Summary Financial Statements

Province of British Columbia

For the Fiscal Year Ended
March 31, 2011

BRITISH
COLUMBIA

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 generally accepted accounting principles for senior governments as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. 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:

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, 2011, 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.

Management's Responsibility for the Summary Financial Statements

Management 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 management, 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 entity, an organization must maintain its operations and meet its liabilities from revenues received from outside the government reporting entity. As of March 31, 2011, 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.

Cash and cash equivalents would have increased by $23 million (2010: $15 million), accounts receivable would have decreased by $22 million (2010: $40 million), equity in self-supported Crown corporations and agencies would have decreased by $130 million (2010: $138 million), loans for purchase of assets, recoverable from agencies would have decreased by $1,148 million (2010: $540 million), tangible capital assets would have increased by $1,611 million (2010: $948 million), accounts payable and accrued liabilities would have increased by $401 million (2010: $291 million), other assets would have decreased by $52 million (2010: $0 million), deferred revenue would have decreased by $119 million (2010: $44 million), taxpayer-supported debt would have increased by $1,133 million (2010: $544 million), self-supported debt would have decreased by $1,133 million (2010: $544 million), investment income would have decreased by $76 million (2010: $16 million) and interest expense would have decreased by $76 million (2010: $17 million).

The supporting consolidated summary financial statements by sector and the supporting statements for self-supported Crown corporations and agencies 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 appropriately classified as a taxpayer-supported Crown corporation, the presentation of contractual obligations in note 25 (c) in these summary financial statements would also differ. Contractual obligations for taxpayer-supported Crown corporations (transportation) would have increased by $1,114 million (2010: $1,993 million), and contractual obligations for self-supported Crown corporations (transportation) would have decreased, by $1,114 million (2010: $1,993 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, 2011, 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.

Victoria, British Columbia
July 7, 2011

John Doyle, MAcc, CA
Auditor General

Summary Financial Statements
Consolidated Statement of Financial Position
as at March 31, 2011

	Note	2011 (In Millions)	2010 (In Millions)
Financial Assets		$	$
Cash and cash equivalents		2,195	1,974
Temporary investments		901	983
Accounts receivable	3	2,415	2,575
Inventories for resale	4	41	43
Due from other governments	5	979	893
Due from self–supported Crown corporations and agencies	6	865	208
Equity in self–supported Crown corporations and agencies	7	6,968	7,231
Loans, advances and mortgages receivable	8	1,492	1,327
Other investments	9	3,811	3,677
Sinking fund investments	10	1,410	1,329
Loans for purchase of assets, recoverable from agencies	11	12,947	11,471
		34,024	31,711
Liabilities			
Accounts payable and accrued liabilities	12	6,447	6,065
Due to other governments	13	1,058	825
Due to Crown corporations, agencies and trust funds	14	72	66
Deferred revenue	15	10,854	10,093
Employee pension plans	16	87	53
Taxpayer–supported debt	17	33,113	31,169
Self–supported debt	18	13,030	11,552
		64,661	59,823
Net assets (liabilities)	20	(30,637)	(28,112)
Non–financial Assets			
Tangible capital assets	21	34,390	32,340
Prepaid program costs	22	633	567
Other assets	23	446	322
		35,469	33,229
Accumulated surplus (deficit)	24	**4,832**	**5,117**
Measurement uncertainty	2		
Contingencies and contractual obligations	25		
Restricted assets	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, 2011

	In Millions		
	2011		2010
	Estimates (Note 33)	Actual	Actual
Revenue	$	$	$
Taxation (Note 27)	17,422	18,197	17,102
Contributions from the federal government	7,685	7,997	6,917
Fees and licences	4,356	4,445	4,120
Natural resources (Note 28)	3,208	2,727	2,646
Net earnings of self–supported Crown corporations and agencies (Note 7)	3,001	2,911	3,020
Miscellaneous	2,597	2,790	2,706
Investment income	921	859	957
	39,190	39,926	37,468
Expense (Note 29)			
Health	16,474	16,150	15,515
Education	10,820	11,171	11,060
Social services	3,454	3,384	3,365
Interest	2,381	2,253	2,204
Other	1,845	1,211	1,410
Transportation	1,515	1,577	1,474
Protection of persons and property	1,426	1,448	1,535
General government	1,376	1,044	783
Natural resources and economic development	1,314	1,997	1,986
	40,605	40,235	39,332
Surplus (deficit) for the year before unusual items	(1,415)	(309)	(1,864)
Forecast allowance	(300)		
Surplus (deficit) for the year	**(1,715)**	**(309)**	**(1,864)**
Accumulated surplus (deficit)—beginning of year as restated (Note 24)		4,705	6,569
Accumulated surplus (deficit)—before other comprehensive income		**4,396**	**4,705**
Accumulated other comprehensive income from self–supported Crown corporations and agencies (see page 93)—end of year		436	412
Accumulated surplus (deficit)—end of year		**4,832**	**5,117**

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, 2011

	In Millions		
	2011		2010
	Estimates $	Actual $	Actual $
Surplus (deficit) for the year	(1,715)	(309)	(1,864)
Effect of change in tangible capital assets:			
Acquisition of tangible capital assets	(5,414)	(4,113)	(3,727)
Amortization of tangible capital assets	2,014	1,980	1,906
Disposals and valuation adjustments	(53)	83	136
	(3,453)	(2,050)	(1,685)
Effect of change in:			
Prepaid program costs	(9)	(66)	(110)
Other assets	(3)	(124)	(21)
	(12)	(190)	(131)
Effect of self–supported Crown corporations' and agencies' other comprehensive income		24	479
(Increase) decrease in net liabilities	(5,180)	(2,525)	(3,201)
Net assets (liabilities)—beginning of year	(29,504)	(28,112)	(24,911)
Net assets (liabilities)—end of year (Note 20)	**(34,684)**	**(30,637)**	**(28,112)**

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, 2011

	In Millions			
	2011			2010
	Receipts	Disbursements	Net	Net
Operating Transactions	$	$	$	$
Surplus (deficit) for the year[1]			(309)	(1,864)
Non–cash items included in surplus (deficit):				
Amortization of tangible capital assets			1,980	1,906
Amortization of public debt deferred revenue and deferred charges			26	16
Concessionary loan adjustments (decreases)			15	(1)
Valuation adjustments			189	159
Net earnings of self–supported Crown corporations and agencies			(2,911)	(3,020)
Temporary investments decreases (increases)			82	136
Accounts receivable (increases) decreases			9	(90)
Due from other governments (increases) decreases			(86)	(420)
Due from self–supported Crown corporations and agencies decreases			(657)	8
Accounts payable (decreases)			382	(563)
Due to other governments increases (decreases)			233	121
Due to Crown corporations, agencies and trust funds (decreases)			6	(6)
Employee pension plans increases			34	50
Items applicable to future operations increases			544	467
Contributions of self–supported Crown corporations and agencies			3,198	1,996
Cash (used for) derived from operations			2,735	(1,105)
Capital Transactions				
Tangible capital assets (acquisitions)	76	(4,113)	(4,037)	(3,625)
Cash (used for) derived from capital	76	(4,113)	(4,037)	(3,625)
Investment Transactions				
Loans, advances and mortgages receivable (issues)	264	(473)	(209)	(137)
Other investments—net (increases)		(134)	(134)	(862)
Sinking fund investments—net decreases	(51)	(30)	(81)	805
Cash (used for) derived from investments	213	(637)	(424)	(194)
Sub–total cash (requirements)			(1,726)	(4,924)

Summary Financial Statements
Consolidated Statement of Cash Flow—Continued
for the Fiscal Year Ended March 31, 2011

	In Millions			
	2011			2010
	Receipts $	Disbursements $	Net $	Net $
Sub–total cash (requirements) carried forward from previous page...			(1,726)	(4,924)
Financing Transactions[2]				
Public debt increases	26,797	(23,372)	3,425	3,049
Derived from (used for) Warehouse Borrowing Program investment	(3,060)	3,060		2,076
(Used for) derived from purchase of assets, recoverable from agencies	(7,741)	6,263	(1,478)	(2,334)
Cash derived from (used for) financing	15,996	(14,049)	1,947	2,791
(Decrease) in cash and cash equivalents			221	(2,133)
Cash and cash equivalents—beginning of year			1,974	4,107
Cash and cash equivalents—end of year			**2,195**	**1,974**
Cash and cash equivalents are made up of:				
Cash			1,593	1,446
Cash equivalents			602	528
			2,195	**1,974**

[1]Interest received during the year was $864 million (2010: $959 million). Interest paid during the year was $2,288 million (2010: $2,228 million). Interest received is made up of interest income from the Statement of Operations in the amount of $859 million (2010: $957 million) plus the change in accrued interest receivable in the amount of $5 million (2010: $2 million). Interest paid is made up of interest expense from the Statement of Operations in the amount of $2,253 million (2010: $2,204 million) plus the change in accrued interest payable in the amount of $35 million (2010: $24 million).

