COLUMBIA BASIN TRUST

CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2012

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RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying consolidated financial statements and all of the information contained in the Annual Report. The financial statements have been prepared in accordance with Canadian public sector accounting standards and include amounts that are based on estimates and judgements. Management believes that the financial statements fairly present CBT's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgements relating to matters not concluded by fiscal year end, is the responsibility of management. The financial statements have been approved by CBT's Board of Directors.

Management has established and maintained appropriate systems of internal control which are designed to provide reasonable assurance that CBT's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of financial statements. These systems include formal written policies and appropriate delegation of authority and segregation of responsibilities within the organization.

The independent external auditors, Yule Anderson, Chartered Accountants, have been appointed by CBT's Board of Directors, to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, CBT's financial position, results of operations, changes in net assets and cash flows in conformity with Canadian public sector accounting standards. The Auditor's report follows and outlines the scope of their examination and their opinion on the consolidated financial statements.

The Board of Directors, through the Finance and Audit Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Finance and Audit Committee, comprised of directors who are not employees, meets regularly with the external auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Directors. The external auditors have full and open access to the Finance and Audit Committee, with and without the presence of management.

Neil Muth
President & Chief Executive Officer

Christine Lloyd
Director, Finance & Operations

INDEPENDENT AUDITOR'S REPORT

To the Directors of Columbia Basin Trust:

To the Minister of Jobs, Tourism and Innovation:

We have audited the accompanying consolidated financial statements of Columbia Basin Trust, which comprise the consolidated statement of financial position as at March 31, 2012 and the consolidated statement of operations, consolidated statement of change in accumulated surplus, consolidated statement of remeasurement gains and losses, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian public sector accounting standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Columbia Basin Trust as at March 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

CHARTERED ACCOUNTANTS

Castlegar, BC
May 25, 2012

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands)

	March 31, 2012	March 31, 2011	April 1, 2010
		(Restated - Note 22)	(Restated - Note 22)
FINANCIAL ASSETS			
Cash	$ 1,867	$ 3,516	$ 3,233
Accrued interest and other assets (Note 3)	1,420	6,941	926
Short-term investments (Note 4)	88,625	22,578	38,333
Market securities (Note 5)	21,911	16,588	15,064
Loan receivable (Note 6)	20,000	-	-
Private placements - commercial loans (Note 7)	13,827	15,621	16,322
Private placements - commercial investment (Note 8)	4,400	-	-
Private placements - real estate investments (Note 9)	7,565	8,178	9,046
Investment in Columbia Basin Broadband Corporation (Note 10)	1,284	-	-
Investment in Waneta Expansion Limited Partnership (Note 11)	61,987	26,565	-
Investment in power projects (Note 12)	205,849	330,957	334,143
	428,735	430,944	417,067
LIABILITIES			
Accounts payable and accrued liabilities	1,642	1,734	521
Net Financial Assets	427,093	429,210	416,546
NON-FINANCIAL ASSETS			
Prepaid expenses	24	117	36
Tangible capital assets (Note 13)	2,906	2,681	2,742
	2,930	2,798	2,778
ACCUMULATED SURPLUS	$ 430,023	$ 432,008	$ 419,324
Accumulated Surplus is comprised of:			
Accumulated Surplus	$ 430,561	$ 432,008	$ 419,324
Accumulated Remeasurement Loss	(538)	-	-
ACCUMULATED SURPLUS	$ 430,023	$ 432,008	$ 419,324

COMMITMENTS (Notes 15 and 16)

Approved on behalf of the Board of Directors:

Garry Merkel
Chair

Amed Naqvi
Chair, Audit Committee

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands)

FOR THE YEAR ENDING MARCH 31	Budget (Unaudited - Note 21)	2012	2011 (Restated - Note 22)
REVENUES			
Power projects (Note 12)	$ 17,586	$ 16,371	$ 22,360
Short-term investments (Note 4)	3,850	2,106	1,080
Private placements - commercial loans (Note 7)	1,303	1,163	1,197
Loan income (Note 6)	548	1,135	-
Market securities (Note 5)	350	860	1,524
Recoveries (Note 17)	473	786	775
Private placements - real estate investments (Note 9)	819	627	596
Contributions from the Province of BC	-	-	2,000
Broadband operations (Note 10)	-	(110)	-
	24,929	22,938	29,532
EXPENSES (Note 14)			
Community development initiatives	8,516	9,046	6,387
Water initiatives	1,255	2,244	839
Environment initiatives	3,064	3,172	1,066
Economic initiatives	2,365	1,931	1,160
Social initiatives	1,005	1,276	1,058
Youth initiatives	238	476	352
Other	557	65	305
Administration	6,519	6,175	5,681
	23,519	24,385	16,848
ANNUAL (DEFICIT)/SURPLUS	$ 1,410	$ (1,447)	$ 12,684

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CHANGE IN ACCUMULATED SURPLUS
(in thousands)

FOR THE YEAR ENDING MARCH 31	2012	2011 (Restated - Note 22)
Accumulated surplus, beginning of year, as originally reported	$ 389,939	$ 388,857
Adjustments to accumulated surplus due to change in reporting standards	42,069	30,467
Accumulated surplus, beginning of year, restated	432,008	419,324
Annual (deficit)/surplus, as originally reported	(1,447)	1,082
Adjustments to annual surplus due to change in reporting standards	-	11,602
Annual (deficit)/surplus, restated	(1,447)	12,684
ACCUMULATED SURPLUS, end of year	$ 430,561	$ 432,008

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
(in thousands)

FOR THE YEAR ENDING MARCH 31		2012
Accumulated remeasurement (loss)/gain on market securities upon adoption of Public Sector Accounting Standards, beginning of period	$	-
Unrealized loss on market securities during the period (Note 5)		(538)
Accumulated remeasurement loss on market securities, end of period	$	(538)

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
(in thousands)

FOR THE YEAR ENDING MARCH 31	Budget (Unaudited - Note 21)	2012	2011 (Restated - Note 22)
ANNUAL (DEFICIT)/SURPLUS	$ 1,410	$ (1,447)	$ 12,684
Acquisition of prepaid expenses	-	(24)	(117)
Use of prepaid expenses	-	117	36
Acquisition of tangible capital assets	(725)	(673)	(329)
Amortization of tangible capital assets	455	448	390
	(270)	(132)	(20)
Effect of remeasurement losses	-	(538)	-
Change in Net Financial Assets	1,140	(2,117)	12,664
NET FINANCIAL ASSETS, beginning of year	429,210	429,210	416,546
NET FINANCIAL ASSETS, end of year	$ 430,350	$ 427,093	$ 429,210

