

BC TRANSIT
FIR, Schedule 1, section 9

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned represents BC Transit Management and has the overall responsibility for the preparation of the financial information included in this report, produced under the *Financial Information Act*.



Name: Brian Anderson

Title: Vice President of Finance and Chief Financial Officer

Date: JULY 24, 2013

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 9

BRITISH COLUMBIA TRANSIT

FIR, Schedule 1, section 9

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned represents the Board of Directors of BC Transit and approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.



Name: Kevin Mahoney

Title: Chair

Date: JULY 24, 2013

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 9

BC TRANSIT
FIR, Schedule 1
Schedule of Long Term Debt and Sinking Funds
As at March 31, 2013

Debt Issue	Debt Type	Maturity	Rate	Original Currency	ref	Principal	Sinking Fund Book Value	Sinking Fund Market Value
BCCP-133	Bond	12-May-13	3.700%	CA		\$2,514,000	\$1,928,708	\$1,928,020
BCCP-118	Bond	10-Oct-13	4.120%	CA		2,836,735	2,311,649	2,321,299
BCCP-141	Bond	9-Dec-13	3.520%	CA		4,253,000	3,208,735	3,223,452
BCT-CD-8	Bond	18-Jun-14	5.300%	CA		3,500,000	3,452,988	3,488,780
BCCP-114	Bond	11-Sep-14	4.240%	CA		2,740,000	1,932,267	1,971,516
BCCP-155	Bond	8-Dec-14	2.710%	CA		7,349,000	4,103,213	4,139,598
BCCP-156	Bond	9-Mar-15	2.900%	CA		5,688,000	3,168,155	3,214,415
BCCP - 158	Bond	12-Apr-15	3.350%	CA		16,200,000	6,082,814	6,222,413
BCCP - 168	Bond	10-Dec-15	2.720%	CA		9,395,000	3,447,721	3,485,770
BCCP-175	Bond	8-Aug-16	2.240%	CA		6,377,796	1,169,236	1,179,736
BCCD-21	Bond	18-Dec-18	4.650%	CA		11,200,000	3,176,061	3,317,956
BCT CP 62	Bond	10-Mar-20	6.440%	CA		1,828,000	1,385,986	1,595,005
BCT BCCP-63	Bond	10-Apr-20	6.430%	CA		17,770,000	11,516,742	13,831,446
BCCP - 169	Bond	10-Dec-20	3.880%	CA		1,300,000	210,456	213,553
BCT BCCP -70	Bond	10-Apr-21	6.33%	CA		11,300,000	6,964,201	8,352,326
BCCP-176	Bond	8-Aug-21	3.380%	CA		2,571,958	208,377	212,793
BCT CP-77	Bond	13-Nov-21	5.970%	CA		2,100,000	840,612	1,133,528
BCT BCCP -82	Bond	10-Jun-22	6.270%	CA		8,140,000	3,319,417	4,043,285
BC CP-84	Bond	12-Aug-22	6.050%	CA		9,100,000	4,867,380	5,491,002
BCCP CP -85	Bond	10-Sep-22	5.740%	CA		6,110,000	3,657,401	4,184,403
BCCP-142	Bond	8-Dec-23	5.020%	CA		500,000	97,684	108,696
BCT-CP-107	Bond	11-Jul-25	4.570%	CA		3,179,500	811,436	958,023
BCT-CP-108	Bond	11-Aug-25	4.810%	CA		5,000,000	1,268,108	1,468,482
BCCP-173	Bond	11-Jul-26	4.010%	CA		29,056,381	1,380,128	1,358,477
BCCP-113	Bond	8-Aug-26	4.780%	CA		1,711,057	362,085	435,508
BCCP-119	Bond	11-Dec-26	4.300%	CA		8,285,000	1,832,048	2,058,953
BCCP-128	Bond	9-Oct-27	4.860%	CA		2,200,000	374,395	434,594
BCCP-139	Bond	7-Oct-28	4.980%	CA		7,212,000	955,640	1,070,741
BCCP-143	Bond	9-Dec-28	5.190%	CA		2,747,000	359,725	403,657
BCT-CP-145	Bond	11-May-29	5.010%	CA		22,500,000	2,228,517	2,519,835
BCCP-174	Bond	11-Jul-31	4.210%	CA		6,145,256	180,640	186,449

Debt Issue	Debt Type	Maturity	Rate	Original Currency	ref	Principal	Sinking Fund Book Value	Sinking Fund Market Value
BCCP-157	Bond	9-Mar-40	4.600%	CA		11,423,000	536,106	587,698
BCCP - 159	Bond	12-Apr-40	4.730%	CA		8,700,000	275,750	307,569
Subtotal						240,930,683	77,702,389	85,428,956
NET UNAMORTIZED BOND PREMIUM/(DISCOUNT)						(224,892)		
Totals: Principal / Sinking Fund Balances						\$240,705,792	\$77,702,389	\$85,428,956

BC TRANSIT

FIR, Schedule 1, section 5

**SCHEDULE OF GUARANTEE & INDEMNITY AGREEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

There were no indemnity agreements entered into during the year which required the prior approval of the Minister of Finance or the Director of Risk Management Branch of the Ministry of Finance pursuant to the Guarantees and Indemnities Regulation (B.C. Reg. 258/87).

All agreements were undertaken as a normal part of doing business.

