

Financial Statements of

RAPID TRANSIT PROJECT 2000 LTD.

Year ended March 31, 2009



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AUDITORS' REPORT

To the Shareholder of Rapid Transit Project 2000 Ltd.

We have audited the balance sheet of Rapid Transit Project 2000 Ltd. as at March 31, 2009 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Victoria, Canada

April 28, 2009

RAPID TRANSIT PROJECT 2000 LTD.

Balance Sheet

As at March 31	2009	2008
	(\$ 000s)	(\$ 000s)
Assets		
Current assets		
Cash	6,451	6,500
Accounts receivable	10	-
<u>Due from related parties (note 3)</u>	-	26
	6,461	6,526
Capital assets (note 4)	893,594	921,344
	<u>900,055</u>	<u>927,870</u>
Liabilities and Shareholder's Equity		
Current liabilities		
Accounts payable and accrued liabilities	5,564	5,626
<u>Due to related parties (note 3)</u>	31	30
	5,595	5,656
Deferred contributions (note 5)	841,377	869,128
Shareholder's equity		
Retained earnings	132	135
<u>Share capital and contributed surplus (notes 5, 6 and 7)</u>	52,951	52,951
	<u>900,055</u>	<u>927,870</u>

Contingencies (note 8)

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

Approved on behalf of the Board:



Director

RAPID TRANSIT PROJECT 2000 LTD.
Statement of Earnings and Retained Earnings

Year ended March 31	2009	2008
	(\$ 000s)	(\$ 000s)
Revenue		
Amortization of deferred contributions	27,751	27,751
Interest income	107	226
	27,858	27,977
Expenses		
Amortization of capital assets	27,751	27,751
General administrative	110	91
	27,861	27,842
Net earnings (loss)	(3)	135
Retained earnings, beginning of year	135	-
Retained earnings, end of year	132	135

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

RAPID TRANSIT PROJECT 2000 LTD.

Statement of Cash Flows

Year ended March 31	2009	2008
	(\$ 000s)	(\$ 000s)
Cash provided by (used in)		
Operations		
Net earnings (loss)	(3)	135
Amortization of capital assets	27,751	27,751
Amortization of deferred contributions	(27,751)	(27,751)
Net changes in non-cash working capital	(46)	331
	(49)	466
Change in cash	(49)	466
Cash, beginning of year	6,500	6,034
Cash, end of year	6,451	6,500

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

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Year ended March 31, 2009

1. Rapid Transit Project 2000 Ltd.:

Rapid Transit Project 2000 Ltd. (the Company) is incorporated under the laws of British Columbia. The Company is exempt from tax under the *Income Tax Act* as it is wholly owned by the Province of British Columbia (the Province).

Based on a Protocol Agreement with the Province, as represented by the Minister of Finance and Minister responsible for the Olympics and by the Minister responsible for Transit, the Company was incorporated to carry out the study, design, construction and development of extensions to the existing Lower Mainland Light Rail Transit System (the SkyTrain Extension) of which the construction of the Millennium Line (the Line) and a pre-build component of the Evergreen Line were approved by the Province. In this capacity, the Company acts as an agent for the Province and conducts its activities in a manner consistent with general financial and management policies approved by the Treasury Board and the Province's Policy Framework for Crown Entrepreneurial Activities.

The Millennium Line was fully completed on January 6, 2006. The Line is being operated by British Columbia Rapid Transit Company Ltd. (BCRTC), a subsidiary of the South Coast British Columbia Transportation Authority (TransLink) under the multi-party Millennium Line Use Agreement with the Company and British Columbia Transit (BC Transit).

2. Significant accounting policies:

(a) Basis of presentation:

Costs associated with the construction of the SkyTrain Extension were capitalized on an accrual basis to capital assets.

(b) Capital assets:

The SkyTrain Extension construction costs are recorded at cost including interest during construction.

Amortization is charged upon commencement of revenue service operations over the estimated service life using the straight-line method at the following annual rates:

Asset	Rate
SkyTrain Extension	40 years
Vehicles	25 years

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Notes to Financial Statements

Year ended March 31, 2009

2. Significant accounting policies (continued):

(c) Financial instruments:

Effective April 1, 2007, the Company adopted CICA Handbook Section 3855, *Financial Instruments - Recognition and Measurement* and related financial instrument Handbook sections.

Financial instruments are initially recorded at fair value.

Interest-bearing assets and liabilities are subsequently accounted for at amortized cost using the effective interest method. When there is a loss in value of a financial asset that is other than temporary, the asset is written down and the loss is recorded as expense. The write-down is not reversed if there is a subsequent increase in value.