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDING MARCH 31 *(in thousands)*	**2012**	**2011 (Restated - Note 22)**
CASH FLOWS FROM/APPLIED TO OPERATING ACTIVITIES		
Cash received from private placements - commercial loans	$ 1,554	$ 1,017
Cash received from short-term investments	3,229	1,076
Cash received from market securities	860	575
Cash received from the Province of BC	-	2,000
Cash paid for operating expenses	(4,682)	(4,277)
Cash paid for Delivery of Benefits	(18,210)	(11,167)
	(17,249)	(10,776)
CASH FLOWS FROM/APPLIED TO INVESTING ACTIVITIES		
Investment in Waneta Expansion Limited Partnership	(35,422)	(26,565)
Proceeds from sale of investment in deferred power projects	5,760	-
Investment in deferred power projects	(876)	(1,403)
Investment in Brilliant Expansion Power Corporation	(16,598)	-
Purchase of income and market securities	(225,906)	(109,376)
Redemption of income and market securities	154,000	124,556
Purchase of capital assets	(673)	(329)
Repayment of commercial loans	1,806	706
Commercial investment	(4,400)	-
Dividends received from real estate investments	1,240	1,402
Dividends received from power projects investments	158,063	22,068
	36,994	11,059
CASH FLOWS FROM/APPLIED TO FINANCING ACTIVITIES		
Advances to Columbia Power Corporation	(20,000)	-
Advances to Columbia Basin Broadband Corporation	(1,394)	-
	(21,394)	-
(DECREASE)/INCREASE IN CASH	(1,649)	283
CASH, beginning of year	3,516	3,233
CASH, end of year	$ 1,867	$ 3,516

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

1. NATURE OF COLUMBIA BASIN TRUST

Columbia Basin Trust (CBT) is a corporation established by the *Columbia Basin Trust Act.* The purpose of CBT is to manage its assets for the ongoing economic, social and environmental well-being of the Columbia Basin (Basin) region. The sole share of CBT is held by the Minister of Finance on behalf of the Province of BC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles for provincial reporting entities established by the Canadian Public Sector Accounting Board.

(b) Conversion to public sector accounting standards

Commencing with the 2011/12 fiscal year, CBT has adopted Canadian public sector accounting (PSA) standards. These are the first financial statements for which CBT has done so. CBT has early adopted the accounting standards contained in PS 1201 – Financial statement presentation, PS 2601 – Foreign currency translation, PS 3041 – Portfolio investments and PS 3450 – Financial instruments in the preparation of these financial statements.

Detailed information on the impact of the conversion to Canadian public sector accounting standards is provided in Note 22.

(c) Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is composed of all organizations controlled by CBT. These organizations are as follows:

- CBT Real Estate Investment Corp. – 100% interest
- CBT Commercial Finance Corp. – 100% interest
- CBT Property Corp. – 100% interest
- CBT Energy Inc. – 100% interest
- CBT Power Corp. – 100% interest
- CBT Arrow Lakes Power Development Corp. – 100% interest
- CBT Brilliant Expansion Power Corp. – 100% interest
- CBT Waneta Expansion Power Corp. – 100% interest

All the organizations are fully consolidated with the exception of government business enterprises and government business partnerships, which are accounted for by the modified equity method (see note (d) below).

All intercompany balances and transactions have been eliminated.

(d) Investment in government business enterprises and government business partnerships

CBT consolidates government business enterprises (GBE) and government business partnerships (GBP) using the modified equity method.

CBT's government business enterprises consist of the following entities:

- Columbia Basin Broadband Corporation (CBBC) – 100% interest
- Arrow Lakes Power Corporation (ALPC) – 50% interest
- Brilliant Power Corporation (BPC) – 50% interest
- Brilliant Expansion Power Corporation (BEPC) – 50% interest
- Waneta Expansion Power Corporation (WEPC) – 42% interest

Government business partnerships consist of CBT's 50% interest in the following real estate joint ventures:

- Castle Wood Village
- Columbia Village
- Crest View Village
- Garden View Village
- Joseph Creek Village
- Lake View Village
- Mountain Side Village
- Rocky Mountain Village

Under the modified equity method of accounting, only CBT's investment in the GBE and GBP, and their net income and other changes in equity are recorded. No adjustment is made for accounting policies that are different from those of CBT. Other comprehensive income of the GBE and GBP is presented in the statement of remeasurement gains and losses.

Intercompany transactions and balances are not eliminated, except for any profit or loss on the sale between entities of assets that remain within the reporting entity. Any dividends CBT receives are reflected as a reduction in the investment asset account.

(e) Tangible capital assets and amortization

Tangible capital assets are recorded at cost, which includes amounts directly related to the acquisition, construction, design, development, improvement or betterment of the assets. Costs include overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value of the tangible capital assets, excluding land, is amortized on a straight-line basis over the expected useful lives as follows:

	Years
Building	30
Leasehold improvements	4 - 10
Office furniture and equipment	5
Server hardware and software	3 - 5
Workstation hardware	3

Tangible capital assets are written down when conditions indicate that they no longer contribute to CBT's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations. Transfers of capital assets from related parties are recorded at carrying value.

(f) Revenue recognition

Revenues are recognized in the period in which the transaction or event occurs that gives rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers to CBT are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

(g) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Delivery of benefits activities are considered government transfers.

(h) Taxes

CBT is exempt from income taxes under paragraph 149(1)(d) of the *Income Tax Act*. CBT is also exempt from Federal Large Corporations Tax under subsection 181.1(3) of the *Income Tax Act.*

(i) Foreign currency translation

Foreign currency translations are translated at the exchange rates prevailing at the dates of transactions.

Monetary assets and liabilities, and non-monetary items included in the fair value measurement category denominated in foreign currencies, are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

(j) Financial instruments

Derivatives and equity instruments quoted in an active market are measured at fair value. CBT has elected to measure other specific financial instruments at cost and amortized cost to correspond with how they are evaluated and managed. These financial instruments are identified in this note by financial asset and financial liability classification and are not reclassified for the duration of the period they are held.

Financial instruments are classified as level one, two or three for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm’s length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations.

For financial instruments measured using amortized cost, amortized cost is defined as the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus cumulative amortization using the effective interest method and minus any valuation allowance. The effective interest rate method is used to determine interest revenue or expense.

For portfolio investments measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize a loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets, except derivatives, are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

CBT has designated its financial instruments as follows:

i. Cash

Cash includes cash on hand and is measured at fair value.

ii. Short-term investments

Short-term investments are accounted for as portfolio investments. Investments quoted in an active market are reported at fair value and other investments are recorded at cost or amortized cost. These investments generally have a maturity of 18 months or less and are highly liquid and held for the purpose of meeting short-term cash commitments. Investments reported at fair value recognize any changes in fair value in the statement of remeasurement gains and losses.

iii. Market securities

Equity and debt investments quoted in an active market are reported at fair value. CBT invests in long-term investments through pooled fund products managed by the British Columbia Investment Management Corporation, a corporation established under the *Public Sector Pension Plans Act*. CBT has a diversified securities portfolio that includes short-term deposits, bonds and equities. Market securities are accounted for as portfolio investments and are reported at fair market value with changes in fair value recognized in the statement of remeasurement gains and losses.

iv. Investment in Waneta Expansion Limited Partnership

CBT accounts for its investment in Waneta Expansion Limited Partnership (WELP) as a portfolio investment and is measured on a cost basis.

v. Private placements and loans receivable

Investments in commercial loans or loans receivable are recorded at amortized cost less any amount for valuation allowance. Valuation allowances are made to reflect loans receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowance are recognized in the statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectable. Commercial investments that have an equity interest are accounted for as portfolio investments and are measured at cost.

vi. Other financial assets and financial liabilities

Accrued interest and other assets and accounts payable and accrued liabilities are measured at amortized cost and are recorded at values that approximate their amortized cost using the effective interest method.