BRITISH COLUMBIA TRANSIT

FIR, Schedule 1, subsection 6(7)

**Statement of Severance Agreements
For the Year Ended March 31, 2013**

There was 1 severance agreement, representing 7.16 months compensation total, made between BC Transit and its non-unionized employees during the fiscal year 2012/2013

This statement is produced under the *Financial Information Regulation*, Schedule 1, Subsection 6(7)

BRITISH COLUMBIA TRANSIT
FIR, Schedule, Section
Schedule Showing the Remuneration and Expenses
Paid In Respect of Each Board Member or Commission Member
For the Year Ended March 31, 2013

Elected Officials, (Commission Members), and Members of the Board of Directors

<u>Member Name</u>		<u>Remuneration</u>	<u>Total Expenses</u>
<u>Members of the Board of Directors:</u>			
Mahoney, Kevin	Chair	\$13,350	\$1,083
Cairns, Kelly		10,700	3,005
De Clark, Bob		7,350	1,166
Milobar, Peter ¹		6,000	1,629
Sjostrom, Mary		7,200	4,529
<u>Members of the Commission and Board of Directors:</u>			
Brice, Susan	Chair - Commission	8,250	-
Hamilton, Carol ¹		6,900	-
<u>Members of the Commission:</u>			
Alto, Marianne		900	-
Cross, Larry		150	-
Desjardins, Barbara		900	-
Fortin, Dean		1,050	-
Leonard, Frank		300	-
<u>Total Remuneration and Expenses</u>		\$63,050	\$11,412

¹ New Directors Effective June 22, 2012

BRITISH COLUMBIA TRANSIT

**Schedule Showing the Remuneration and Expenses over \$75,000
Paid In Respect of Each Employee
For the Year Ended March 31, 2013**

EMPLOYEE NAME	*REMUNERATION	TOTAL EXPENSES
Abraham, Eric	95,375	
Achadinha, Manuel **	297,930	16,990
Anderson, Brian	167,188	5,329
Anderson, Stephen	98,099	27,053
Andrei, Gabriel	78,980	
Angus, Joanne	76,045	
Baker, Mark	92,334	
Barrett, Howard	80,866	
Bell, Gerald	76,704	
Birk, Damoder	89,190	
Birnie, Colin	76,275	9,458
Boss, James	106,051	
Brown, Ronald	83,715	6,287
Broydell, Nancy	75,827	3,321
Brydon, Stephen	105,208	7,870
Bunce, Evan	85,043	
Burton, Meribeth	96,272	14,271
Callister, Michael	85,005	
Campbell, Debra	97,049	6,479
Capron, Vance	111,681	
Carmichael, Andrew	101,495	
Caton, Douglas	99,913	4,556
Chang, Gerald	93,001	3,119
Chisholm, Robert	76,206	11,500
Cohoe, N. Lynn	80,945	15,128
Connor, Shaun	77,921	
Cronk, Terry	85,979	
Dallaway, Steven	78,498	16,684
Danks, Matthew	97,289	
Davis, Michael	170,359	8,790
DeJong, Johan	86,646	
Dunning, Tara	75,958	
Dupuis, Todd	87,718	41,062
Egginton, Garry	77,222	
Ferrari, Semone	77,825	
Flemming, Ronald	78,913	
Fletcher, Bob	79,515	
Fortier, Clayton	83,950	
Frost, Michael	114,961	13,691
Gardner, Rodney	83,421	
Garford, Michael	78,813	

BRITISH COLUMBIA TRANSIT

**Schedule Showing the Remuneration and Expenses over \$75,000
Paid In Respect of Each Employee
For the Year Ended March 31, 2013**

EMPLOYEE NAME	*REMUNERATION	TOTAL EXPENSES
Gauvin, Kerry	89,661	
George, Barry	85,925	8,468
Gibson, Matthew	76,391	
Gill, Amarjit	90,362	
Gimse, C. Bjorn	79,162	22,398
Grant, Michael	87,825	2,125
Green, F. Nate	90,331	
Gueho, Shauna	77,519	
Guthrie, David	129,159	3,419
Hall, Robert	91,915	19,120
Hamilton, Daryl	89,020	
Hartley, Thomas	91,097	
Harvard, Stephen	90,131	40,707
Head, Bruce	107,593	
Hegar, Mark	87,993	15,502
Henderson, W. Neil	105,095	
Hicks, John	77,082	11,481
Hileman, Garth	100,192	
Hill, Megan	99,553	
Inouye, Cameron	82,634	
Jaye, David	97,584	
Johal, Ranjeet	92,087	
Joffe, Gordon	96,288	2,314
Jones, Leanne	113,582	
Jones, Ronald	81,508	
Khan, Asif	76,743	
Kiefer, Christopher	79,512	
Kohl, Michael	167,850	9,031
Krumm, Gordon	78,923	
Kulmala, Rory	100,473	16,042
Kuwert, A. Eric	83,499	
Lamb, Aaron	141,288	15,116
Langridge, Terry	88,935	
Leslie, Coralie	109,862	
Lewis, Richard	88,996	5,091
Little, Ryan	77,114	25,801
Loussarian, Paul	116,229	3,529
Maier, E. Karl	79,997	
Mason, Deirdre	87,810	2,898
McDonald, Alison	83,604	10,559
Melanson, Terrence	101,888	

BRITISH COLUMBIA TRANSIT**Schedule Showing the Remuneration and Expenses over \$75,000
Paid In Respect of Each Employee
For the Year Ended March 31, 2013**

EMPLOYEE NAME	*REMUNERATION	TOTAL EXPENSES
Metzak, To The Estate of Barry	85,777	
Millar, Lloyd	75,971	
Milligan, Donald	98,685	7,513
Millward, Steven	82,212	
Moore, Myrna	91,389	8,383
Morin, William	87,154	
Nordstrom, Errol	80,504	10,012
Olague, Jose	92,373	
Orfield, Michelle	83,720	22,822
Orr, Graham	77,308	
Palmer, John	135,298	8,934
Parker, Wayne	76,672	
Parrett, Kevin	93,349	
Perry, Daniel	84,185	
Peters, Bruce	101,256	
Pettigrew, Joshua	94,129	2,956
Pheiffer, Mark	85,423	
Pinkerton, Erinn	130,190	2,626
Pizarro, Daniel	81,078	12,380
Poag, William	75,470	
Price, Norman	77,388	
Proud, Lawrence	113,040	13,882
Quagliotti, Larry	76,668	
Ram, Jim	94,093	
Rantucci, Peter	129,525	11,581
Reid, Nora	84,038	
Ribeiro, Loule	77,834	
Ridout, Christy	89,171	4,659
Ridout, Shawn	81,302	
Robinson, Wayne	88,664	
Ruffolo, Salvatore	82,631	2,728
Sadler, Leslie	75,899	2,958
Scagliati, Mario	77,300	
Schmidt, Steven	76,265	
Schubert, Kevin	89,557	47,272
Semmens, Benjamin	80,863	
Shearer, William	97,349	
Sheehan, Maureen	111,000	2,107
Siu, Ly	79,454	
Somner, Dennis	96,886	
South, Carl	75,366	