Cash is classified as held for trading. Accounts receivable, accounts payable and amounts due to/from related parties are classified as loans and receivables and other liabilities initially recorded at fair value, then carried at amortized cost thereafter.

(d) Deferred contributions:

Deferred contributions include capital and pre-operating contributions from the Ministry of Finance and Ministry responsible for the Olympics as well as attributed interest. Contributions for the construction of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Significant areas requiring the use of management estimates relate to the provision for accrued liabilities, contingencies and the amortization of capital assets and deferred contributions. Actual results could differ from these estimates.

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Notes to Financial Statements

Year ended March 31, 2009

3. Related party transactions:

The following table summarizes the Company's related party transactions during the period not otherwise disclosed:

(\$ 000s)	2009	2008
Ministry of Finance and Ministry responsible for the Olympics - interest income and recoveries	107	226
General administrative expenses:		
Ministry of Labour and Citizens' Services	16	16
Ministry of Transportation and Infrastructure	31	30
BC Pavilion Corporation	-	9

These transactions, which are with common-controlled enterprises, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following amounts represent balances outstanding as at March 31 with related parties:

(\$ 000s)	2009	2008
Due from:		
Ministry of Finance and Ministry responsible for the Olympics	-	16
BC Pavilion Corporation	-	10
	-	26
Due to:		
Ministry of Transportation and Infrastructure	31	30

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Notes to Financial Statements

Year ended March 31, 2009

4. Capital assets:

(\$ 000s)			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
SkyTrain Extension	911,275	(148,339)	762,936	785,183
Vehicles	115,681	(37,974)	77,707	83,210
Land in use	52,951	-	52,951	52,951
	1,079,907	(186,313)	893,594	921,344

Included within capital assets is \$21.2 million of land which was expropriated under the *Expropriation Act* and has been registered on behalf of the Company in the name of BC Transit. A number of previous owners of expropriated land have challenged the expropriated value. Any difference between the amounts paid and subsequently reassessed will be recorded in the period of reassessment. The balance of the land, \$31.8 million, is registered in the Company's name.

Completed construction costs include costs incurred by the Company in funding the provincially approved share of municipal integration costs and the provincially approved pre-build of an Evergreen Line connection to the Millennium Line at Lougheed Town Centre Station.

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Notes to Financial Statements

Year ended March 31, 2009

5. Deferred contributions:

Deferred contributions are comprised of funding received as non-repayable Prepaid Capital Advances (PCAs) as well as attributed interest from the Ministry of Finance and Ministry responsible for the Olympics for the design, planning and construction of the SkyTrain Extension and the related pre-operating costs.

The deferred contributions are comprised of:

(\$ 000s)	2009	2008
Opening balance	922,079	949,830
Additions	-	-
	922,079	949,830
Amortization	(27,751)	(27,751)
Closing balance	894,328	922,079
Consisting of:		
Deferred contributions	841,377	869,128
Contributed surplus (land)	52,951	52,951
	894,328	922,079

6. Shareholder's equity:

The Company has authorized and issued one common share without par value to Her Majesty the Queen in right of the Province of British Columbia.

The share capital and contributed surplus amount includes \$1 share capital.

7. Contributed surplus:

Contributed surplus represents funding contributions from the Ministry of Finance and Ministry responsible for the Olympics in respect to the acquisition of land.

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Notes to Financial Statements

Year ended March 31, 2009

8. Contingencies:

Legal claims:

As at March 31, 2009, several legal claims against the company remain outstanding as a result of the project's compulsory acquisition of land. It is the opinion of management that these claims are unlikely to result in payments significant to the financial statements as a whole. Any difference between the amounts currently provided in respect to settlements and subsequently reassessed will be recorded in the period of reassessment.

9. Financial instruments:

Fair values:

The fair values of the Company's accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to their short term to maturity. The fair value of cash approximates its carrying value as it earns interest at variable market rates.

The Company has no significant exposure to financial risks from its financial assets and liabilities. A change in interest rates has a minimal impact on the net earnings of the Company. Credit and liquidity risk are limited due to the nature and magnitude of cash and receivables.

10. Capital Management:

The Company receives its principal source of capital through funding from the Province. The Company defines capital to be net assets and deferred contributions.

The Company's objective when managing capital is to fund its operations and capital asset additions. The Company manages the capital structure in conjunction with the Ministry of Transportation and Infrastructure and makes adjustments based on available government funding and economic conditions. Currently, the Company's strategy is to monitor expenditures to preserve capital.

The Company is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined by the funding party. The Company has complied with the external restrictions on the funding provided.

11. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform to the financial statement presentation for the current year.