The adoption of PS 3450 – Financial instruments has not resulted in any changes to the measurement and recognition of financial instruments from the comparative period to the current period presented in these financial statements.

(k) Employee future benefits

CBT and its employees make contributions to the Public Sector Pension Plan, which is a multi-employer defined benefit pension plan. CBT's contributions are expensed as paid.

Non-vesting sick leave benefits accrue to CBT's employees with no obligation to pay sick leave benefits until the employee is injured or ill. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. CBT has determined, using management's best estimate of the future utilization of the sick leave benefits that the obligation is not significant and one has not been recorded.

(in thousands)

(l) Measurement uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. There are no items requiring the use of significant estimates.

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

3. ACCRUED INTEREST AND OTHER ASSETS

Accrued interest and other assets consist of accrued interest and recoveries from government business enterprises and government business partnerships. Accrued interest and other assets in 2010/11 include a $5.7 million receivable from Columbia Power Corporation (Columbia Power).

4. SHORT-TERM INVESTMENTS

Short-term investments consist of a portfolio of short-term deposits held at financial institutions and with the British Columbia Investment Management Corporation and are allocated as follows:

	Fair value hierarchy level	2012	2011	April 1, 2010
Term securities: measured at amortized cost	-	$ 53,095	$ 22,578	$ 38,333
Pooled fund investments: measured at fair value	1	35,530	-	-
		$ 88,625	$ 22,578	$ 38,333

As at March 31, 2012, the market value of the pooled fund investments was equal to its fair value.

5. MARKET SECURITIES

CBT has a diversified securities portfolio that includes short-term deposits, bonds and equities, which is managed by the British Columbia Investment Management Corporation. CBT's investment in market securities measured at fair value is as follows:

	Fair value hierarchy level	2012	2011	April 1, 2010
Market value	1	$ 21,911	$ 16,588	$ 15,064
Cost		$ 21,902	$ 16,042	$ 15,467

(in thousands)

Market securities income consists of:

Income	$ 591
Realized gain	269
	$ 860

Remeasurement loss on market securities:	
Market value at March 31, 2011	$ 16,588
Purchases	5,861
	22,449
Market value at March 31, 2012	21,911
Remeasurement loss	$ (538)

6. LOAN RECEIVABLE

An unsecured $20-million loan was advanced to Columbia Power in April 2011. Interest is payable at the rate of 5.67% until April 2016, after which the loan will be repayable in 50 semi-annual payments of principal and interest. Accrued interest and other assets include $568,000 of accrued interest on this advance to Columbia Power.

7. PRIVATE PLACEMENTS – COMMERCIAL LOANS

CBT provides commercial loans that are generally secured by real estate and have terms extending no further than 30 years.

Commercial loans are as follows:

	2012	**2011**	**April 1, 2010**
Commercial loans bearing interest from 4.13% to 7.5%	$ 13,925	$ 15,731	$ 16,437
Less: valuation allowance	(98)	(110)	(115)
	$ 13,827	$ 15,621	$ 16,322

8. PRIVATE PLACEMENTS – COMMERCIAL INVESTMENT

In November 2011, CBT negotiated a new investment agreement with an existing borrower to restructure a $5.7-million loan. The new arrangement includes a $1.3-million loan and a $4.4-million equity interest in the company. This commercial investment is accounted for as a portfolio investment and measured at cost.

Commercial investment is as follows:

	2012	**2011**	**April 1, 2010**
Commercial investment	$ 4,400	$ -	$ -

(in thousands)

9. PRIVATE PLACEMENTS – REAL ESTATE INVESTMENTS

CBT's real estate investments are comprised of 50% ownership interests in real estate investments throughout the Basin consisting of eight seniors housing facilities (see listing of joint ventures in Note 2). These investments are accounted for as investments in government business partnerships.

Condensed supplementary financial information for private placements – real estate investments is as follows:

(a) Financial position:

	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets
April 1, 2010							
Castle Wood Village	$ 344	$ 5,083	$ 5,427	$ 364	$ 4,334	$ 4,698	$ 729
Columbia Village	31	3,325	3,356	84	2,509	2,593	763
Crest View Village	29	5,574	5,603	134	4,584	4,718	885
Garden View Village	20	4,053	4,073	84	3,068	3,152	921
Joseph Creek Village	102	11,265	11,367	287	8,753	9,040	2,327
Lake View Village	450	6,811	7,261	1,315	4,161	5,476	1,785
Mountain Side Village	107	3,667	3,774	70	2,769	2,839	935
Rocky Mountain Village	48	3,773	3,821	96	3,024	3,120	701
	$ 1,131	$ 43,551	$ 44,682	$ 2,434	$ 33,202	$ 35,636	$ 9,046
March 31, 2011							
Castle Wood Village	$ 114	$ 4,884	$ 4,998	$ 155	$ 4,177	$ 4,332	$ 666
Columbia Village	35	3,204	3,239	87	2,433	2,520	719
Crest View Village	31	5,371	5,402	140	4,470	4,610	792
Garden View Village	26	3,916	3,942	88	3,001	3,089	853
Joseph Creek Village	92	10,875	10,967	268	8,547	8,815	2,152
Lake View Village	12	6,594	6,606	116	4,959	5,075	1,531
Mountain Side Village	37	3,543	3,580	72	2,713	2,785	795
Rocky Mountain Village	60	3,635	3,695	104	2,921	3,025	670
	$ 407	$ 42,022	$ 42,429	$ 1,030	$ 33,221	$ 34,251	$ 8,178
March 31, 2012							
Castle Wood Village	$ 83	$ 4,733	$ 4,816	$ 162	$ 4,039	$ 4,201	$ 615
Columbia Village	8	3,089	3,097	100	2,340	2,440	657
Crest View Village	37	5,168	5,205	149	4,342	4,491	714
Garden View Village	27	3,778	3,805	92	2,930	3,022	783
Joseph Creek Village	105	10,484	10,589	281	8,325	8,606	1,983
Lake View Village	24	6,388	6,412	121	4,850	4,971	1,441
Mountain Side Village	44	3,419	3,463	76	2,653	2,729	734
Rocky Mountain Village	22	3,543	3,565	111	2,816	2,927	638
	$ 350	$ 40,602	$ 40,952	$ 1,092	$ 32,295	$ 33,387	$ 7,565

(in thousands)

(b) Investment in private placements – real estate:

	Castle Wood Village	Columbia Village	Crest View Village	Garden View Village	Joseph Creek Village	Lake View Village	Mountain Side Village	Rocky Mountain Village	Total
April 1, 2010									
CBT's interest in real estate investments	$ 729	$ 763	$ 885	$ 921	$ 2,327	$ 1,722	$ 935	$ 701	$ 8,983
Elimination entry	-	-	-	-	-	63	-	-	63
Private placements - real estate investments April 1, 2010	$ 729	$ 763	$ 885	$ 921	$ 2,327	$ 1,785	$ 935	$ 701	$ 9,046
March 31, 2011									
Opening balance	$ 729	$ 763	$ 885	$ 921	$ 2,327	$ 1,722	$ 935	$ 701	$ 8,983
Dividends paid	(143)	(105)	(164)	(105)	(346)	(252)	(159)	(127)	(1,401)
Surplus	80	61	71	37	171	61	19	96	596
Private placements - real estate investments March 31, 2011	$ 666	$ 719	$ 792	$ 853	$ 2,152	$ 1,531	$ 795	$ 670	$ 8,178
March 31, 2012									
Opening balance	$ 666	$ 719	$ 792	$ 853	$ 2,152	$ 1,531	$ 795	$ 670	$ 8,178
Dividends paid	(141)	(110)	(168)	(104)	(339)	(162)	(84)	(132)	(1,240)
Surplus	90	48	90	34	170	72	23	100	627
Private placements - real estate investments March 31, 2012	$ 615	$ 657	$ 714	$ 783	$ 1,983	$ 1,441	$ 734	$ 638	$ 7,565

Note - the elimination entry in Lake View Village for April 1, 2010 represents removal of accounts receivable and accounts payable balances between CBT and Lake View Village.

(c) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
March 31, 2011						
Castle Wood Village	$ 511	$ 239	$ 2	$ 190	$ 431	$ 80
Columbia Village	313	130	1	121	252	61
Crest View Village	543	262	3	207	472	71
Garden View Village	362	181	-	144	325	37
Joseph Creek Village	1,096	515	1	409	925	171
Lake View Village	545	267	3	214	484	61
Mountain Side Village	311	165	-	127	292	19
Rocky Mountain Village	374	139	1	138	278	96
	$ 4,055	$ 1,898	$ 11	$ 1,550	$ 3,459	$ 596
March 31, 2012						
Castle Wood Village	$ 526	$ 237	$ 2	$ 197	$ 436	$ 90
Columbia Village	313	124	19	122	265	48
Crest View Village	556	251	8	207	466	90
Garden View Village	362	177	7	144	328	34
Joseph Creek Village	1,096	504	13	409	926	170
Lake View Village	545	258	1	214	473	72
Mountain Side Village	311	160	-	128	288	23
Rocky Mountain Village	374	135	-	139	274	100
	$ 4,083	$ 1,846	$ 50	$ 1,560	$ 3,456	$ 627

(in thousands)

(d) Property, plant and equipment:

CBT's investment in real estate, comprised of seniors housing facilities, is as follows:

	Land	Building	2012	2011	April 1, 2010
Operating facilities	$ 2,728	$ 45,519	$ 48,247	$ 48,153	$ 39,208
Projects under development	-	-	-	-	8,970
Less: accumulated amortization	-	(7,645)	(7,645)	(6,131)	(4,627)
	$ 2,728	$ 37,874	$ 40,602	$ 42,022	$ 43,551

(e) Current and non-current liabilities:

i. Long-term debt

Long-term debt consists of mortgage loans that are included in current and non-current liabilities of the real estate entities. The purpose of the mortgage loans was to provide financing for the acquisition of land and the construction of seniors housing facilities. These loans have interest rates varying between 3.9% and 6.4% and will mature on different dates between November 2012 and November 2016. The loans are repayable in equal monthly payments of principal and interest, were originally amortized over 25 years and are secured by first, fixed and floating charges over the assets of the seniors housing facilities to which they relate.

ii. Guarantees by joint venturers

The joint venturers of the eight real estate investments gave separate guarantees for 50% of the original mortgage proceeds totalling $33 million.

iii. Principal repayments

Scheduled principal repayments are estimated as follows:

2013	$ 942
2014	994
2015	1,049
2016	1,106
2017	1,167
Thereafter	27,658
	$ 32,916

(f) Contingencies

In June 2010, the BC Housing Management Commission (BC Housing) provided a government grant to allow for subsidized suites at the Lake View Village, a seniors housing facility located in Nelson, BC. Under this agreement, Lake View Village received a forgivable loan in the amount of $855,000 (CBT's share is 50%), which was applied directly to the existing mortgage on the property. Under the terms and conditions of the agreement, if the loan is defaulted within the first 10 years, $855,000 is repayable to BC Housing. Thereafter, the forgivable loan amount is reduced by 1/15th per year. As at March 31, 2012, the balance of the forgivable loan was $855,000 (CBT's share is 50%).

(in thousands)

10. INVESTMENT IN COLUMBIA BASIN BROADBAND CORPORATION

The Columbia Basin Broadband Corporation (CBBC) is a wholly owned subsidiary of CBT and is accounted for as an investment in a government business enterprise. CBBC was formed in June 2011 to acquire broadband assets from Columbia Mountain Open Network. The mission of CBBC is to provide connectivity to a world-class open access broadband network across the Basin.

Investment in CBBC is as follows:

	2012
Balance, beginning of year	$ -
Loan from CBT	1,394
Net loss	(110)
Balance, end of year	$ 1,284

Condensed supplementary financial information for CBBC as at March 31, 2012, is as follows:

(a) Financial position:

Current Assets	Non-Current	Total Assets	Current Liabilities	Non-Current	Total Liabilities	Net Assets
$ 811	$ 560	$ 1,371	$ 88	$ 1,393	$ 1,481	$ (110)

(b) Results of operations:

Revenue	Operations	Amortization	Total Expense	(Deficit)
$ 359	$ 393	$ 76	$ 469	$ (110)

(c) Non-current liabilities:

In 2011/12, CBT loaned $1.4 million to CBBC in exchange for an unsecured non-interest bearing Promissory Note with no specified terms of repayment.

11. INVESTMENT IN WANETA EXPANSION LIMITED PARTNERSHIP

CBT Waneta Expansion Power Corp. (16.5% interest), CPC Waneta Holding Ltd. (32.5% interest), and Fortis Inc. (51% interest) formed a partnership to own and develop the Waneta Expansion Project.

The Waneta Expansion Project is a $900-million hydroelectric development downstream from the Waneta Dam in Trail, BC. Construction of the 335-megawatt facility commenced October 1, 2010, and is expected to be completed in early 2015. CBT invested a total of $35.4 million in the Waneta Expansion Project in 2011/12, to bring the total investment to $62 million.

(in thousands)

This investment is accounted for as a portfolio investment and is measured at cost.

	2012	**2011**	**April 1, 2010**
Investment in Waneta Expansion Limited Partnership	$ 61,987	$ 26,565	$ -

12. INVESTMENT IN POWER PROJECTS

CBT's investment in power projects comprises ownership interests in four entities which operate powerplants and transmission lines in the Basin. CBT participates in power projects through jointly owned entities with Columbia Power and these investments are accounted for as investments in government business enterprises.