[2]Financing 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, 2011

1. Significant Accounting Policies

(a) BASIS OF ACCOUNTING

The government's Summary Financial Statements are prepared in accordance with generally accepted accounting principles (GAAP) for senior governments as required by the *Budget Transparency and Accountability Act* (BTAA) and as recommended by the independent Public Sector Accounting Board.

(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 81 – 83. 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 138.

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 84 – 91. 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, 2011—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 other sector consists of those activities which cannot be otherwise allocated.

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.

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

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

1. Significant Accounting Policies—Continued

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 139. 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, 2011—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, where plans are in a net obligation position the province records a liability for its share. 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.

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.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

1. Significant Accounting Policies—Continued

(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).

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.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

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.

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:

	In Millions				
Program Area	Actual[1] Amount Recorded	Measurement Uncertainty Minimum	Measurement Uncertainty Maximum	Range Minimum	Range Maximum
	$	$	$	$	$
Liabilities					
Accounts Payable and Accrued Liabilities					
Litigation and Arbitration	167	157	177	(10)	10
Variability arises from uncertainty from the outcomes of litigation and arbitration.					
Crime Victim Assistance Program	180	172	189	(8)	9
Variability arises from use of actuarial estimates.					
Silviculture Liability	83	75	92	(8)	9
Variability arises from the estimation of remediation cost.					
Contaminated Sites	121	109	133	(12)	12
Variability arises from the estimation of remediation cost.					

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

2. Measurement Uncertainty—Continued

Program Area	Actual[1] Amount Recorded	Measurement Uncertainty Minimum	Measurement Uncertainty Maximum	Range Minimum	Range Maximum
	In Millions				
	$	$	$	$	$
Revenues					
Taxation					
Personal Income Tax	5,364	5,064	5,664	(300)	300
Harmonized Sales Tax	4,176	4,051	4,301	(125)	125
Contributions from the Federal Government					
Canada Health Transfer payments[2]	3,607	3,569	3,645	(38)	38
Canada Social Transfer payments[3]	1,485	1,474	1,496	(11)	11

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 25(b) with respect to the measurement uncertainty related to environmental remediation liabilities.

[1]Actual amount recorded for each program area may not represent the entire amount in the financial statement line item.
[2]Canada 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.
[3]Canada Social Transfer payments are transfers from the federal government based on the provincial share of national population figures.

3. Accounts Receivable

	2011	2010
	In Millions	
	$	$
Accounts receivable	1,971	1,717
Taxes receivable	916	1,302
Accrued interest	211	206
	3,098	3,225
Provision for doubtful accounts	(683)	(650)
	2,415	**2,575**

4. Inventories for Resale

	2011	2010
	In Millions	
	$	$
Properties	13	11
Miscellaneous	28	32
	41	**43**

Inventories for resale are charged to expense when sold. During the year, the total cost of sales was $155 million (2010: $163 million) including the effect of write–downs of $3 million (2010: $1 million) and the effect of reversals of write–downs of nil (2010: nil). Write–downs occurred due to obsolete materials no longer used, damaged goods, and reductions in the market value of goods.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

5. Due from Other Governments

	In Millions 2011	2010
	$	$
Government of Canada:		
Current	854	750
Long–term	53	81
Provincial governments:		
Current	14	15
Local governments:[1]		
Current	47	37
Long–term	11	10
	979	**893**

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

6. Due from Self–supported Crown Corporations and Agencies

	In Millions 2011	2010
	$	$
British Columbia Hydro and Power Authority	473	63
Insurance Corporation of British Columbia	276	
British Columbia Lottery Corporation	116	129
British Columbia Liquor Distribution Branch		14
Columbia Power Corporation		2
	865	**208**

See Statement of Financial Position for Self–supported Crown Corporations and Agencies on page 92 for details.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

7. Equity in Self–supported Crown Corporations and Agencies

	In Millions				
	2011				2010
	Investments $	Unremitted Earnings $	Other Comprehensive Income $	Total $	Total $
Insurance Corporation of British Columbia		3,116	464	3,580	3,755
British Columbia Hydro and Power Authority	20	2,787	73	2,880	2,674
Columbia Power Corporation	276	97		373	365
British Columbia Railway Company	107	(17)		90	253
Transportation Investment Corporation	150	(19)	(101)	30	111
Provincial Capital Commission		15		15	15
British Columbia Transmission Corporation					58
	553	**5,979**	**436**	**6,968**	**7,231**

Change in Equity in Self–supported Crown Corporations and Agencies

	Investments $	Unremitted Earnings $	Other Comprehensive Income $	Total 2011 $	Total 2010 $
Balance—beginning of year	553	6,266	412	7,231	5,738
Prior period adjustments					(10)
Balance—beginning of year restated	553	6,266	412	7,231	5,728
Increase (decrease) in other comprehensive income			24	24	479
Net earnings of self–supported Crown corporations and agencies		2,911		2,911	3,020
Contributions paid to the Consolidated Revenue Fund		(2,979)		(2,979)	(1,770)
Adjustments to contributions paid		(219)		(219)	(226)
Balance—end of year	**553**	**5,979**	**436**	**6,968**	**7,231**

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 92 – 93 for details.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

8. Loans, Advances and Mortgages Receivable

	In Millions	
	2011	2010
Loans and Advances	$	$
BC student loans	991	883
Land Tax Deferment loans	394	341
Construction loans to social housing projects	202	136
Industrial Development Fund commercial loans	12	33
Accountable advances	3	7
Miscellaneous	83	84
	1,685	1,484
Provision for doubtful accounts	(278)	(261)
	1,407	1,223
Mortgages Receivable		
Reconstruction Program	86	103
Miscellaneous	1	1
	87	104
Provision for doubtful accounts	(2)	
	85	104
	1,492	**1,327**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

8. Loans, Advances and Mortgages Receivable—Continued

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 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.

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 two years with interest rates from 2.56% to 3.95%.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

9. Other Investments

	In Millions 2011	2010
	$	$
Pooled investment portfolios	1,702	833
Equity investments	554	1,113
Provincial government bonds	482	519
Commercial loans and investments	315	304
Municipal, corporate and other bonds	249	296
Government of Canada bonds	134	135
British Columbia Ferry Services Inc	75	75
Miscellaneous	300	402
	3,811	**3,677**

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 $1,770 million (2010: $844 million).

Equity investments have a market value of $743 million (2010: $1,141 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 $31 million (2010: $5 million).

Provincial bonds of various provinces have a market value of $487 million (2010: $530 million), with yields ranging from 1.3% to 7.6%. Maturity dates range from January 1, 2012 to June 2, 2041.

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 $315 million (2010: $304 million) investment in power development joint ventures.

Municipal, corporate and other bonds have a market value of $246 million (2010: $304 million) with yields ranging from 0.0% to 10.65%. Maturity dates range from May 4, 2011 to June 1, 2041.