BRITISH COLUMBIA TRANSIT

**Schedule Showing the Remuneration and Expenses over \$75,000
Paid In Respect of Each Employee
For the Year Ended March 31, 2013**

EMPLOYEE NAME	*REMUNERATION	TOTAL EXPENSES
Takhar, Gursev	82,839	
Thornton-Joe, Phillip	84,421	2,113
Van Schaik, Adolf	88,566	
VanSchaik, Johann	90,346	13,499
Wadsworth, James	89,159	7,987
Walker, Douglas	87,289	
Wasiuta, Anita	91,370	2,441
Waters, J. Shawn	94,128	
Wegwitz, Tania	80,397	13,578
Wick, Leanne	126,906	9,370
Will, Jeffrey	98,076	2,594
Wilson, Allan	80,474	
Winsor, Josephine	93,094	5,315
Woodruff, Joseph	81,200	
Yablonski, Deborah	78,769	
Yates, Christopher	76,551	
Yeo, G. Keith	75,175	2,973
Over 75,000 Remuneration	12,998,999	645,871
Less than 75,000 Remuneration	40,893,671	576,164
Grand Total Employees	53,892,670	1,222,035

* Remuneration in 2013 is based on 26 pay period annual cycle (2012 - 27 pay periods). Reported payments in this schedule are based on a paid basis as opposed to the year earned. Includes banked time payouts such as overtime and annual vacation.

** Please refer to Executive Compensation Disclosure on BC Transit's website for executive compensation that is presented on an earned basis (2013 - \$332,779 / 2012 - \$324,438 / 2011)

BRITISH COLUMBIA TRANSIT
FIR, Schedule 1, section 6
Schedule showing the Remuneration and Expenses over \$75,000
Paid In Respect of each Employee (Reconciliation)
For the Year Ended March 31, 2013

Reconciliation

	<u>Remuneration</u>	<u>Expenses</u>
Commission Members And Members Of The Board Of Directors	63,050	11,412
Employees' Total Remuneration	<u>53,892,670</u>	<u>1,222,035</u>
Employer Portion CPP And EI	<u>2,671,765</u>	
Total Remuneration	<u><u>\$56,627,484</u></u>	<u><u>\$1,233,447</u></u>

Attachment 6

BRITISH COLUMBIA TRANSIT
Alphabetical List of Suppliers who Received Aggregate Payments
In Excess of \$25,000
For the Year Ended March 31, 2013

Vendor Name	Aggregate Amount Paid
0503050 BC LTD, D.B.A. TARA PRECISION	345,881
627535 B.C. LTD.	58,128
A.C.E. COURIER	65,024
ABC TRANSMISSIONS	105,480
ACKLANDS-GRAINGER INC.	81,808
ADDING RESULTS	131,807
AIR CANADA	79,514
AIR LIQUIDE CANADA	2,199,324
ALEXANDER DENNIS INC.	1,462,978
ALEXANDER DENNIS LTD.	1,484,083
ALLSPARES (AUTO) LTD.	37,679
AMERICAN PUBLIC TRANSPORTATION	30,267
ARROW & SLOCAN LAKES COMMUNITY	1,319,143
AXION TECHNOLOGIES LTD.	114,881
BAKER TRANSIT PARTS INC.	72,925
BC HYDRO	269,157
BC TRANSIT LIFESTYLE & FITNESS CENTRE	78,455
BCT EMPLOYEE HEALTH & BENEFIT TRUST	205,483
BDS SYSTEMS (UK) LTD	26,048
BEE-CLEAN BUILDING MAINTENANCE	224,968
BELL MEDIA INC	28,012
BELLA COOLA VALLEY BUS COMPANY LTD.	242,967
BFI CANADA INC.	43,500
BLACK PRESS GROUP LTD.	42,932
BLUEBIRD CABS LTD.	452,594
BMS INTEGRATED SERVICE INC.	38,534
BMT GROUP SERVICES	176,339
BRC GROUP	847,708
CAMPUS NISSAN	32,043
CANADA TICKET INC.	30,594
CANADIAN AUTO WORKERS UNION	651,553
CANADIAN LINEN SUPPLY	73,013
CANADIAN URBAN TRANSIT ASSOCIATION	30,288
CANON BUSINESS SOLUTIONS	41,158
CANPRO CONSTRUCTION LTD.	62,254
CAPITAL REGION EMERGENCY SERVICES	321,047
CAPITAL REGIONAL DISTRICT	41,473
CAREFREE SOCIETY	1,092,031
CBM NA INC	338,376
CBS PARTS LTD.	281,280
CBSC CAPITAL INC.	55,475
CHEVRON CANADA LTD.	177,943
CISION CANADA	41,900
CITY OF ABBOTSFORD	232,213
CITY OF KAMLOOPS	28,156
CITY OF KELOWNA	384,439
CITY OF LANGFORD	170,554
CITY OF NELSON	863,859
CITY OF POWELL RIVER	988,680
CITY OF PRINCE GEORGE	75,413
CITY OF REVELSTOKE	38,845
CITY OF VERNON	238,605
CITY OF VICTORIA	466,730
CLIFFE STREET CENTRE LTD.	76,414
COAST ENVIRONMENTAL LTD.	81,616
COAST INDUSTRIAL PARTS LTD.	30,235
COLUMBIA FIRE & SAFETY LTD.	43,709
COLUMBIA FUELS	54,807
COMMERCIAL TRUCK EQUIPMENT CO.	26,608
COMPLAN CANADA	59,858
CONSIDINE & COMPANY	107,186
CONWAY FREIGHT-CANADA INC	53,541
COPE	103,894
COPE 378 HEALTH & WELFARE TRUST	129,079
COWICHAN LAKE COMMUNITY	222,014