CBT has ownership interest in the following jointly owned entities:

(a) Arrow Lakes Power Corporation

CBT Arrow Lakes Power Development Corp. has a 50% ownership interest in the Arrow Lakes Power Corporation (ALPC). The purpose of the ALPC is to operate the 185-megawatt Arrow Lakes Generating Station adjacent to Hugh Keenleyside Dam at Castlegar, BC, and a 48-kilometre transmission line from the power plant to BC Hydro’s Selkirk substation.

(b) Brilliant Power Corporation

CBT Power Corp. has a 50% ownership interest in the Brilliant Power Corporation (BPC). The purpose of the BPC is to operate the Brilliant Power Facility and Brilliant Terminal Station. The Brilliant Power Facility comprises Brilliant Dam and Generating Station, located on the Kootenay River three kilometres upstream from the confluence of the Columbia River. The Brilliant Terminal Station is a 230-kilovolt switchyard that interconnects Arrow Lakes Generating Station, Brilliant Expansion and Brilliant Dam and Generating Station to the integrated BC transmission system.

(c) Brilliant Expansion Power Corporation

CBT Brilliant Expansion Power Corp. has a 50% interest in the Brilliant Expansion Power Corporation (BEPC). The purpose of the BEPC is to operate Brilliant Expansion, a 120-megawatt power generation development adjacent to Brilliant Dam at Castlegar, BC.

(d) Waneta Expansion Power Corporation

CBT Energy Inc. has a 42% interest (2011: 50% interest) in the Waneta Expansion Power Corporation (WEPC). The WEPC previously held legal title of assets related to the Waneta Expansion Project. In October 2010, all deferred development costs and expansion rights related to the Waneta Expansion Project were sold to the Waneta Expansion Limited Partnership in exchange for a $72-million non-interest bearing Promissory Note.

In March 2011, CBT Energy Inc. agreed to the sale of 8% of its interest in the WEPC for $5.8 million, and this transaction was finalized in March 2012.

(in thousands)

Condensed supplementary financial information for investment in power projects is as follows:

(e) Financial position:

	Current Assets	Property, Plant &	Lease Receivable	Other Non-Current	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets
April 1, 2010									
ALPC	$ 8,189	$ 133,144	$ -	$ -	$ 141,333	$ 5,367	$ 22,205	$ 27,572	$ 113,761
BPC	10,386	-	145,040	5,274	160,700	7,104	71,291	78,395	82,305
BEPC	5,242	121,753	-	1,285	128,280	16,655	-	16,655	111,625
WEPC	299	-	-	26,787	27,086	634	-	634	26,452
	$ 24,116	$ 254,897	$ 145,040	$ 33,346	$ 457,399	$ 29,760	$ 93,496	$ 123,256	$ 334,143
March 31, 2011									
ALPC	$ 8,669	$ 129,670	$ -	$ -	$ 138,339	$ 23,549	$ -	$ 23,549	$ 114,790
BPC	6,957	-	147,781	5,292	160,030	5,043	66,566	71,609	88,421
BEPC	6,195	119,544	-	1,291	127,030	17,239	-	17,239	109,791
WEPC	1	-	-	17,955	17,956	1	-	1	17,955
	$ 21,822	$ 249,214	$ 147,781	$ 24,538	$ 443,355	$ 45,832	$ 66,566	$ 112,398	$ 330,957
March 31, 2012									
ALPC	$ 8,312	$ 126,243	$ -	$ 14,023	$ 148,578	$ 5,042	$ 173,636	$ 178,678	$ (30,100)
BPC	6,857	-	149,640	5,319	161,816	5,663	63,994	69,657	92,159
BEPC	6,654	117,410	-	1,301	125,365	543	-	543	124,822
WEPC	-	-	-	18,968	18,968	-	-	-	18,968
	$ 21,823	$ 243,653	$ 149,640	$ 39,611	$ 454,727	$ 11,248	$ 237,630	$ 248,878	$ 205,849

(in thousands)

(f) Investment in power projects:

	ALPC	BPC	BEPC	WEPC	Total
April 1, 2010					
CBT's interest in power projects net assets	$ 113,753	$ 82,305	$ 111,625	$ 26,411	$ 334,094
Elimination entry	8	-	-	41	49
Investment in power projects April 1, 2010	$ 113,761	$ 82,305	$ 111,625	$ 26,452	$ 334,143
March 31, 2011					
Opening balance	$ 113,753	$ 82,305	$ 111,625	$ 26,411	$ 334,094
Adjusting entry	-	-	-	(3,420)	(3,420)
Contributions	-	-	-	1,621	1,621
Dividends paid	(6,853)	(3,250)	(11,965)	-	(22,068)
Surplus/(deficit)	7,877	9,366	10,131	(6,657)	20,718
CBT's interest in power projects net assets	114,777	88,421	109,791	17,955	330,944
Elimination entry	13	-	-	-	13
Investment in power projects March 31, 2011	$ 114,790	$ 88,421	$ 109,791	$ 17,955	$ 330,957
March 31, 2012					
Opening balance	$ 114,777	$ 88,421	$ 109,791	$ 17,955	$ 330,944
Contributions	-	-	16,598	-	16,598
Dividends paid	(142,812)	(5,900)	(9,352)	-	(158,064)
Surplus/(deficit)	(2,065)	9,638	7,785	1,013	16,371
Investment in power projects March 31, 2012	$ (30,100)	$ 92,159	$ 124,822	$ 18,968	$ 205,849

Notes:

1. The elimination entries in ALPC represent removal of accounts receivable and accounts payable balances between CBT and ALPC.
2. The elimination entry in WEPC for April 1, 2010 represents removal of accounts receivable and accounts payable balances between CBT and WEPC.
3. The adjusting entry in WEPC for March 31, 2011 represents an adjustment of CBT's interest in WEPC's Promissory Note.

(g) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus/ (Deficit)
March 31, 2011						
ALPC	$ 17,388	$ 1,487	$ 4,314	$ 3,709	$ 9,510	$ 7,878
BPC	20,292	5,572	5,321	33	10,926	9,366
BEPC	17,097	169	4,308	2,489	6,966	10,131
WEPC	2,340	-	7,355	-	7,355	(5,015)
	$ 57,117	$ 7,228	$ 21,298	$ 6,231	$ 34,757	$ 22,360
March 31, 2012						
ALPC	$ 18,079	$ 11,542	$ 4,886	$ 3,716	$ 20,144	$ (2,065)
BPC	20,567	5,408	5,487	34	10,929	9,638
BEPC	15,240	203	4,751	2,501	7,455	7,785
WEPC	1,013	-	-	-	-	1,013
	$ 54,899	$ 17,153	$ 15,124	$ 6,251	$ 38,528	$ 16,371

(in thousands)

(h) Non-current assets:

Promissory Note

The WEPC's non-current asset is a non-interest bearing Promissory Note and is payable on the fifth anniversary of the commercial operation date of the Waneta Expansion Project. In 2010/11, the commercial operation date was estimated to occur in 2015, thereby making the Promissory Note's estimated repayment date in 2020, 10 years from the date of issuance. The Promissory Note was discounted using an effective interest rate of 5.5% to reflect a present value at March 31, 2011, of $43 million (CBT's portion was $18 million). Interest accretes until the Promissory Note is recognized at its face value in 2020. As at March 31, 2012, CBT's portion of the Promissory Note was $19 million.