Government of Canada bonds have a market value of $136 million (2010: $136 million), with yields ranging from 1.0% to 5.34%. Maturity dates range from June 1, 2011 to December 1, 2041.

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 $309 million (2010: $409 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

10. Sinking Fund Investments

	In Millions 2011	2010
	$	$
Taxpayer–supported sinking fund investments	1,313	1,233
Self–supported sinking fund investments	97	96
	1,410	**1,329**

	In Millions 2011	2010
	$	$
Provincial government bonds	1,229	1,099
Local government bonds	155	223
Cash	16	
Pooled investment portfolios	10	6
Government of Canada bonds		1
	1,410	**1,329**

Provincial bonds of various provinces have a market value of $1,326 million (2010: $1,166 million), with yields ranging from 0.92% to 5.22%. Maturity dates range from June 2, 2011 to February 15, 2050.

Pooled investment portfolios have a market value of $10 million (2010: $6 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.

Local government bonds have a market value of $164 million (2010: $245 million), with yields ranging from 1.51% to 9.50%. Maturity dates range from April 10, 2011 to November 30, 2023. Local government bonds mainly consist of debt issued by the BC Municipal Financing Authority.

Government of Canada bonds have a market value of $0 million (2010: $0.5 million).

11. Loans for Purchase of Assets, Recoverable from Agencies

	In Millions 2011	2010
	$	$
British Columbia Hydro and Power Authority	11,700	10,782
Transportation Investment Corporation	1,148	544
British Columbia Lottery Corporation	85	60
Improvement districts	14	15
British Columbia Transmission Corporation		70
	12,947	**11,471**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

12. Accounts Payable and Accrued Liabilities

	In Millions 2011	In Millions 2010
	$	$
Accounts payable	2,455	2,065
Other accrued estimated liabilities[1]	1,739	1,626
Accrued employee leave entitlements (see table below)	1,684	1,839
Accrued interest on debt	569	535
	6,447	**6,065**

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

Accrued employee leave entitlements	In Millions 2011	In Millions 2010
	$	$
Retirement allowance	762	719
Vacation, compensatory time off, sick bank	670	703
Long–term disability	202	366
Worker compensation benefits	50	51
	1,684	**1,839**

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, 2011—Continued

13. Due to Other Governments

	In Millions 2011 $	2010 $
Government of Canada:		
Current	217	216
Long–term	547	504
Provincial governments:		
Current	22	23
Long–term	6	6
Local governments:[1]		
Current	266	76
	1,058	**825**

[1]Local 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 2011 $	2010 $
British Columbia Liquor Distribution Branch	9	
Trust funds	63	66
	72	**66**

15. Deferred Revenue

	In Millions 2011 $	2010 $
Petroleum, natural gas and minerals, leases and fees	4,355	4,389
Deferred contributions	2,846	2,552
Federal contributions	1,217	1,145
Federal and municipal infrastructure project revenues	992	666
Unearned lease revenue	540	398
Motor vehicle licences and permits	249	244
Tuition	151	143
Derivative debt instruments	97	148
Water rentals and recording fees	95	96
Medical Services Plan premiums	60	57
Forest Stand Management Fund	11	11
Miscellaneous	241	244
	10,854	**10,093**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

16. Employee Pension Plans

	In Millions 2011	2010
	$	$
Teachers' Pension Plan	84	50
Members of the Legislative Assembly Superannuation Account	3	3
	87	**53**

(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 $488 million (2010: $451 million), with estimated pension fund assets of $478 million (2010: $443 million), and an unamortized actuarial gain (loss) of $(12) million (2010: $(13) million). The accrued net asset is $2 million (2010: $5 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. 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 $4,342 million (2010: $3,668 million), with estimated pension fund assets of $3,753 million (2010: $3,404 million), and an unamortized actuarial gain (loss) of $(1,007) million (2010: $(666) million). The accrued net asset is $418 million (2010: $402 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, 2011—Continued

16. Employee Pension Plans—Continued

The College, Public Service, Municipal and Teachers' pension plans are joint trusteed plans. In joint trusteed 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 2010/11 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, 2011—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 31/08	Dec 31/09	Dec 31/08	Aug 31/09
Date of audited financial statements	Mar 31/10	Dec 31/09	Dec 31/09	Aug 31/10
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, 2011, 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	14,101	17,229	15,841	2,389	49,560
Pension fund assets	15,450	16,593	14,551	2,458	49,052
	(1,349)	636	1,290	(69)	508
Unamortized actuarial gain (loss)	(621)	(1,708)	(1,122)	(227)	(3,678)
Accrued net obligation (asset)	**(1,970)**	**(1,072)**	**168**	**(296)**	**(3,170)**

(e) The preliminary overall fund rates of return (loss) reported to the pension boards as at December 31, 2010 for each plan are: College Pension Plan 9.9% (2010: 12.5%), Public Service Pension Plan 10.0% (2010: 10.9%), Municipal Pension Plan 9.8% (2010: 10.8%), and Teachers' Pension Plan 9.6% (2010: 11.2%).

(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 $61 million (2010: $57 million), the Public Service Pension Plan $294 million (2010: $297 million), the Municipal Pension Plan $490 million (2010: $452 million), and the Teachers' Pension Plan $360 million (2010: $335 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

17. Taxpayer–supported Debt[1]

In Millions

	Year of Maturity	Canadian Dollar	US Dollar[2]	Japanese Yen[2]	Other Currencies[2]	2011 Canadian Dollar Total	2010 Canadian Dollar Total
		$	$	$	$	$	$
Short–term promissory notes	2011					0	3,534
	2012	2,570				2,570	0
Notes, bonds and debentures[3]	2011					0	2,655
	2012	2,565				2,565	2,535
	2013	685				685	678
	2014	1,669	578			2,247	2,210
	2015	2,108			84	2,192	2,183
	2016	225	1,500			1,725	60
	2017–2021	5,312			658	5,970	3,976
	2022–2026	3,980				3,980	3,930
	2027–2031	3,526			96	3,622	3,892
	2032–2036	1,621				1,621	1,563
	2037–2041	3,824				3,824	3,203
	2042–2046	1,894				1,894	478
	2047–2051	92				92	92
Capital leases	2012–2048	195				195	218
Total debt issued at face value		**30,266**	**2,078**	**0**	**838**	33,182	31,207
Unamortized discount						(61)	(51)
Unrealized foreign exchange gains (losses)						(8)	15
Amount held in the Consolidated Revenue Fund							(2)
Total taxpayer–supported debt						**33,113**	**31,169**

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

	2011	2010
2011	5.01%	
2010		5.28%

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

[2]A portion of the foreign currency denominated debt as at March 31, 2011 was hedged to Canadian dollars–US$1,600 million was fully hedged to CAD$1,655 million with the remaining US$300 million fully hedged to 36,075 million Japanese Yen (CAD$423 million); 700 million Swiss Francs was fully hedged to CAD$754 million; and, 527 million in Hong Kong dollars was fully hedged to CAD$84 million.

[3]Notes, bonds and debentures includes $1,801 million (2010: $1,564 million) in public private partnership obligations and $87 million (2010: $82 million) in other loans.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—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 (2010: $3,510 million) at a weighted average interest rate of 5.98% (2010: 6.56%). These debentures mature at various dates from April 10, 2011 to November 9, 2040 with interest rates varying between 2.71% and 10.04%. 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, $311 million (2010: $267 million) Canada Pension Plan debentures were issued.

Mortgages

Balances include mortgages totalling $304 million (2010: $309 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
	$
2012	2,414
2013	879
2014	2,298
2015	2,313
2016	1,679
2017–2050	17,928

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 thirty–eight years, with interest rates ranging between 1% and 11%.