BRITISH COLUMBIA TRANSIT
Alphabetical List of Suppliers who Received Aggregate Payments
In Excess of \$25,000
For the Year Ended March 31, 2013

Vendor Name	Aggregate Amount Paid
COWICHAN VALLEY VOLUNTEER SOCIETY	395,427
CULLEN DIESEL POWER LTD	203,496
CUMMINS WESTERN CANADA LTD	2,632,301
CUMMINS-ALLISON INC.	36,635
DAIMLER BUSES NORTH AMERICA	157,542
DENSO SALES CANADA INC.	60,080
DISTRICT OF SAANICH	228,836
DIVERSIFIED TRANSPORTATION LTD.	6,123,256
DODD'S FURNITURE & MATTRESS	50,400
DON MANN EXCAVATING LTD.	54,816
DYNAMIC SPECIALTY VEHICLES LTD	12,954,940
E H EMERY ELECTRIC LTD	345,862
EDGEWOOD HOLDINGS LTD	26,050
ELECTRONIC DATA MAGNETICS INC.	109,103
ELREG DISTRIBUTORS LTD.	105,804
EMPRESS TRANSPORTATION CO LTD	257,983
ENGHOUSE TRANSPORTATION	63,816
EUCLID PRODUCTS COMPANY	40,910
EUROPUMP SYSTEMS INC.	46,604
EXEC-U-NET CONSULTING GROUP	63,427
FARMER CONSTRUCTION LTD.	252,655
FCV TECHNOLOGIES LTD.	79,787
FENDERS AUTO BODY	66,532
FIRSTCANADA ULC	61,894,189
FIVE FIVE TRANSPORT	680,444
FOREMOST SOLUTIONS CONSULTING GROUP	94,293
FORTIS BC - NATURAL GAS	243,663
FOSTER AIR CONDITIONING LTD.	30,654
FOTOPRINT LTD.	68,562
FRANZ ENVIRONMENTAL	50,383
GANGES FAERIE MINISHUTTLE	375,101
GARIVAL INC.	335,932
GIRO INC.	96,054
GLENOAK FORD SALES LTD.	343,954
GLOBAL BC	29,764
GLOBAL INSPECTIONS	71,534
GRANDE WEST TRANSPORTATION INTERNATIONAL	1,062,600
GREAT WEST LIFE	1,326,115
GREYHOUND CANADA TRANSPORTATION CORP.	71,133
HASLA TAXI	159,040
HARBOUR SIDE MECHANICAL INC.	35,784
HARRIS & COMPANY BARRISTER AND SOLICITOR	64,951
HELP FILL A DREAM FOUNDATION OF CANADA	25,709
HEMLOCK PRINTERS LTD.	37,704
HIGGINSON CONSULTING LTD.	30,467
HIGH LINE CORPORATION	43,670
HILLSIDE PRINTING	33,707
HOTEL GRAND PACIFIC	43,115
ICBC	1,135,949
ID2 COMMUNICATIONS INC.	55,207
INDUSTECH SYSTEMS	34,601
INDUSTRIAL RUBBER SUPPLIES	46,584
INSIGHTSOFTWARE.COM	100,121
INTERIOR HEALTH	91,375
JETDOG SOLUTIONS	71,632
JG SINGER CONSULTING	85,357
JIM PATTISON BROADCAST GROUP	44,081
JOHN VANDER VEEN TRUCKING	130,591
KAL TIRE (LANGFORD)	29,717
KERR CONTROLS INC.	133,022
KIMBERLEY COMMUNITY TRANSPORTATION	236,016
KING BROS. LTD.	167,109
LAMAR TRANSIT ADVERTISING	42,170
LDN TRANSPORTATION	211,594
LONG VIEW SYSTEMS	108,174
LOOMIS EXPRESS	78,955
LORDCO PARTS LTD.	46,752

BRITISH COLUMBIA TRANSIT
Alphabetical List of Suppliers who Received Aggregate Payments
In Excess of \$25,000
For the Year Ended March 31, 2013