(i) Non-current liabilities:

i. Long-term debt

The Brilliant Power Corporation has long-term debt that consists of the following:

- Series "A" bonds bearing interest at 8.93%;
- Series "B" bonds bearing interest at 6.86%; and
- Series "C" bonds bearing interest at 5.67%.

The bonds are redeemable in whole or in part at any time before May 31, 2026, at a price equal to the greater of the principal amount then outstanding, or a price calculated to provide a yield to maturity based on the current yield of a matching-duration Government of Canada bond plus 0.30%, 0.31% and 0.23% respectively. The bonds are secured on a limited recourse basis by charges against Brilliant Dam assets and revenues.

On April 5, 2011, Arrow Lakes Power Corporation (ALPC) and Columbia Power, exercised an option to redeem its Series “A” bonds. The redemption date was May 5, 2011, and the total redemption price was $43.8 million, which included interest and a redemption premium of $2.8 million. On the same date, the ALPC issued $350 million principal amount of Series “B” bonds with a coupon rate of 5.52%, which is due April 5, 2041. The Series “B” bonds are secured on a limited recourse basis by charges against Arrow Lakes Generating Facility and Transmission assets, related material contracts, licenses, permits, approvals, authorizations and insurance coverage.

	2012	**2011**
Arrow Lakes bonds	$ 175,000	$ 22,384
Brilliant Dam bonds	67,893	70,403
	242,893	92,787
BEPC loan from Columbia Power	-	16,409
Less: Financing costs	(2,562)	(1,327)
Less: Current portion of long-term debt	(2,701)	(41,303)
	$237,630	$ 66,566

(in thousands)

ii. Principal repayments

Scheduled principal repayments related to the above long-term debt are estimated as follows:

2013	$ 2,701
2014	2,907
2015	3,129
2016	3,369
2017	7,006
Thereafter	223,781
	$242,893

(j) Contingencies

CBT's operating and development power project activities are affected by federal, provincial and local government laws and regulations. Under its agreements with its Bondholders, the BPC and ALPC have agreed to comply or cause compliance in all material respects with such laws and regulations, as well as to maintain all material franchises. Under current regulations, the venturers are required to meet performance standards to minimize or mitigate the negative impacts of their proposed projects. The impact, if any, of future legislative or regulatory requirements on specific projects and their related deferred costs cannot currently be estimated.

13. TANGIBLE CAPITAL ASSETS

CBT's tangible capital assets are as follows:

	Cost	Accumulated Amortization	2012	2011	April 1, 2010
Land	$ 205	$ -	$ 205	$ 70	$ 70
Building	3,470	1,213	2,257	2,091	2,213
Leasehold improvements	637	590	47	86	123
Office furniture and equipment	530	472	58	115	181
Server hardware and software	632	340	292	258	56
Workstation hardware	268	221	47	61	99
	$ 5,742	$ 2,836	$ 2,906	$ 2,681	$ 2,742

Refer to Schedule A for supplementary financial information.

(in thousands)

14. EXPENSES BY OBJECT

The following is a summary of CBT's expenses listed by object:

	2012	2011
Amortization	$ 448	$ 390
Board and committee expenses	162	169
Communications	318	291
Corporate travel and meetings	247	235
Delivery of Benefits Initiatives	18,210	11,167
Information technology	189	187
Office and general	474	527
Professional fees	385	303
Staff remuneration and development	3,952	3,579
	$ 24,385	$ 16,848

15. DELIVERY OF BENEFITS

Delivery of Benefits refers to activities that CBT undertakes in the region as it seeks to support the efforts of the people of the Basin to create a legacy of social, economic and environmental well-being in the Basin.

In addition to disbursing $18.2 million in benefits in 2011/12 (2010/11 - $11.2 million), CBT had an additional $2.5 million in outstanding financial commitments through Delivery of Benefits programs and initiatives at March 31, 2012. These commitments have been approved but are not recorded as expenses until all eligibility criteria have been met.

CBT has also entered into a number of multi-year commitments for program delivery over the next three years. As at March 31, 2012, CBT had $7.4 million committed for 2012/13 funding, $4.5 million for 2013/14 funding and $4.3 million for 2014/15 funding.

16. COMMITMENTS

(a) CBT Office

CBT has entered into operating lease agreements for its office spaces with terms expiring at various dates in the future.

(b) Private Placements

CBT has entered into various agreements to provide commercial loans under specified terms and conditions. As at March 31, 2012, the balance of committed financing was $3.2 million, and will be advanced when the terms of the contracts are met.

(c) Waneta Expansion Project

Over the next 3.5 years, CBT Waneta Expansion Power Corp. is committed to fund its 16.5% interest in the Waneta Expansion Project. CBT Waneta Expansion Corporation has committed $35.6 million in 2012/13, $14.8 million in 2013/14, $2.4 million in 2014/15 and $240,000 in 2015/16.

(in thousands)

17. RECOVERIES

CBT provides Columbia Power with information technology support and other contract services. Columbia Power also rents a portion of the Columbia Basin Building owned by CBT. In addition, CBT charges the jointly owned entities, CBBC and others for management services. These items are classified as recoveries on the statement of operations.

	2012	**2011**
Information technology systems	$ 299	$ 410
Management/contract services	336	229
Rental expenses	151	136
	$ 786	$ 775

18. RELATED PARTY TRANSACTIONS

CBT is related through common ownership of its jointly owned entities with Columbia Power. CBT is also indirectly related through common ownership to all Province of BC ministries, agencies, Crown corporations and public sector organizations that are included in the provincial government reporting entity. All related party transactions are considered to possess commercial substance and are consequently recorded at their exchange amounts.

Payments received from Columbia Power are as follows:

	2012	**2011**
Information technology systems	$ 299	$ 410
Management / contract services	207	229
Rental expenses	151	136
	$ 657	$ 775

Payments received from CBBC are as follows:

	2012	**2011**
Management / contract services	$100	$ -

CBT's portion of related party transactions in power projects and CBBC are summarized as follows:

Due from and sales to related parties:

	2012	**2011**
Columbia Power	$ 2,122	$ 3,537
Province of BC	6,449	6,377
BC Hydro	196	10
BPC	682	694
BC Transmission Corporation	-	8
Powerex	45	45
	$ 9,494	$ 10,671

(in thousands)

Due to and purchases from related parties:

	2012	**2011**
Province of BC	$ 1,829	$ 1,642
BC Hydro	31,945	32,304
BEPC	682	-
BC Transmission Corporation	-	694
Powerex	705	1,266
CBBC	24	-
	$ 35,185	$ 35,906

19. PUBLIC SERVICE PENSION PLAN

CBT and its employees contribute to the Public Service Pension Plan (PSPP) in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the Act applies. The PSPP is a multi-employer defined benefit pension plan. Under joint trusteeship, the risks and rewards associated with the PSPP's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in future contributions.