Major leases include: PHH Vehicle Management Services Inc. of $21 million (2010: $33 million); health organizations of $115 million (2010: $121 million); post-secondary institutions of $44 million (2010: $46 million); and other entities in the government reporting entity of $15 million (2010: $18 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 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, 2011—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
	$
2012	27
2013	21
2014	16
2015	11
2016	12
2017–2049	265
Total minimum lease payments	352
Less imputed interest	(157)
Total capital lease liability	**195**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

18. Self–supported Debt[1,2]

				In Millions	
				2011	2010
	Year of Maturity	Canadian Dollar	US Dollar[3]	Canadian Dollar Total	Canadian Dollar Total
		$	$	$	$
Short–term promissory notes	2011			0	2,100
	2012	2,627	75	2,702	0
Notes, bonds and debentures	2011			0	150
	2012	450		450	450
	2013	200		200	200
	2014	500	290	790	790
	2015	325		325	325
	2016	150		150	150
	2017–2021	2,345	204	2,549	2,049
	2022–2026	926	589	1,515	1,522
	2027–2031	958		958	500
	2032–2036	950		950	950
	2037–2041	1,524	351	1,875	1,878
	2042–2046	100		100	0
	2047–2051	370		370	370
Total debt issued at face value		**11,425**	**1,509**	12,934	11,434
Unamortized premium				20	48
Unrealized foreign exchange gain				76	70
Total self–supported debt				**13,030**	**11,552**

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

2011	4.61%	
2010		4.79%

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

[2]Self–supported debt includes Warehouse Borrowing Program debt of nil (2010: nil).

[3]Foreign currency denominated debt as at March 31, 2011 includes US$1,274 million (CAD$1,509 million), of which US$1,047 million was fully hedged to CAD$1,289 million and US$227 million was unhedged (CAD$220 million).

Notes, bonds and debentures

Redeemable by the province

Balances include debentures issued to the Canada Pension Plan totalling $148 million (2010: $148 million) at a weighted average interest rate of 4.94% (2010: 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 (2010: $78 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—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
	$
2012	450
2013	200
2014	790
2015	325
2016	150
2017–2051	8,092

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, forward foreign exchange contracts, forward rate agreements, and advanced rate setting agreements. 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, 2011, based on the notional amounts of the contracts. The notional amounts of financial derivative 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, 2011—Continued

19. Risk Management and Derivative Financial Instruments—Continued

Taxpayer–supported Portfolios (Notional Values)

	In Millions					
	Year of Maturity	Cross Currency Swaps[1]	Interest Rate Swaps[1]	Advanced Rate Setting Agreements[1]	Forward Foreign Exchange Contracts	Total
		$	$	$	$	$
	2012		100	100	199	399
	2013		240			240
	2014	578	578			1,156
	2015	84				84
	2016	1,500	1,500			3,000
	2017–2021	658	312			970
	2022–2041	137	863			1,000
Total		**2,957**	**3,593**	**100**	**199**	**6,849**

[1]March 31, 2011, fair market valuation was an unrealized loss of $278 million (2010: $273 million) on cross–currency swaps, an unrealized gain of $234 million (2010: $187 million) on interest rate swaps, and an unrealized gain of $6 million (2010: $3 million loss) on advanced rate setting agreements. 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)

	In Millions					
	Year of Maturity	Cross Currency Swaps[2]	Interest Rate Swaps[2]	Advanced Rate Setting Agreements[2]	Forward Foreign Exchange Contracts[2]	Total
		$	$	$	$	$
	2012		450	427	76	953
	2013		200			200
	2014	290	930			1,220
	2015					0
	2016					0
	2017–2021		500		204	704
	2022–2041		500		719	1,219
Total		**290**	**2,580**	**427**	**999**	**4,296**

[2]March 31, 2011, fair market valuation was an unrealized loss of $98 million (2010: $89 million) on cross–currency swaps, an unrealized loss of $12 million (2010: $19 million gain) on interest rate swaps, an unrealized loss of $50 million (2010: $12 million) on advanced rate setting agreements and an unrealized loss of $83 million (2010: $73 million) 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, 2011—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 $23,453 million (2010: $22,338 million), allow floating rate exposure up to 45.00% (2010: 45.00%) of this portion of the taxpayer–supported debt. At March 31, 2011, floating rate debt exposure was 23.17% (2010: 27.35%) 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% (2010: 46.00%) of their debt that totals $11,710 million (2010: $10,782 million). At March 31, 2011, floating rate debt exposure for BC Hydro was 28.60% (2010: 28.70%) of their debt.

Based on the taxpayer–supported and self–supported debt portfolios at March 31, 2011, a one percent change in interest rates would impact the annual debt servicing expense by $52 million (2010: $52 million) for the taxpayer–supported debt portfolio and $37 million (2010: $31 million) for the self–supported debt portfolio.

At March 31, 2011, swap agreements relating to investments held by taxpayer–supported portfolios included interest rate swaps totalling $84 million (2010: $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 $23,453 million (2010: $22,338 million), allow unhedged foreign debt exposure up to 10% (2010: 10.00%) of this portion of the taxpayer–supported debt. At March 31, 2011, unhedged foreign debt exposure, in Japanese yen was 1.81% (2010: 1.76%) of the government direct debt portfolio.

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 5.00% (2010: 5.00%) of its debt, which totals $11,710 million (2010: $10,782 million). At March 31, 2011, 1.00% (2010: 1.20%) 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, 2011, 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 $2 million (2010: $1 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 (2010: $1 million).

At March 31, 2011, swap agreements relating to investments held by taxpayer–supported portfolios included cross–currency swaps totalling $41 million (2010: $41 million), and forward currency contracts $199 million (2010: nil).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

19. Risk Management and Derivative Financial Instruments—Continued

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. As per the policy guideline change adopted in 2010, the province only enters into derivative transactions with counterparties that have a rating from Standard & Poor's and Moody's Investors Service Inc. of at least A+/A1. Previously, the policy guideline allowed the province to enter into derivative transactions with counterparties that had a rating of AA-/Aa3. The province also establishes limits on individual counterparty credit exposures and monitors these exposures on a regular basis.

20. Net Liabilities

The Consolidated Statement of Change in Net Liabilities (*see* page 41) 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	
	2011	2010
	$	$
Land and land improvements	4,171	4,015
Buildings (including tenant improvements)	16,962	15,440
Highway infrastructure	8,561	7,999
Transportation equipment	1,824	1,896
Computer hardware and software	1,018	1,137
Other	1,854	1,853
	34,390	**32,340**

See Consolidated Statement of Tangible Capital Assets on page 94.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

21. Tangible Capital Assets—Continued

The estimated useful lives of the more common tangible capital assets are: buildings (5–70 years); highway infrastructure (15–40 years); transportation equipment (including ferries and related infrastructure) (2–25 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 2–40 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 $713 million (2010: $746 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 $838 million (2010: $866 million).

22. Prepaid Program Costs

	In Millions	
	2011	2010
	$	$
Prepaid program costs	**633**	**567**

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, 2011, the total inventories held for use or consumption was $272 million (2010: $299 million). During the year, the total expense due to the consumption of inventories was $1,129 million (2010: $1,110 million) including the effect of write–downs of $14 million (2010: nil) and the effect of reversals of write–downs of nil (2010: nil).

23. Other Assets

	In Millions	
	2011	2010
	$	$
Deferred debt instrument costs	389	271
Other deferred costs	57	51
	446	**322**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

24. Accumulated Surplus (Deficit)

	In Millions 2011	2010
	$	$
Accumulated surplus (deficit)—before other comprehensive income—beginning of year as previously reported[1]	4,860	6,639
Adjustments to accumulated surplus (deficit)[2,3]	(155)	(70)
Accumulated surplus (deficit)—beginning of year as restated	4,705	6,569
Surplus (deficit) for the year[4]	(309)	(1,864)
Accumulated surplus (deficit)—before other comprehensive income	**4,396**	**4,705**
Accumulated other comprehensive income from self–supported Crown corporations and agencies (see page 93)—beginning of year	412	(67)
Other comprehensive income from self–supported Crown corporations and agencies (see page 93)	24	479
Accumulated other comprehensive income from self–supported Crown corporations and agencies (see page 93)—end of year	**436**	**412**
Accumulated surplus (deficit)—end of year	**4,832**	**5,117**

[1]The opening accumulated surplus (deficit) figures for April 1, 2010 and April 1, 2009 are reported before accumulated other comprehensive income.

