable and accrued liabilities.....		2,886	8,161	697	322	12,066	11,241
Deferred revenue.....		1,823	1,838	34	4	3,699	3,527
Due to Province of British Columbia.....		238	101		137	476	865
Debt due to Province of British Columbia.....		12,912		2,089	90	15,091	13,023
Other debt.....		20		39	1	60	40
	0	17,879	10,100	2,859	554	31,392	28,696
Equity							
Investment by Province of British Columbia.....		296		257		553	553
Other comprehensive income.....		63	229	(235)	(34)	23	349
Unremitted earnings—end of year.....		3,268	2,884	(34)	(18)	6,100	5,793
	0	3,627	3,113	(12)	(52)	6,676	6,695
Total Liabilities and Equity.....	0	21,506	13,213	2,847	502	38,068	35,391

¹These statements include related party transactions between self-supported Crown corporations and agencies. No elimination entries are recorded between self-supported Crown corporations and agencies for these transactions.

²British Columbia Hydro and Power Authority, Columbia Power Corporation and BCIF Management Ltd.

³Insurance Corporation of British Columbia.

⁴British Columbia Railway Company and Transportation Investment Corporation.

⁵British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation.

⁶In fiscal 2012, British Columbia Liquor Distribution Branch, British Columbia Lottery Corporation, British Columbia Railway Company, Columbia Power Corporation, Insurance Corporation of British Columbia, and Transportation Investment Corporation converted to International Financial Reporting Standards (IFRS). Prior year results have been restated for this change, with a decrease of \$483 million to assets, a decrease of \$210 million to liabilities, a decrease of \$62 million to revenue, and a decrease of \$79 million to expense. Adjustments to unremitted earnings in fiscal 2012 include a decrease of \$278 million for IFRS restatements. Adjustments to other comprehensive income in fiscal 2012 include an increase of \$5 million for IFRS restatements.

**Supplementary Statement to the Summary Financial Statements
Summary of Results of Operations and Statement
of Equity for Self-supported Crown Corporations and Agencies¹
for the Fiscal Year Ended March 31, 2012**

	In Millions						
	Other	Natural Resources and Economic Development ²	Protection of Persons and Property ³	Transpor- tation ⁴	General Government ⁵	2012 Total	2011 Total ⁷
	\$	\$	\$	\$	\$	\$	\$
Revenue.....		4,704	4,126	27	5,601	14,458	13,866
Expense.....		4,131	4,024	30	3,593	11,778	10,939
Net earnings of self-supported Crown corporations and agencies.....	0	573	102	(3)	2,008	2,680	2,927
Contributions paid to Province of British Columbia.....		(234)	(101)	(15)	(1,787)	(2,137)	(2,978)
Adjustments to contributions ⁶					(221)	(221)	(219)
Increase(decrease) in unremitted earnings in self-supported Crown corporations and agencies.....	0	339	1	(18)	0	322	(270)
Unremitted earnings—beginning of year.....	15	2,884	3,116	(36)		5,979	6,266
Adjustments to unremitted earnings.....	(15)	45	(233)	20	(18)	(201)	(203)
Unremitted earnings—end of year.....	0	3,268	2,884	(34)	(18)	6,100	5,793
Accumulated other comprehensive income—beginning of year.....		73	464	(101)		436	412
Adjustments to accumulated other comprehensive income.....			(69)	(2)	(16)	(87)	47
Other comprehensive income.....		(10)	(166)	(132)	(18)	(326)	(110)
Accumulated other comprehensive income—end of year.....	0	63	229	(235)	(34)	23	349
Investment by Province of British Columbia.....		296		257		553	553
Equity in self-supported Crown corporations and agencies for the year.....	0	3,627	3,113	(12)	(52)	6,676	6,695

¹These statements include related party transactions between self-supported Crown corporations and agencies. No elimination entries are recorded between self-supported Crown corporations and agencies for these transactions.

²British Columbia Hydro and Power Authority, Columbia Power Corporation, and BCIF Management Ltd.

³Insurance Corporation of British Columbia.

⁴British Columbia Railway Company and Transportation Investment Corporation.

⁵British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation.

⁶The adjustments are for British Columbia Lottery Corporation transfers to charities and local governments, which is shown as a recovery by the Consolidated Revenue Fund.

⁷In fiscal 2012, British Columbia Liquor Distribution Branch, British Columbia Lottery Corporation, British Columbia Railway Company, Columbia Power Corporation, Insurance Corporation of British Columbia, and Transportation Investment Corporation converted to International Financial Reporting Standards (IFRS). Prior year results have been restated for this change, with a decrease of \$483 million to assets, a decrease of \$210 million to liabilities, a decrease of \$62 million to revenue, and a decrease of \$79 million to expense. Adjustments to unremitted earnings in fiscal 2012 include a decrease of \$278 million for IFRS restatements. Adjustments to other comprehensive income in fiscal 2012 include an increase of \$5 million for IFRS restatements.

**Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Tangible Capital Assets¹
for the Fiscal Year Ended March 31, 2012**

	In Millions						2012 Total	2011 Total
	Land and Land Improvements	Building	Highway Infrastruc- ture	Transport – ation Equipment	Computer Hardware/ Software	Other ³		
	\$	\$	\$	\$	\$	\$	\$	
Historical Cost²								
Opening Cost.....	4,370	25,647	15,421	2,874	3,017	5,667	56,996	
Additions.....	141	1,747	875	24	287	497	3,571	
Disposals and valuation adjustments.....	(38)	(91)	(41)	(8)	(120)	(224)	(683)	
	<u>4,473</u>	<u>27,303</u>	<u>16,255</u>	<u>2,890</u>	<u>3,184</u>	<u>5,940</u>	<u>60,045</u>	
Accumulated Amortization								
Opening balance.....	(202)	(8,731)	(6,860)	(1,054)	(1,999)	(3,813)	(22,659)	
Amortization expense.....	(15)	(731)	(430)	(93)	(311)	(459)	(2,039)	
Effect of disposals and valuation adjustments.....	4	81		2	107	222	416	
	<u>(213)</u>	<u>(9,381)</u>	<u>(7,290)</u>	<u>(1,145)</u>	<u>(2,203)</u>	<u>(4,050)</u>	<u>(24,282)</u>	
Net book value for the year ended								
March 31, 2012.....	<u>4,260</u>	<u>17,922</u>	<u>8,965</u>	<u>1,745</u>	<u>981</u>	<u>1,890</u>	<u>35,763</u>	
Net book value for the year ended								
March 31, 2011.....	<u>4,168</u>	<u>16,916</u>	<u>8,561</u>	<u>1,820</u>	<u>1,018</u>	<u>1,854</u>	<u>34,337</u>	

¹This statement includes assets that are held on capital leases at March 31, 2012 at a gross value of \$413 million less accumulated amortization of \$(222) million for a net book value totalling \$191 million (2011: gross value of \$419 million less accumulated amortization of \$(201) million for a net book value of \$218 million) comprised of: heavy equipment gross \$5 million less accumulated amortization \$(1) million for a net book value of \$4 million (2011: gross \$5 million less accumulated amortization \$(2) million for a net book value of \$3 million); vehicles gross \$73 million less accumulated amortization \$(62) million for a net book value of \$11 million (2011: gross \$79 million less accumulated amortization \$(55) million for a net book value of \$24 million); computer hardware/software gross \$150 million less accumulated amortization \$(114) million for a net book value of \$36 million (2011: gross \$148 million less accumulated amortization \$(102) million for a net book value of \$46 million); buildings gross \$153 million less accumulated amortization \$(19) million for a net book value of \$134 million (2011: gross \$157 million less accumulated amortization \$(18) million for a net book value \$139 million); and other assets gross \$32 million less accumulated amortization \$(26) million for a net book value of \$6 million (2011: gross \$30 million less accumulated amortization \$(24) million for a net book value of \$6 million).

²Historical cost includes work-in-progress at March 31, 2012 totalling \$3,374 million (2011: \$3,870 million) comprised of: buildings \$1,889 million (2011: \$2,417 million); land improvements \$22 million (2011: \$24 million); highway infrastructure \$1,088 million (2011: \$1,097 million); transportation equipment \$35 million (2011: \$37 million); computer hardware/software \$284 million (2011: \$201 million); and specialized equipment \$56 million (2011: \$94 million). Work-in-progress is not amortized. Work-in-progress includes capitalized interest expense at March 31, 2012 totalling \$16 million (2011: \$13 million).

³"Other" at net book value includes office furniture and equipment \$685 million (2011: \$650 million), vehicles \$71 million (2011: \$70 million), machinery \$935 million (2011: \$947 million) and miscellaneous \$199 million (2011: \$187 million).

Supplementary Statement to the Summary Financial Statements Consolidated Statement of Guaranteed Debt as at March 31, 2012

Guaranteed debt represents the debt of organizations that has been explicitly guaranteed or indemnified by the government under the authority of a statute as to net principal or redemption provisions. These organizations may include municipalities and other governments, private enterprises and individuals, minority interests of provincial Crown corporations and agencies, and SUCH¹ sector entities.

	In Millions			
	2012		2011	
	Maximum Guarantee Authorized \$	Net Outstanding \$	Maximum Guarantee Authorized \$	Net Outstanding \$
Taxpayer-supported Guaranteed Debt				
Government services:				
<i>Homeowner Protection Act</i> loan guarantees ²	375	27	375	45
Subtotal, government services.....	375	27	375	45
Health and education:				
<i>Financial Administration Act</i> student aid loans.....	2	2	3	3
SUCH ¹ sector loan guarantees.....			1	
Subtotal, health and education.....	2	2	4	3
Economic development:				
Columbia Basin Trust joint venture co-venturer debt.....			5	5
<i>Financial Administration Act</i> :				
Feeder Association Loan Guarantees Program.....	10	4	10	2
<i>Home Mortgage Assistance Program Act</i> mortgages.....	1	1	1	1
Subtotal, economic development.....	11	5	16	8
Total taxpayer-supported guaranteed debt.....	388	34	395	56
Self-supported Guaranteed Debt				
Utilities:				
<i>Hydro and Power Authority Act</i> bonds and debentures ³	10	10	10	10
Total self-supported guaranteed debt.....	10	10	10	10
Grand total, all guaranteed debt.....	398	44	405	66
Provision for probable payout.....		(8)		(8)
Net total, all guaranteed debt.....	398	36	405	58

¹School districts, universities, colleges and health authorities/hospital societies.

²*Homeowner Protection Act* loan guarantees include indemnities provided to Canadian Mortgage and Housing Corporation (CMHC) for any claims made on reconstruction loans made to homeowners for repairs to homes with premature building envelope failure.

³The government has unconditionally guaranteed the payment of principal and interest for \$10 million (2011: \$10 million) of debenture issued to the Canada Pension Plan Investment Fund that matures on August 9, 2024 with a coupon rate of 5.54%.