Vendor Name	Aggregate Amount Paid
SNC-LAVALIN INC	127,975
SOUTH OKANAGAN TRANSIT SOCIETY	88,442
SOUTH THOMPSON INN & GUEST RANCH	37,561
SPORTWORKS NW, INC.	30,035
STAN THOMPSON AUTO UPHOLSTERY	60,868
STANTEC CONSULTING LTD.	167,416
SUN CITY COACHLINES LTD.	1,477,540
SUNCORP VALUATIONS	55,851
SUNSHINE COAST REGIONAL DIST.	1,936,230
TC PUBLICATION LIMITED PARTNERSHIP	50,231
TECH-WEB GRAPHICS LTD.	83,105
TECNET CANADA INC.	52,926
TELEFLEX CANADA	167,326
TELUS COMMUNICATIONS (BC) INC.	192,378
THE 500 STAFFING INC.	117,447
THE DATA GROUP OF COMPANIES	88,488
THE GEAR CENTRE	64,551
THE JACK BELL FOUNDATION	65,703
THE LAKERS' GO BUS SOCIETY	664,797
THINK COMMUNICATIONS	176,247
THINK TECHNOLOGY SOLUTIONS INC	109,175
TOTEM TOWING	74,399
TOWNSIDE AUTOMOTIVE	27,101
TRAIL TRANSIT SERVICES INC.	2,391,604
TRAN SIGN (1999) LTD.	49,051
TRAPEZE SOFTWARE INC.	115,416
TRUCK TRAILER & BUS COMPONENTS LTD	26,548
UNITED WAY	31,135
URBAN SYSTEMS LTD.	123,439
URBAN TRANSPORTATION ASSOC. INC.	29,621
V.I. BUS SALES & LEASING	27,043
VAN KAM FREIGHTWAYS LTD	60,452
VANCOUVER ISLAND CONFERENCE CENTRE	26,117
VICTORIA BATTERY DIRECT	79,208
VICTORIA CONTRACTING & MUNICIPAL MAINTENANCE	55,443
VICTORIA TAXI	385,197
VICTORIA WATERJET LTD	59,296
VIGIL SOLUTIONS INC.	81,600
VOITH TRANSMISSION CANADA INC.	460,450
WATSON & ASH TRANSP. CO. LTD.	5,256,263
WESTERN SCALE CO. LTD	94,665
WESTJET	41,045
WESTVAC INDUSTRIAL LTD	710,384
WHISTLER TRANSIT LTD.	8,032,154
WILLIAM T. HAIG	32,386
WILSON'S TRANSPORTATION LTD.	1,407,825
WORKSAFE BC	943,439
YELLOWHEAD COMMUNITY SERVICES	126,110

Consolidated Total Of Payments In Excess Of \$25,000 Paid To Suppliers 226,762,168

Consolidated Total Of Payments Less Than \$25,000 Paid To Suppliers 4,007,428

Total Aggregate Payments Made To Suppliers Per Accounts Payable Ledger 229,759,614

BRITISH COLUMBIA TRANSIT
Alphabetical List of Suppliers who Received Aggregate Payments
In Excess of \$25,000
For the Year Ended March 31, 2013

Vendor Name	Aggregate Amount Paid
LUCID MANAGEMENT GROUP LTD.	1,180,872
LYNDON ENTERPRISES LTD.	350,791
MACPHERSON BROWN LTD.	35,000
MASON LIFT LTD	26,003
MAXIMUM EXPRESS	25,138
MELTWATER NEWS CANADA, INC.	28,000
MERCER (CANADA) LIMITED	88,614
METROPOLITAN FINE PRINTERS, INC.	26,637
MICHELIN NORTH AMERICA INC (CAN)	548,473
MICROSOFT CANADA INC.	208,726
MILE-O-TAXI & CHARTERS	217,576
MINISTER OF FINANCE	10,292,021
MITCHELL PRESS	205,538
MONK OFFICE SUPPLY LTD.	61,115
MOTOR COACH INDUSTRIES LTD.	43,888
NANAIMO REG. TRANSIT SYSTEM	10,284,379
NEC UNIFIED SYSTEMS	181,883
NEW FLYER INDUSTRIES LTD.	1,484,753
NICOLA VALLEY TRANSPORTATION SOCIETY	264,979
NORCAN FLUID POWER LTD.	59,569
NORDBO SERVICES LTD.	119,703
NORTH ISLAND COMMUNITY SERVICES SOCIETY	313,575
NOVABUS	2,601,647
NRG RESEARCH GROUP	110,861
✓ OAKCREST PARK ESTATES LTD.	633,773
OLYMPUS STAGE LINES LTD.	432,096
OMEGA FRONTLINE APPAREL LTD	138,111
OMICRON CANADA INC	5,551,807
ORACLE CANADA ULC	205,340
OVERDRIVE COLLISION CENTER LTD.	34,362
PACIFIC BLUE CROSS	2,502,056
PACIFIC CARBON TRUST	42,114
- PACIFIC LIAISON & ASSOCIATES INC.	678,748
PATTERSON ADAMS BARRISTERS	47,142
PENTICTON & DISTRICT	258,046
PENTICTON TRANSIT SERVICES	2,117,280
PETRO CANADA	75,929
PHH VEHICLE MANAGEMENT SERVICE	37,855
POWELL RIVER TAXI	326,855
PPC WORLDWIDE CANADA EAP SERVICES	76,712
PREVOST CAR INC.	1,305,352
PRICEWATERHOUSE COOPERS LLP	40,638
PRINCE GEORGE TRANSIT LTD	5,748,950
PRINCETON & DISTRICT	118,133
PUBLIC SERVICE PENSION PLAN	7,869,189
PYE CONSTRUCTION LTD	49,284
RADIO WORKS	125,541
REBER CREATIVE	57,484
RECEIVER GENERAL FOR CANADA	14,195,198
REFLECTIONS PAINT & BODY REPAIR LTD.	65,130
REGIONAL DISTRICT OF NANAIMO	850,608
REID ROTHWELL & ASSOCIATES	78,254
RESORT MUNICIPALITY OF WHISTLER	194,255
REVENUE SERVICES OF BC (MSP)	1,019,414
- RGS CONSULTING	621,542
ROGER MILLER	68,782
ROGERS AT&T	198,402
ROYAL BANK OF CANADA	26,961
ROYAL ROADS UNIVERSITY	29,582
SAFE SOFTWARE INC.	30,800
SAFETY-KLEEN CANADA, INC.	37,682
SCHEDULE MASTERS INC.	26,489
SCHO'S LINE PAINTING SERVICE	28,885
SERVICE FIRST LTD.	35,291
SHELL CANADA PRODUCTS	11,481,272
SIGNS OF THE TIMES	112,448
SMITHERS COMMUNITY SERVICES	186,305

BRITISH COLUMBIA TRANSIT
FIR, Schedule 1, section 7
Reconciliation of Vendor Payments to Financial Statements
For the Year Ended March 31, 2013