[2]During 2010/11, adjustments were made to the opening accumulated surplus for 2009/10 as follows:

Restatement of University of British Columbia investment recognition for endowment funds	(54)
Restatement of debt issue costs	(22)
Restatement of sick and severance liability for Hospital Societies	6
Total	(70)

[3]During 2010/11, adjustments were made to the opening accumulated surplus for 2010/11 for the following items:

Restatement of University of British Columbia investment recognition for endowment funds	(72)
Restatement of debt issue costs	(57)
Restatement of School District No. 93 land and building addition	(33)
Restatement of Vancouver Coastal Health Authority deferred capital contributions	(23)
To recognize prior year balances for new organizations included in operations	24
Restatement of sick and severance liability for Hospital Societies	6
Total	(155)

[4]During 2010/11, adjustments were made to the reported surplus figure for the 2009/10 fiscal year as follows:

Restatement of University of British Columbia investment recognition for endowment funds	(18)
Restatement of debt issue costs	(35)
Restatement of School District No. 93 land and building additions	(33)
Restatement of Vancouver Coastal Health Authority deferred capital contributions	(23)
To recognize prior year balances for new organizations included in operations	24
Total	(85)

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

25. Contingencies and Contractual Obligations

(a) GUARANTEED DEBT

The authorized limit for loans guaranteed by the province as at March 31, 2011 was $405 million (2010: $406 million). These guarantees include amounts where indemnities have been made for explicit quantifiable loans. Guaranteed debt as at March 31, 2011, totalled $58 million (2010: $88 million). See Consolidated Statement of Guaranteed Debt on page 95 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	
	2011	2010
	$	$
Property access disputes	56	5
Tax disputes	49	32
Damage to persons or property	22	25
Negligence and miscellaneous	19	3
Contract disputes	14	17
	160	**82**

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, 2011 was $131 million (2010: $128 million).

Tax Appeals

The province has received appeals under various tax statutes totalling $105 million (2010: $91 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 $136 million (2010: $139 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 (2010: $12 million) as at March 31, 2011. In addition, the Ministry of Energy and Mines has determined possible net liabilities of approximately $663 million (2010: $594 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, 2011—Continued

25. 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, 2011, 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, 2011, 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

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, 2011 was approximately $422 million (2010: $397 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.

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

(i) The Insurance Corporation of British Columbia (ICBC) settles most serious injury claims through the use of structured settlements which require ICBC to provide claimants with periodic payments, usually for a lifetime. ICBC has purchased annuities from approved life insurance companies to make these payments, and in the event a life insurance company fails in its obligation, ICBC becomes responsible for the annuity payments. To date, ICBC has not experienced any losses resulting from these arrangements, nor are any anticipated. The present value of these settlements at December 31, 2010, was approximately $1.01 billion (2009: $0.96 billion).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

25. Contingencies and Contractual Obligations—Continued

(ii) The BC Transportation Financing Authority has contingent liabilities of $102 million (2010: $101 million) remaining after deducting the estimated settlement expense currently accrued from gross claims and environmental issues outstanding for capital projects.

(iii) 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.

(iv) 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.

(v) The British Columbia Railway Corporation (BCRC) and BCR Properties Ltd. completed a transaction with Canadian National Railway Company (CN) on July 14, 2004. As a result of the transaction, the province and BCRC have provided commercial indemnities to CN with respect to the transaction and indemnities related to income tax attributes of BCRC at closing. As at March 31, 2011, the maximum present value (calculated at 9%) of amounts payable under the tax indemnities related to income tax attributes (excluding any reimbursement of professional fees, tax arrears, interest on taxes payable, if any, on indemnity payments) is approximately $654 million (2010: $600 million). These indemnities remain in effect until ninety days after the last date on which a tax assessment or reassessment can be issued in respect of the income tax attributes. The final period for tax reassessment will be 2015/16 at which time the contingent liability will be removed. Management believes it is unlikely that the province or BCRC will ultimately be held liable for any amounts under the commercial and tax indemnities.

(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, 2011—Continued

25. 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/pubs.htm.

	In Millions						
	2012	2013	2014	2015	2016	2017 and beyond	Total
Consolidated Revenue Fund and Taxpayer–supported Crown corporations and agencies	$	$	$	$	$	$	$
Health	1,842	710	561	426	327	5,280	9,146
Education	289	2					291
Social services	246	17	7	1			271
Other	676	375	353	327	326	2,283	4,340
Transportation	1,456	876	751	393	320	10,519	14,315
Protection of persons and property	313	23	22	21	22	19	420
General government	518	437	405	214	191	489	2,254
Natural resources and economic development	237	90	61	42	36	197	663
	5,577	2,530	2,160	1,424	1,222	18,787	31,700
Self–supported Crown corporations and agencies							
Transportation	569	480	65				1,114
General government	32	30	27	23	20	68	200
Natural resources and economic development	2,425	1,759	1,577	1,483	1,438	38,475	47,157
	3,026	2,269	1,669	1,506	1,458	38,543	48,471
Total	**8,603**	**4,799**	**3,829**	**2,930**	**2,680**	**57,330**	**80,171**

26. Restricted Assets

	In Millions	
	2011	2010
	$	$
Endowment funds of universities and colleges	**1,280**	**1,225**

Donors have placed restrictions on their contributions to the endowment funds of universities and colleges. 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.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

27. Taxation Revenue

	In Millions 2011	2010
	$	$
Personal income	5,361	5,529
Harmonized sales	4,176	
Property	1,918	1,885
Corporate income	1,658	1,317
Social service	1,330	4,765
Other	3,754	3,606
	18,197	**17,102**

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 $94.8 million (2010: $135.8 million) and corporate income tax were $422.0 million (2010: $352.0 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 $139.1 million (2010: $127.6 million) for the BC Tax Reduction and by $166.9 million for the low income climate action tax credit (2010: $153.0 million) and by $213.8 million for the BC Harmonized Sales Tax credit which was implemented July 1, 2010.

Personal income tax revenue was further reduced by $6.0 million (2010: $8.2 million), representing that portion of the Family Bonus program payments that effectively reduce recipients' tax liability.

Corporate income tax refunds are issued under the *International Business Activity Act* and the refunds were $22.7 million (2010: $19.5 million).

Property tax revenue was recorded net of home owner grants of $717.0 million (2010: $687.0 million).

28. Natural Resource Revenue

	In Millions 2011	2010
	$	$
Petroleum, natural gas and minerals	1,749	1,694
Forests	437	387
Water and other	541	565
	2,727	**2,646**

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 $469.3 million (2010: $444.6 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

29. Expense

Total Expense by Group Account Classification	In Millions 2011 $	2010 $
Salaries and benefits	15,921	15,766
Government transfers	9,823	8,984
Operating costs	9,577	9,608
Interest[1]	2,253	2,204
Amortization	1,980	1,906
Other	681	864
	40,235	**39,332**

[1]Includes foreign exchange loss amortization of $9 million (2010: loss amortization of $2 million).