The most recent actuarial valuation (March 31, 2011) determined the PSPP was 98% funded. To maintain funding for the basic pension benefit, contribution rates to the basic account will be increased by a total of 0.8% of salary. This increase will be shared equally between members and employers and is effective April 2012. Contributions to the PSPP by CBT in 2011/12 were $232,116 (2010/11 - $45,000). No provision, other than CBT's required employer pension contributions, has been made in the accounts of CBT for this liability.

20. RISK MANAGEMENT

(a) Credit risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. CBT extends credit within its commercial loans and investments. To mitigate CBT’s exposure to credit risk, an assessment of the credit worthiness of a borrower is carried out prior to the placement of a commercial loan or investment. CBT’s exposure to credit risk is as indicated by the carrying value of its commercial loans and investments. The maximum exposure to credit risk at March 31, 2012, was:

	2012	**2011**	**April 1, 2010**
Accrued interest and other assets	$ 1,867	$ 3,516	$ 3,233
Commercial loans	$13,827	$15,621	$16,322
Commercial investment	$ 4,400	$ -	$ -

(in thousands)

(b) Liquidity risk

Liquidity risk refers to the risk that CBT will encounter difficulty in meeting obligations associated with financial liabilities. CBT monitors and maintains its liquidity to ensure sufficient capacity to repay its financial liabilities when they become due. CBT considers that it has sufficient liquidity to meet its financial obligations. The maximum exposure to liquidity risk at the reporting date was:

	2012	**2011**	**April 1, 2010**
Accounts payable and accrued liabilities	$ 1,642	$ 1,734	$ 521

(c) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CBT realizes all significant revenues and expenses in Canadian dollars and is therefore not significantly exposed to currency fluctuations.

ii. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CBT is not exposed to significant interest rate risk for current liabilities due to the short-term nature of its current liabilities. CBT's short-term investments and commercial loans are subject to variable interest rates.

Sensitivity analyses: A change of 100 basis points in the interest rates in short-term investments would increase or decrease revenues by $830,000. A change of 100 basis points in the market rates of commercial loans would increase or decrease revenues by $98,000.

iii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial statement or its issuer, or factors affecting all similar financial instruments traded in the market. As CBT's market securities portfolio is affected by global market conditions, the maximum exposure to price risk at the reporting date was:

	2012	**2011**	**April 1, 2010**
Market securities	$ 21,911	$ 16,588	$ 15,064

21. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from CBT's annual budget approved by the Board of Directors in January 2011.

22. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2011/12 fiscal year, CBT has adopted Canadian public sector accounting standards (PSA). These consolidated financial statements are the first consolidated financial statements for which CBT has applied Canadian PSA. CBT has early adopted the accounting standards contained in PS 1201 – Financial statement presentation, PS 2601 – Foreign currency translation, PS 3041 - Portfolio investments and PS 3450 – Financial instruments and in the preparation of these financial statements.

The impact of the conversion to Canadian PSA on the accumulated surplus at the beginning of the 2010/11 fiscal year, the date of transition and the comparative annual surplus are presented in the statement of change in accumulated operating surplus. These accounting changes have been applied retroactively with restatement of prior periods except for the accounting standards contained in PS 2601 and PS 3450, as these standards specifically prohibit retroactive application. The following changes have been implemented to comply with PSA:

(a) Explanation to significant changes in the presentation of the financial statements:

i. Material adjustment to the presentation of the statement of operations:

CBT has made certain adjustments to the presentation of its statement of operations to comply with the presentation requirements under PSA. PSA requires that expenses be presented by function on the statement of operations and disclosed in the notes by object. The change to presentation by function required the allocation of expenses by object to the appropriate Delivery of Benefits initiative.

ii. Equity investments in GBE and GBP:

Under previous Canadian generally accepted accounting principles (GAAP), CBT accounted for its investments in government business enterprises (GBE) and government business partnerships (GBP) using the proportionate consolidation method. Under this method, the consolidated financial statements include CBT's proportionate share of the investees' assets, liabilities, revenues and expenses with items of similar nature on a line-by-line basis. Under the modified equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investor's share of the GBE and GBP's profit or loss and other changes in equity. The adjustments related to this change are shown under the reclass adjustment column. No adjustments are made for accounting policies of the GBE or GBP that are different than that of CBT.

iii. Accounting standards change in jointly controlled power project entities:

In the reporting periods presented, CBT's jointly controlled power project entities transitioned to International Financial Reporting Standards (IFRS) from their previous Canadian GAAP. This transition had some material changes to the jointly controlled power project entities' financial statements, which included removing property, plant and equipment and setting up a finance lease, writing off ineligible capitalized costs and reallocating property, plant and equipment to major component categories and amortizing costs over the estimated useful lives of these categories. The net effect of these changes is shown under the IFRS adjustment column.

In the reporting periods presented, CBT's real estate joint ventures transitioned to Accounting Standards for Private Enterprises (ASPE) from their previous GAAP. There were no adjustments required for the transition to ASPE.

(in thousands)

(b) The following table shows the adjustments required to the April 1, 2010, statement of financial position to transition from previous GAAP to PSA:

	GAAP	PSA Adjustments			PSA
ASSETS	**2010**	**RECLASS**	**PSA**	**IFRS**	**2010**
CURRENT					
Cash	$ 14,333	$ (11,100)	$ -	$ -	$ 3,233
Unbilled power project revenue	5,196	(5,196)	-	-	-
Accrued interest and other assets	5,241	(4,315)	-	-	926
	24,770	(20,611)	-	-	4,159
INVESTMENTS					
Power projects	361,778	(361,778)	-	-	-
Private placements	59,874	(59,874)	-	-	-
Income securities	44,892	(44,892)	-	-	-
Market securities	15,064		-	-	15,064
Short-term investments	-	38,333	-	-	38,333
Private placements-commercial loans	-	16,322	-	-	16,322
Private placements-real estate investments	-	9,046	-	-	9,046
Investment in power projects	-	303,579	-	30,564	334,143
	481,608	(99,264)	-	30,564	412,908
OTHER					
Capital assets	2,838	(2,838)	-	-	-
Deferred amounts	34,492	(34,492)	-	-	-
Tangible capital assets	-	2,839	(97)	-	2,742
Prepaid expenses	-	36	-	-	36
	37,330	(34,455)	(97)	-	2,778
	$ 543,708	$ (154,330)	$ (97)	$ 30,564	$ 419,845
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	$ 3,975	$ (3,454)	$ -	$ -	$ 521
Accrued interest payable	2,592	(2,592)	-	-	-
Current portion of long-term debt	23,919	(23,919)	-	-	-
	30,486	(29,965)	-	-	521
OTHER					
Long-term debt	124,365	(124,365)	-	-	-
NET ASSETS					
Opening balance	375,987	-	-	-	375,987
Income	12,870	-	19	-	12,889
Adjustments	-	-	(116)	30,564	30,448
	388,857	-	(97)	30,564	419,324
	$ 543,708	$ (154,330)	$ (97)	$ 30,564	$ 419,845

(in thousands)

(c) The following table shows the adjustments required to the March 31, 2011, statement of financial position to transition from previous GAAP to PSA:

	GAAP	PSA Adjustments			PSA
ASSETS	**2011**	**RECLASS**	**PSA**	**IFRS**	**2011**
CURRENT					
Cash	$ 15,875	$ (12,359)	$ -	$ -	$ 3,516
Unbilled power project revenue	4,978	(4,978)	-	-	-
Accrued interest and other assets	11,793	(4,852)	-	-	6,941
	32,646	(22,189)	-	-	10,457
INVESTMENTS					
Power projects	354,942	(354,942)	-	-	-
Private placements	57,642	(57,642)	-	-	-
Income securities	29,161	(29,161)	-	-	-
Market securities	16,588	-	-	-	16,588
Short-term investments	-	22,578	-	-	22,578
Private placements-commercial loans	-	15,621	-	-	15,621
Private placements-real estate investments	-	8,178	-	-	8,178
Investment in power projects	-	288,744	-	42,213	330,957
	458,333	(106,624)	-	42,213	393,922
OTHER					
Capital assets	2,825	(2,825)	-	-	-
Promissory Note	17,955	(17,955)	-	-	-
Investment in WELP	26,565	-	-	-	26,565
Tangible capital assets	-	2,825	(144)	-	2,681
Prepaid expenses	-	117	-	-	117
	47,345	(17,838)	(144)	-	29,363
	$ 538,324	$ (146,651)	$ (144)	$ 42,213	$ 433,742
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	$ 3,956	$ (2,222)	$ -	$ -	$ 1,734
Accrued interest payable	2,460	(2,460)	-	-	-
Current portion of long-term debt	42,182	(42,182)	-	-	-
	48,598	(46,864)	-	-	1,734
OTHER					
Long-term debt	99,377	(99,377)	-	-	-
Restricted contribution	410	(410)	-	-	-
	99,787	(99,787)	-	-	-
NET ASSETS					
Opening balance	388,857	-	-	-	388,857
Income	1,082	-	(47)	11,649	12,684
Adjustments	-	-	(97)	30,564	30,467
	389,939	-	(144)	42,213	432,008
	$ 538,324	$ (146,651)	$ (144)	$ 42,213	$ 433,742

(in thousands)

(d) The following table shows the adjustments required to the March 31, 2011, statement of operations to transition from previous GAAP to PSA:

	GAAP 2011	PSA Adjustments RECLASS	PSA	IFRS	PSA 2011
REVENUES					
Power projects	$ 22,996	$ (12,285)	$ -	$ 11,649	$ 22,360
Private placements	1,797	(1,797)	-	-	-
Income securities	1,076	(1,076)	-	-	-
Market securities	575	949	-	-	1,524
Contributions from the Province of BC	2,000	-	-	-	2,000
Private placements-commercial loans	-	1,197	-	-	1,197
Private placements-real estate investments	-	596	-	-	596
Short-term investments	-	1,080	-	-	1,080
Recoveries	-	775	-	-	775
	28,444	(10,561)	-	11,649	29,532
OPERATING EXPENSES					
Amortization	412	(412)	-	-	-
Board and committee expenses	169	(169)	-	-	-
Corporate travel and meetings	235	(235)	-	-	-
Communications	291	(291)	-	-	-
Information technology/systems	136	(136)	-	-	-
Office and general	504	(504)	-	-	-
Professional and consultants fees	308	(308)	-	-	-
Staff remuneration	3,579	(3,579)	-	-	-
Administration	-	5,634	47	-	5,681
	5,634	-	47	-	5,681
RECOVERIES					
Recovery from CPC-IT	546	(546)	-	-	-
Recovery from CPC-Management Services	229	(229)	-	-	-
	775	(775)	-	-	-
DELIVERY OF BENEFITS	11,167	(11,167)	-	-	-
Community development initiatives	-	6,387	-	-	6,387
Water initiatives	-	839	-	-	839
Environment initiatives	-	1,066	-	-	1,066
Economic initiatives	-	1,160	-	-	1,160
Social initiatives	-	1,058	-	-	1,058
Youth initiatives	-	352	-	-	352
Other	-	305	-	-	305
	11,167	-	-	-	11,167
Excess of Revenue over Expenses Before Other Items	12,418	(11,336)	(47)	11,649	12,684
Unrealized gain on market securities	949	(949)	-	-	-
Discount on Promissory Note	12,285	(12,285)	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ 1,082	$ -	$ (47)	$ 11,649	$ 12,684

(e) CBT has elected to use the following exemptions:

i. Retirement and post-employment benefits – as of April 1, 2010, application of the discount rate with reference to pension plan asset earnings or to the cost of borrowing is delayed until the date of the next actuarial valuation or within three years of the transition to PSA. Additionally, all cumulative actuarial gains and losses as at the date of transition to PSA standards are recognized directly in the accumulated surplus.

ii. Investments in government business enterprises – as of April 1, 2010, all power project jointly owned entities, defined as government business enterprises, are reported prospectively on a modified equity basis.

iii. Investments in government business partnerships – as of April 1, 2010, all real estate joint ventures, defined as government business partnerships, are reported prospectively on a modified equity basis.

iv. Tangible capital asset impairment – under PSA, tangible capital assets may require a write-down when certain conditions are met. An exemption allows for write-downs to be applied on a prospective basis from April 1, 2010.

(in thousands)

Schedule A: Tangible capital assets supplementary financial information

	Land	Building	Office furniture and equipment	Leasehold improvements	Server hardware and software	Workstation hardware	Total
March 31, 2011							
Cost							
Opening balance, April 1, 2010	$ 70	$ 3,190	$ 627	$ 632	$ 147	$ 223	$ 4,889
Additions	-	-	5	3	298	23	329
Disposals	-	-	(115)	-	-	(2)	(117)
	70	3,190	517	635	445	244	5,101
Accumulated amortization							
Opening balance, April 1, 2010	-	(977)	(446)	(509)	(91)	(124)	(2,147)
Additions	-	(122)	(71)	(40)	(96)	(61)	(390)
Disposals	-	-	115	-	-	2	117
	-	(1,099)	(402)	(549)	(187)	(183)	(2,420)
Net book value	**$ 70**	**$ 2,091**	**$ 115**	**$ 86**	**$ 258**	**$ 61**	**$ 2,681**

	Land	Building	Office furniture and equipment	Leasehold improvements	Server hardware and software	Workstation hardware	Total
March 31, 2012							
Cost							
Opening balance	$ 70	$ 3,190	$ 517	$ 635	$ 445	$ 244	$ 5,101
Additions	135	280	15	2	187	54	673
Disposals	-	-	(2)	-	-	(30)	(32)
	205	3,470	530	637	632	268	5,742
Accumulated amortization							
Opening balance	-	(1,099)	(402)	(549)	(187)	(183)	(2,420)
Additions	-	(114)	(72)	(41)	(153)	(68)	(448)
Disposals	-	-	2	-	-	30	32
	-	(1,213)	(472)	(590)	(340)	(221)	(2,836)
Net book value	**$ 205**	**$ 2,257**	**$ 58**	**$ 47**	**$ 292**	**$ 47**	**$ 2,906**