Vendor Analysis Reconciliation

Vendor Analysis		<u><u>\$ 229,759,614</u></u>
Vendor Payments not on Statement of Operations:		
Non expenditure payments including HST, prepaids and change in accounts payable	(9,485,793)	
Amounts paid to vendors on Capital Assets and WIP	(41,076,318)	
Other timing differences between cash disbursements & the accrual basis of accounting	<u>(5,988,047)</u>	(56,550,158)
Expense Items not in 11/12 vendor analysis		
Employee Net Pay via Payroll	33,657,712	
Expenses paid directly to Employees	712,370	
Fees & Expenses paid directly to Board/Commission members	<u>74,462</u>	34,444,544
		<u><u>\$ 207,654,000</u></u>
BC Transit Statement of operations:		
Operations	\$ 201,116,000	
Maintenance	42,933,000	
Administration	<u>22,390,000</u>	
	266,439,000	
Less:		
Amortization	(47,740,000)	
Debt service	(11,045,000)	
		<u><u>\$ 207,654,000</u></u>

Financial Statements
(Expressed in thousands of dollars)

BRITISH COLUMBIA TRANSIT

Year ended March 31, 2013

MANAGEMENT REPORT

Year ended March 31, 2013

The consolidated financial statements of British Columbia Transit ("BC Transit") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia except in regard to the accounting for government transfers which is based on the Restricted Contributions Regulation 198/2011 and as advised by the Office of the Comptroller General of British Columbia.

These consolidated financial statements include some amounts based on management's best estimates and careful judgment. A precise determination of many assets and liabilities is dependent upon future events and, consequently, the preparation of periodic consolidated financial statements necessarily involves the use of management's judgment in establishing the estimates and approximations used. The consolidated financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized in the notes to the consolidated financial statements and incorporate, within reasonable limits of materiality, all information available as at May 30, 2013.

BC Transit's system of internal controls is designed to provide reasonable assurance that assets are safeguarded, transactions are properly recorded and executed in accordance with management's authorization, financial information is reliable and ethics codes are observed. Inherent to the concept of reasonable assurance is the recognition that there are limits in all internal control systems and that system costs should not exceed the expected benefits. The system includes the selection, training and development of qualified personnel, organizational division of responsibilities, appropriate delegation of authority and formal written company policies and procedures including the conflict of interest policy of all BC Transit officers and employees.

The consolidated financial statements have been examined by the Auditor General of British Columbia, BC Transit's independent external auditors. Their responsibility is to express their opinion whether the consolidated financial statements in all material respects, present fairly the consolidated financial position as at March 31, 2013 and the consolidated statements of operations, consolidated statements of change in net debt, consolidated statement of remeasurement gains and losses, and the consolidated statements of cash flows for the year then ended in accordance with Canadian public sector accounting standards. Their report follows. The Board of Directors meets regularly with management and the external auditors to satisfy itself that the company's system of internal control is adequate, to ensure that responsibilities for financial reporting are being met, and to provide an opportunity for full and open access to the Board of Directors in respect to financial reporting matters.

Management is responsible for all of the information in this Annual Report. Financial information presented elsewhere in this Annual Report is consistent with that in the consolidated financial statements.



Manuel Achadinha
President and Chief Executive Officer
Date: May 30, 2013



Michael Kohl, CA
Vice President, Finance and Chief Financial Officer
Date: May 30, 2013



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of British Columbia Transit, and
To the Minister of Transportation and Infrastructure, Province of British Columbia*

I have audited the accompanying consolidated financial statements of British Columbia Transit, which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statement of operations, consolidated statement of change in net debt, consolidated statement of remeasurement gains and losses and the 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 Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 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 presentation of the financial statements.

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

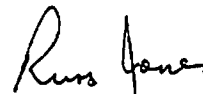
Opinion

In my opinion, the consolidated financial statements of British Columbia Transit for the year ended March 31, 2013, are prepared, in all material respects, in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of Matter

Without modifying my opinion, I draw attention to Note 2(a) to the consolidated financial statements which discloses that the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia are in accordance with Canadian public sector accounting standards except in regard to the accounting treatment of government transfers. Note 18 to the consolidated financial statements discloses the impact of these differences.

Victoria, British Columbia
May 30, 2013



Russ Jones, MBA, CA
Auditor General (Acting)

BRITISH COLUMBIA TRANSIT

Consolidated Statements of Financial Position
(Expressed in thousands of dollars)

As at March 31

	2013	2012
Financial assets:		
Cash and cash equivalents (note 3)	\$ 69,878	\$ 87,898
Accounts receivable:		
Provincial and federal capital grants	1,056	2,033
Local government	12,905	13,317
Trade and other	7,585	7,091
Debt sinking funds (note 6)	85,429	64,199
	<u>176,853</u>	<u>174,538</u>
Liabilities:		
Accounts payable and accrued liabilities	31,955	28,370
Provincial funding payable	5,162	10,331
Deferred contributions (note 4)	6,822	7,347
Deferred capital contributions (note 5)	807,748	821,561
Debt (note 6)	240,706	240,665
Employee future benefits (note 7)	14,963	13,448
	<u>1,107,356</u>	<u>1,121,722</u>
Net debt:	<u>(930,503)</u>	<u>(947,184)</u>
Non-financial assets:		
Tangible capital assets (note 8)	304,496	311,935
Tangible capital assets under lease (note 9)	672,676	680,737
Inventories	8,335	8,166
Prepaid expenses	1,268	1,944
Prepaid lease payments	3,996	3,473
	<u>990,771</u>	<u>1,006,255</u>
Accumulated surplus:	<u>\$ 60,268</u>	<u>\$ 59,071</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 52,131	\$ 52,565
Accumulated remeasurement gains	8,137	6,506
	<u>\$ 60,268</u>	<u>\$ 59,071</u>

Commitments and contingencies (notes 11 and 12)