30. Valuation Allowances

	In Millions 2011 $	2010 $
Accounts receivable	151	125
Loans, advances and mortgages receivable	29	
Tangible capital assets	7	34
Inventories for resale	2	
	189	**159**

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 Administration

	In Millions 2011 $	2010 $
Public Guardian and Trustee of British Columbia[1] —administered by government officials	831	787
Supreme and provincial court (Suitors' Funds) —administered by the Courts	66	66
Credit Union Deposit Insurance Corporation of British Columbia[2] —administered by various government officials and a non–government investment corporation	335	307
Other trust funds[3] —administered by various government officials	161	131
	1,393	**1,291**

[1]Public Guardian and Trustee of British Columbia information is draft and unaudited as at March 31, 2011.
[2]Credit Union Deposit Insurance Corporation of British Columbia financial statements are draft and unaudited as at March 31, 2011.
[3]The 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, 2011—Continued

32. Significant Events

Harmonized Sales Tax

The province received $769 million (2010: $250 million) from the federal government for transitional funding related to 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, 2011*, presented to the Legislative Assembly March 2, 2010.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—Continued

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 24.

35. Asset Retirement Obligations[1]

	In Millions 2011	In Millions 2010
Consolidated Revenue Fund and Taxpayer–supported Crown corporations and agencies	$	$
Health	12	13
Education	9	10
Natural resources and economic development	7	6
Other	3	3
	31	**32**
Self–supported Crown corporations and agencies		
Natural resources and economic development	44	58
Transportation	36	34
	80	**92**
	111	**124**

[1]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. Additional asset retirement obligation costs exist which have not been recognized because they cannot be reasonably estimated at this time.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2011—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	
	2011	2010
	$	$
Financial assets	73	71
Liabilities	103	102
Net liabilities	**(30)**	**(31)**
Non–financial assets	48	47
Accumulated surplus (deficit)	**18**	**16**

Consolidated Statement of Operations	In Millions	
	2011	2010
	$	$
Revenue	156	150
Expenses	(154)	(149)
Surplus (deficit) for the year	**2**	**1**
Accumulated surplus (deficit)—beginning of year	16	15
Accumulated surplus (deficit)—end of year	**18**	**16**

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, 2011 of $2,160 million (2010: $1,713 million). Regulatory accounting resulted in an increase to net income for BC Hydro for the year ended March 31, 2011 of $447 million (2010: $695 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, 2011

TAXPAYER–SUPPORTED CROWN CORPORATIONS AND AGENCIES
(GOVERNMENT ORGANIZATIONS)
RECORDED ON A CONSOLIDATED BASIS

Consolidated Revenue Fund[1]

Health Sector

- BC Academic Health Council
- British Columbia Health Services Purchasing Organization[2]
- Bella Coola General Hospital
- Canadian Blood Services[3]
- 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
- Shared Services Organization Administration Society[4]
- 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
- Institute of Indigenous Government[5]
- 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, 2011—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
Thompson Rivers University
The University of British Columbia
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–Kitamaat Development Fund Society
Oil and Gas Commission
Pacific Carbon Trust
Partnerships British Columbia Inc
Tourism British Columbia[6]

Transportation Sector

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

Protection of Persons and Property

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, 2011—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[2]
Community Social Services Employers' Association[2]
First Peoples' Heritage, Language and Culture Council
Health Employers Association of British Columbia[2]
Homeowner Protection Office[6]
Post–Secondary Employers' Association[2]
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[7]
British Columbia Hydro and Power Authority[7]
British Columbia Liquor Distribution Branch[8]
British Columbia Lottery Corporation[8]
British Columbia Railway Company[9]
British Columbia Transmission Corporation[7]
Columbia Power Corporation[7]
Insurance Corporation of British Columbia[10]
Provincial Capital Commission[11]
Transportation Investment Corporation[9]

[1]The Consolidated Revenue Fund has been allocated to the appropriate sector on the Consolidated Statement of Financial Position by Sector (page 84) and on the Consolidated Statement of Operations by Sector (page 88).

[2]These organizations were included in operations for the first time during the fiscal year.

[3]This 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.

[4] During the fiscal year this organization was wound up to become part of the Provincial Health Services Authority.

[5]This organization wound up operations during the fiscal year.

[6]During the fiscal year these organizations were wound up to become part of the Consolidated Revenue Fund and/or other taxpayer-supported organizations.

[7]These organizations were included in the Natural Resources and Economic Development Sector results. During the fiscal year, British Columbia Transmission Corporation was consolidated with British Columbia Hydro and Power Authority to form a single organization operating as British Columbia Hydro and Power Authority.

[8]These organizations were included in the General Government Sector results.

[9]These organizations were included in the Transportation Sector results.

[10]This organization was included in the Protection of Persons and Property Sector results.

[11]This organization was included in the Other Sector results.

Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Financial Position by Sector
as at March 31, 2011

In Millions

	Health		Education		Social Services		Debt Servicing[1]		Other[2]	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Financial Assets	$	$	$	$	$	$	$	$	$	$
Cash and cash equivalents	560	367	1,246	1,219	4	8	32	(46)	87	113
Temporary investments	298	277	340	398	10	11			81	92
Accounts receivable	279	258	395	237	58	57	245	229	39	38
Inventories for resale	1	1	28	28						
Due from the Province of British Columbia	1	1	8	7	1	3			4	1
Due from other governments	112	59	84	74	25	24			109	47
Due from self–supported Crown corporations and agencies										
Equity in self–supported Crown corporations and agencies									15	15
Loans, advances and mortgages receivable	13	8	777	699					288	240
Other investments	121	132	2,713	2,640	4	4	9	9	436	424
Sinking fund investments			84	74			1,410	1,329		
Loans for purchase of assets, recoverable from agencies							18,503	16,389		
	1,385	1,103	5,675	5,376	102	107	20,199	17,910	1,059	970

Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Financial Position by Sector—Continued
as at March 31, 2011

In Millions

	Transportation		Protection of Persons and Property		General Government [3]		Natural Resources and Economic Development		Adjustments[4]		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Financial Assets	$	$	$	$	$	$	$	$	$	$	$	$
Cash and cash equivalents	142	145	27	22	(116)	(62)	213	208			2,195	1,974
Temporary investments			18	18			154	187			901	983
Accounts receivable	66	63	87	84	968	1,352	376	339	(98)	(82)	2,415	2,575
Inventories for resale			2	2	3	4	7	8			41	43
Due from the Province of British Columbia	40	2					1	9	(55)	(23)	0	0
Due from other governments	135	49	105	50	306	508	103	82			979	893
Due from self–supported Crown corporations and agencies			276		116	143	473	65			865	208
Equity in self–supported Crown corporations and agencies	120	364	3,580	3,755			3,253	3,097			6,968	7,231
Loans, advances and mortgages receivable			1	1	395	341	259	217	(241)	(179)	1,492	1,327
Other investments	76	76					452	392			3,811	3,677
Sinking fund investments	846	671							(930)	(745)	1,410	1,329
Loans for purchase of assets, recoverable from agencies									(5,556)	(4,918)	12,947	11,471
	1,425	1,370	4,096	3,932	1,672	2,286	5,291	4,604	(6,880)	(5,947)	34,024	31,711

Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Financial Position by Sector—Continued as at March 31, 2011

In Millions

	Health		Education		Social Services		Debt Servicing[1]		Other[2]	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Liabilities	$	$	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	2,200	2,137	1,315	1,159	116	138	560	522	156	167
Due to other governments	50	44	16	18					110	54
Due to Crown corporations, agencies and trust funds	12	8	1	1					63	67
Due to the Province of British Columbia					7	7			1	2
Deferred revenue	1,780	1,674	2,338	1,922	4	1	97	148	207	231
Employee pension plans			84	50						
Taxpayer–supported debt	1,101	912	904	914	4	6	30,154	28,413	329	331
Self–supported debt							13,030	11,552		
	5,143	4,775	4,658	4,064	131	152	43,841	40,635	866	852
Net assets (liabilities)	(3,758)	(3,672)	1,017	1,312	(29)	(45)	(23,642)	(22,725)	193	118
Non–financial Assets										
Tangible capital assets	6,032	5,655	12,456	11,762	99	88			1,150	936
Prepaid program costs	192	227	51	34	2	4			62	24
Other assets	33	28	21	21			334	254		
	6,257	5,910	12,528	11,817	101	92	334	254	1,212	960
Accumulated surplus (deficit)	**2,499**	**2,238**	**13,545**	**13,129**	**72**	**47**	**(23,308)**	**(22,471)**	**1,405**	**1,078**

Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Financial Position by Sector—Continued
as at March 31, 2011

In Millions

	Transportation		Protection of Persons and Property		General Government [3]		Natural Resources and Economic Development		Adjustments[4]		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Liabilities	$	$	$	$	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	401	288	284	290	879	847	669	617	(133)	(100)	6,447	6,065
Due to other governments	106	133	83	87	544	479	149	10			1,058	825
Due to Crown corporations, agencies and trust funds					10				(14)	(10)	72	66
Due to the Province of British Columbia								1	(8)	(10)	0	0
Deferred revenue	1,209	818	338	374	13	14	4,868	4,911			10,854	10,093
Employee pension plans					3	3					87	53
Taxpayer–supported debt	6,803	6,040	4	6	2	3	550	396	(6,738)	(5,852)	33,113	31,169
Self–supported debt											13,030	11,552
	8,519	7,279	709	757	1,451	1,346	6,236	5,935	(6,893)	(5,972)	64,661	59,823
Net assets (liabilities)	(7,094)	(5,909)	3,387	3,175	221	940	(945)	(1,331)	13	25	(30,637)	(28,112)
Non–financial Assets												
Tangible capital assets	11,515	10,929	49	54	829	828	2,273	2,101	(13)	(13)	34,390	32,340
Prepaid program costs	2	2	2	1	165	134	157	141			633	567
Other assets	69	41					2	2	(13)	(24)	446	322
	11,586	10,972	51	55	994	962	2,432	2,244	(26)	(37)	35,469	33,229
Accumulated surplus (deficit)	**4,492**	**5,063**	**3,438**	**3,230**	**1,215**	**1,902**	**1,487**	**913**	**(13)**	**(12)**	**4,832**	**5,117**

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

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

[3] Includes 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.

[4] Represents 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, 2011

In Millions

	Health		Education		Social Services		Debt Servicing[1]		Other[2]	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	$	$	$	$	$	$	$	$	$	$
Taxation									76	74
Contributions from the federal government	116	167	1,009	1,067	67	62			239	210
Fees and licences	2,081	1,897	1,391	1,273					12	17
Natural resources										
Contributions from the provincial government/ self–supported Crown corporations and agencies	42	41	194	197	15	14			34	20
Miscellaneous	857	779	1,241	1,222	22	13	1		93	125
Investment income	3	14	122	180	2	2	871	866	21	18
Total revenue	**3,099**	**2,898**	**3,957**	**3,939**	**106**	**91**	**872**	**866**	**475**	**464**

Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Operations by Sector—Continued for the Fiscal Year Ended March 31, 2011

In Millions

	Transportation		Protection of Persons and Property		General Government [3]		Natural Resources and Economic Development		Adjustments[4]		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	$	$	$	$	$	$	$	$	$	$	$	$
Taxation	506	488			17,615	16,486		54			18,197	17,102
Contributions from the federal government	64	34	277	139	5,948	5,124	277	114			7,997	6,917
Fees and licences	51	53	720	689	73	84	117	107			4,445	4,120
Natural resources							2,727	2,646			2,727	2,646
Contributions from the provincial government/ self–supported Crown corporations and agencies	13	8	323	601	1,986	1,947	618	486	(314)	(294)	2,911	3,020
Miscellaneous	132	83	161	161	238	296	110	93	(65)	(66)	2,790	2,706
Investment income	47	39	1	1	3	2	36	45	(247)	(210)	859	957
Total revenue	813	705	1,482	1,591	25,863	23,939	3,885	3,545	(626)	(570)	39,926	37,468

Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Operations by Sector—Continued for the Fiscal Year Ended March 31, 2011

In Millions

	Health		Education		Social Services		Debt Servicing[1]		Other[2]	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Expense	$	$	$	$	$	$	$	$	$	$
Salaries and benefits	6,136	6,029	7,548	7,444	380	380			150	151
Government transfers	4,375	4,072	1,090	1,093	2,236	2,115			961	938
Operating costs	5,064	4,890	1,730	1,752	768	867			58	142
Interest	41	38	52	54			2,113	2,052	12	13
Amortization	551	539	652	626	16	17			36	35
Other	252	179	178	182	33	27			15	184
Operating expense	16,419	15,747	11,250	11,151	3,433	3,406	2,113	2,052	1,232	1,463
Surplus (deficit) for the Fiscal Year ended March 31	(13,320)	(12,849)	(7,293)	(7,212)	(3,327)	(3,315)	(1,241)	(1,186)	(757)	(999)

Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Operations by Sector—Continued for the Fiscal Year Ended March 31, 2011

In Millions

	Transportation		Protection of Persons and Property		General Government [3]		Natural Resources and Economic Development		Adjustments[4]		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Expense	$	$	$	$	$	$	$	$	$	$	$	$
Salaries and benefits	152	153	662	658	345	364	548	587			15,921	15,766
Government transfers	130	139	614	578	9	7	617	259	(209)	(217)	9,823	8,984
Operating costs	763	687	172	291	454	78	573	905	(5)	(4)	9,577	9,608
Interest	272	246					10	10	(247)	(209)	2,253	2,204
Amortization	499	465	19	20	106	105	101	99			1,980	1,906
Other	38	33	24	18	137	233	169	148	(165)	(140)	681	864
Operating expense	1,854	1,723	1,491	1,565	1,051	787	2,018	2,008	(627)	(570)	40,235	39,332
Surplus (deficit) for the Fiscal Year ended March 31	(1,041)	(1,018)	(9)	26	24,812	23,152	1,867	1,537	1	0	(309)	(1,864)

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

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

[3]Includes 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.

[4]Represents 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 Agencies[1]
as at March 31, 2011

In Millions

	Other[2]	Natural Resources and Economic Development[3]	Protection of Persons and Property[4]	Transpor–tation[5]	General Government[6]	2011 Total	2010 Total[7]
Assets	$	$	$	$	$	$	$
Cash and cash equivalents		53	20	176	78	327	434
Accounts receivable	1	579	1,141	12	38	1,771	1,795
Inventories		128		22	93	243	241
Other investments	2	175	11,475	72		11,724	11,429
Tangible capital assets	20	15,884	132	1,996	237	18,269	16,086
Other assets		3,130	344	20	46	3,540	3,617
Total Assets	**23**	**19,949**	**13,112**	**2,298**	**492**	**35,874**	**33,602**
Liabilities							
Accounts payable and accrued liabilities	2	2,788	7,476	562	291	11,119	10,731
Deferred revenue	6	1,700	1,780	314		3,800	3,833
Due to Province of British Columbia		473	276		116	865	208
Debt due to Province of British Columbia		11,644		1,302		12,946	11,437
Other debt		91			85	176	162
	8	16,696	9,532	2,178	492	28,906	26,371
Equity							
Investment by the Consolidated Revenue Fund		296		257		553	553
Other comprehensive income		73	464	(101)		436	412
Unremitted earnings—end of year	15	2,884	3,116	(36)		5,979	6,266
	15	3,253	3,580	120	0	6,968	7,231
Total Liabilities and Equity	**23**	**19,949**	**13,112**	**2,298**	**492**	**35,874**	**33,602**

[1] These 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.
[2] Provincial Capital Commission.
[3] British Columbia Hydro and Power Authority, British Columbia Transmission Corporation, Columbia Power Corporation and BCIF Management Ltd.
[4] Insurance Corporation of British Columbia.
[5] British Columbia Railway Company and Transportation Investment Corporation.
[6] British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation.
[7] British Columbia Hydro and Power Authority made a revision to prior year for a change in presentation of costs based on the nature of revenues and expenditures and net of regulatory account transfers with no change to net income for 2009/10. In the prior year the aggregate impact of regulatory accounting was shown on a single line whereas in the current year the impact of regulation is netted against the corresponding expense or revenue line item in the statement of operations. These changes have resulted in assets decreasing by $104 million, liabilities decreasing by $104 million, revenues increased by $206 million, and expenses increased by $206 million.

Supplementary Statement to the Summary Financial Statements Summary of Results of Operations and Statement of Equity for Self–supported Crown Corporations and Agencies[1] for the Fiscal Year Ended March 31, 2011

In Millions

	Other[2]	Natural Resources and Economic Development[3]	Protection of Persons and Property[4]	Transpor–tation[5]	General Government[6]	2011 Total	2010 Total[8]
	$	$	$	$	$	$	$
Revenue	3	4,137	4,246	31	5,511	13,928	14,032
Expense	3	3,538	3,923	28	3,525	11,017	11,012
Net earnings of self–supported Crown corporations and agencies	0	599	323	3	1,986	2,911	3,020
Contributions paid to the Consolidated Revenue Fund		(463)	(576)	(173)	(1,767)	(2,979)	(1,770)
Adjustments to contributions[7]					(219)	(219)	(226)
Increase (decrease) in unremitted earnings in self–supported Crown corporations and agencies	0	136	(253)	(170)	0	(287)	1,024
Unremitted earnings—beginning of year	15	2,748	3,369	134		6,266	5,252
Adjustments to unremitted earnings						0	(10)
Unremitted earnings—end of year	15	2,884	3,116	(36)	0	5,979	6,266
Accumulated other comprehensive income—beginning of year		53	386	(27)		412	(67)
Other comprehensive income		20	78	(74)		24	479
Accumulated other comprehensive income—end of year	0	73	464	(101)	0	436	412
Investment by the Consolidated Revenue Fund		296		257		553	553
Equity in self–supported Crown corporations and agencies for the year	**15**	**3,253**	**3,580**	**120**	**0**	**6,968**	**7,231**

[1] These 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.
[2] Provincial Capital Commission.
[3] British Columbia Hydro and Power Authority, British Columbia Transmission Corporation, Columbia Power Corporation, and BCIF Management Ltd.
[4] Insurance Corporation of British Columbia.
[5] British Columbia Railway Company and Transportation Investment Corporation.
[6] British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation.
[7] The adjustments are for British Columbia Lottery Corporation transfers to charities and local governments, which is shown as a recovery by the Consolidated Revenue Fund.
[8] British Columbia Hydro and Power Authority made a revision to prior year for a change in presentation of costs based on the nature of revenues and expenditures and net of regulatory account transfers with no change to net income for 2009/10. In the prior year the aggregate impact of regulatory accounting was shown on a single line whereas in the current year the impact of regulation is netted against the corresponding expense or revenue line item in the statement of operations. These changes have resulted in assets decreasing by $104 million, liabilities decreasing by $104 million, revenues increased by $206 million, and expenses increased by $206 million.

Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Tangible Capital Assets[1]
for the Fiscal Year Ended March 31, 2011

In Millions

	Land and Land Improvements	Building	Highway Infrastruc–ture	Transport – ation Equipment	Computer Hardware/ Software	Other[3]	2011 Total	2010 Total
Historical Cost[2]	$	$	$	$	$	$	$	$
Opening Cost	4,207	23,585	14,478	2,856	2,984	5,512	53,622	50,616
Additions	198	2,174	1,019	37	233	452	4,113	3,727
Disposals and valuation adjustments	(31)	(60)	(75)	(16)	(200)	(297)	(679)	(721)
	4,374	25,699	15,422	2,877	3,017	5,667	57,056	53,622
Accumulated Amortization								
Opening balance	(192)	(8,145)	(6,479)	(960)	(1,847)	(3,659)	(21,282)	(19,961)
Amortization expense	(14)	(657)	(423)	(107)	(327)	(452)	(1,980)	(1,906)
Effect of disposals and valuation adjustments	3	65	41	14	175	298	596	585
	(203)	(8,737)	(6,861)	(1,053)	(1,999)	(3,813)	(22,666)	(21,282)
Net book value for the year ended March 31, 2011	**4,171**	**16,962**	**8,561**	**1,824**	**1,018**	**1,854**	**34,390**	
Net book value for the year ended March 31, 2010	**4,015**	**15,440**	**7,999**	**1,896**	**1,137**	**1,853**		**32,340**

[1]This statement includes assets that are held on capital leases at March 31, 2011 at a gross value of $419 million less accumulated amortization of $(201) million for a net book value totalling $218 million (2010: gross value of $428 million less accumulated amortization of $(178) million for a net book value of $250 million) comprised of: heavy equipment gross $5 million less accumulated amortization $(2) million for a net book value of $3 million (2010: gross $5 million less accumulated amortization $(2) million for a net book value of $3 million); vehicles gross $79 million less accumulated amortization $(55) million for a net book value of $24 million (2010: gross $83 million less accumulated amortization $(46) million for a net book value of $37 million); computer hardware/software gross $148 million less accumulated amortization $(102) million for a net book value of $46 million (2010: gross $145 million less accumulated amortization $(89) million for a net book value of $56 million); buildings gross $157 million less accumulated amortization $(18) million for a net book value of $139 million (2010: gross $156 million less accumulated amortization $(14) million for a net book value $142 million); ferries gross $0 million less accumulated amortization $0 million for a net book value of $0 million (2010:gross $6 million less accumulated amortization $(1) million for a net book value of $5 million) and other assets gross $30 million less accumulated amortization $(24) million for a net book value of $6 million (2010: gross $33 million less accumulated amortization $(26) million for a net book value of $7 million).

[2]Historical cost includes work–in–progress at March 31, 2011 totalling $3,870 million (2010: $2,802 million) comprised of: buildings $2,417 million (2010: $1,794 million); land improvements $24 million (2010: $41 million); highway infrastructure $1,097 million (2010: $617 million); transportation equipment $37 million (2010: $18 million); computer hardware/software $201 million (2010: $309 million); and specialized equipment $94 million (2010: $23 million). Work–in–progress is not amortized. Work–in–progress includes capitalized interest expense at March 31, 2011 totalling $13 million (2010:: $22 million).

[3]"Other" at net book value includes office furniture and equipment $650 million (2010: $697 million), vehicles $70 million (2010: $86 million), machinery $947 million (2010: $874 million) and miscellaneous $187 million (2010: $196 million).

Supplementary Statement to the Summary Financial Statements Consolidated Statement of Guaranteed Debt as at March 31, 2011

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 SUCH[1] sector entities.

	In Millions			
	2011		2010	
Taxpayer–supported Guaranteed Debt	Maximum Guarantee Authorized $	Net Outstanding $	Maximum Guarantee Authorized $	Net Outstanding $
Government services:				
Homeowner Protection Act loan guarantees[2]	375	45	375	72
Subtotal, government services	375	45	375	72
Health and education:				
Financial Administration Act student aid loans	3	3	3	3
SUCH[1] sector loan guarantees	1		1	
Subtotal, health and education	4	3	4	3
Economic development:				
Columbia Basin Trust joint venture co–venturer debt	5	5	5	5
Financial Administration Act:				
Feeder Association Loan Guarantees Program	10	2	10	2
Home Mortgage Assistance Program Act mortgages	1	1	2	2
Subtotal, economic development	16	8	17	9
Total taxpayer–supported guaranteed debt	395	56	396	84
Self–supported Guaranteed Debt				
Total self–supported guaranteed debt[3]	10	10	10	10
Grand total, all guaranteed debt	405	66	406	94
Provision for probable payout		(8)		(6)
Net total, all guaranteed debt	**405**	**58**	**406**	**88**

[1]School 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.

[3]The government has unconditionally guaranteed the payment of principal and interest for $10 million (2010: $10 million) of debentures issued to the Canada Pension Plan Investment Fund that matures on August 9, 2024 with a coupon rate of 5.54%.