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



Director



Director

**IMPRINT ON BACK OF O.A.G. OFFICE FILE COPY OF
SIGNED BALANCE SHEET**

Audited Statements Called From Final W/P Drafts

By: MC To: MC (using Adobe PDF-tool)

Cross references checked by: MC

Adds & crossadds checked by: MC

Checked to Letters of Mgmt Rep.
Legal & Actuary by: MC

BRITISH COLUMBIA TRANSIT

Consolidated Statements of Operations
(Expressed in thousands of dollars)

Years ended March 31

	Budget (note 15)	2013	2012
Revenue:			
Operations	\$ 68,091	\$ 67,944	\$ 67,847
Government transfers:			
Provincial (note 13)	96,639	89,013	88,065
Local government (note 13)	88,899	76,312	75,483
Amortization of deferred capital contributions	35,762	28,805	27,183
Investment and other income	3,093	4,152	2,947
	<u>292,584</u>	<u>266,226</u>	<u>261,525</u>
Expenses: (note 14)			
Operations	224,238	201,116	198,936
Maintenance	45,534	42,933	40,652
Administration	22,812	22,390	22,568
	<u>292,584</u>	<u>266,438</u>	<u>262,156</u>
Net loss from operations	-	(213)	(631)
Other:			
Vancouver assets - amortization of deferred capital contributions (note 5)	31,242	14,340	31,242
Vancouver assets - amortization expense (note 9)	(32,654)	(14,769)	(32,654)
Amortization of contributed surplus	1,412	-	-
(Loss)/Gain on disposal of tangible capital assets and assets under lease	-	(370)	11
Gain on foreign exchange and investments	-	578	620
	<u>-</u>	<u>(221)</u>	<u>(781)</u>
Annual deficit	-	(434)	(1,412)
Accumulated operating surplus, beginning of year	52,565	52,565	53,977
Accumulated operating surplus, end of year	<u>\$ 52,565</u>	<u>\$ 52,131</u>	<u>\$ 52,565</u>

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

BRITISH COLUMBIA TRANSIT

Consolidated Statements of Change in Net Debt
(Expressed in thousands of dollars)

Years ended March 31

	Budget (note 15)	2013	2012
Annual deficit	\$ -	\$ (434)	\$ (1,412)
Acquisition of tangible capital assets	(80,373)	(47,631)	(36,436)
Amortization of tangible capital assets	92,854	62,508	79,766
Amortization of prepaid lease	-	-	108
Loss (Gain) on sale of tangible capital assets	-	370	(11)
Proceeds on sale of tangible capital assets and assets under lease	-	253	30
	2,481	15,066	42,043
Acquisition of inventories of parts	-	(23,807)	(27,156)
Consumption of inventories of parts	-	23,638	27,276
Acquisition of prepaid expenses	-	(4,345)	(2,052)
Consumption of prepaid expenses	-	5,021	1,072
Acquisition of prepaid leases	-	(801)	-
Consumption of prepaid leases	-	278	-
	-	(16)	(860)
Realized (gain) loss reclassified to operations	-	(254)	(620)
Unrealized gain (loss) on portfolio investment	-	1,885	4,225
	-	1,631	3,605
Change in net debt	2,481	16,681	44,788
Net debt, beginning of year	(947,184)	(947,184)	(991,972)
Net debt, end of year	\$ (944,703)	\$ (930,503)	\$ (947,184)

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

BRITISH COLUMBIA TRANSIT

Consolidated Statement of Remeasurement Gains and Losses
(Expressed in thousands of dollars)

Years ended March 31

	2013	2012
Accumulated remeasurement gains and (losses), beginning of year	\$ 6,506	\$ 2,901
Unrealized gain on investments	1,885	4,225
Realized gain on investments, reclassified to gain on foreign exchange and investments	(254)	(620)
Accumulated remeasurement gains and (losses), end of year	\$ 8,137	\$ 6,506

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

BRITISH COLUMBIA TRANSIT

Consolidated Statements of Cash Flows
(Expressed in thousands of dollars)

Years ended March 31

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (434)	\$ (1,412)
Items not involving cash:		
Amortization of debt discount	41	41
Amortization of tangible capital assets	62,508	79,766
Amortization of prepaid lease	273	106
Loss (Gain) on sale of tangible capital assets	370	(11)
Amortization of deferred capital contributions	(43,145)	(58,425)
Changes in non-cash assets and liabilities:		
Accounts receivable	895	(2,218)
Accounts payable and accrued liabilities	3,585	6,803
Provincial funding payable	(5,169)	
Deferred contributions	(525)	179
Employee future benefits	1,515	1,203
Inventories	(169)	120
Prepaid expenses	676	(980)
Net change in cash from operating activities	20,421	25,172
Capital activities:		
Proceeds from disposal of assets under lease	50	-
Proceeds on sale of tangible capital assets	203	30
Cash used to acquire tangible capital assets and assets under lease	(47,631)	(36,436)
Net change in cash from capital activities	(47,378)	(36,406)
Investing activities:		
Increase in debt sinking funds and investments net of unrealized gain	(19,599)	(9,063)
Net change in cash from investing activities	(19,599)	(9,063)
Financing activities:		
Prepaid lease payments	(796)	-
Debt issued	-	44,151
Debt repaid	-	(9,930)
Deferred capital contributions received	29,332	19,940
Net change in cash from financing activities	28,536	54,161
Net change in cash and cash equivalents	(18,020)	33,864
Cash and cash equivalents, beginning of year	87,898	54,034
Cash and cash equivalents, end of year	\$ 69,878	\$ 87,898
Supplemental cash flow information:		
Cash paid for interest	\$ 11,073	\$ 10,684
Cash received from interest	\$ 3,617	\$ 2,283

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

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

1. Nature of Operations:

British Columbia Transit ("BC Transit") was established under the *British Columbia Transit Act*, as amended in 1998, to operate the urban transit systems in the Province of British Columbia (the "Province") outside of the Metro Vancouver Regional service area. BC Transit is exempt from income taxes under the *Income Tax Act*.

BC Transit, on behalf of the Victoria Regional Transit Commission, is responsible for the administration of all funds raised by certain tax levies. These funds held in trust are excluded from the consolidated financial statements.

The financial position and changes in the funds during the year are set out in note 10.

2. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements have been prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as required by Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and supplemented by Regulation 198/2011 Issued by the Province of British Columbia Treasury Board.

Regulation 198/2011 requires that restricted contributions for the purpose of acquiring or developing a depreciable tangible capital asset be recorded and recognized in revenue at the same rate the amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

Canadian public sector accounting standards require government transfers, which do not contain a stipulation that creates a liability, to be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met. The regulation allows for the deferral of revenue recognition to future years, recognized in income systematically over the useful life of the asset, rather than in the year the transfer was made, resulting in differences in Deferred Capital Contributions, and Accumulated Operating Surplus on the Consolidated Statements of Financial Position, and the Government transfers revenue and Annual Surplus on the Statement of Operations.

(b) Basis of accounting:

BC Transit follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

2. Significant accounting policies (continued):

(c) Future accounting policy changes:

(i) Liability for contaminated sites:

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites*. PS 3260 establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments. The main features of the section are as follows:

- A liability should be recognized when contamination exceeds an accepted environmental standard and the entity is directly responsible, or accepts responsibility for the damage.
- A liability should be measured at the entity's best estimate of the costs directly attributable to remediation of the contamination; and
- Outstanding site assessments do not negate the requirement to assess whether a liability exists.

Management is evaluating the impact of PS 3260, which will be adopted for fiscal 2015.

(d) Basis of consolidation:

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by BC Transit. Controlled organizations are consolidated with inter-organizational transactions, balances, and activities eliminated on consolidation.

The following organizations are controlled by BC Transit and fully consolidated in these financial statements:

TBC Vehicle Management Inc.
TBC Operations Inc.
TBC Properties Inc.
0915866 B.C. Ltd.
0922667 B.C. Ltd.
0925406 B.C. Ltd.
0928624 B.C. Ltd.

(e) Deferred contributions and revenue recognition

Government transfers received relate to contributions from federal, provincial and local governments to fund capital projects, operating costs, sinking fund and interest payments.

Under Restricted Contributions Regulation 198/2011, government transfers are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

2. Significant accounting policies (continued):

(e) Deferred contributions and revenue recognition (continued)

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution has been met.

See note 18 for the impact of this regulation on these consolidated financial statements.

Transit user charges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and when services have been provided to the users.

(f) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding party or related Act, investment income earned on deferred contributions is added to the investment and forms part of the deferred contributions balance.

(g) Financial instruments:

BC Transit has elected to measure specific financial instruments at fair value, 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. All other financial assets and financial liabilities are measured at cost or amortized cost. The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- 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.
- 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.

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

2. Significant accounting policies (continued):

(g) Financial instruments (continued)

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

All financial assets 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.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, certificates of deposit and short-term investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a term to maturity of 90 days or less at acquisition, are held for the purpose of meeting short term cash commitments rather than for investing, are reported at fair value and measured using a Level 1 valuation.

(ii) Accounts receivable

Accounts receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made to reflect accounts receivable at the lower of cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowance are recognized in the statement of operations.

(iii) Debt sinking funds

Investments in sinking fund balances consist of pooled investment portfolios and Canadian, Provincial government and Crown Corporation bonds managed by the British Columbia Investments Management Corporation ("bcIMC"), a corporation established under the *Public Sector Pension Plans Act*. Sinking fund investments are recorded at fair value and measured using a Level 1 valuation. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments.

(iv) Debt and other financial liabilities

All debt and other financial liabilities are recorded using cost or amortized cost.

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

2. Significant accounting policies (continued):

(h) Employee future benefits

BC Transit and its employees contribute to the Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 54,000 active plan members and approximately 38,000 retired plan members. Required contributions to the Plan are expensed as incurred. The maximum contribution rate for eligible employees was 9.28% (2012 – 9.28%). BC Transit's maximum contribution rate was 10.28% (2012 – 10.28%).

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at March 31, 2011, indicated a deficit of \$275,401 for basic pension benefits. The actuary does not attribute portions of the deficit to individual employers. The next required valuation is March 31, 2014.

Outside of the Public Service Pension Plan, BC Transit maintains various benefit arrangements available to retired employees including non-pension post retirement benefits, post employment benefits and continuation of long term disability benefits. The future obligation under these benefit plans are accrued as the employees render the services necessary to earn the benefit. Management, using an estimate of salary escalation and expected retirement ages, calculates the cost of the defined retirement benefit. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Transit. The accrued employee benefit obligations and the net periodic benefit cost were estimated by an actuarial valuation completed effective for March 31, 2013.

(i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

2. Significant accounting policies (continued):

(i) Non-financial assets (continued):

Asset	Useful Life - Years
Land	Indefinite – not amortized
Exchanges, shelters, and other transit infrastructure	3 – 40
Buildings	5 – 40
Vehicles – including major components	2 – 20
Hydrogen vehicles	5 – 10
Hydrogen fuelling station	5
Equipment and other capital assets	4 – 20

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt with a corresponding entry to deferred capital contributions. Tangible capital assets are amortized over their estimated useful lives.

(iii) Interest capitalization:

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets. Interest is capitalized from the date of advance of funds until the assets are available for service.

(iv) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Asset	Useful Life - Years
SkyTrain – transit infrastructure	75 – 100
SkyTrain buildings	20
West Coast Express – transit infrastructure	30

(v) Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(vi) Impairment of tangible capital assets:

BC Transit monitors the recoverability of tangible capital assets. Whenever events or changes in circumstances indicate that the tangible capital asset no longer contributes to the ability to provide transit services or that the value of the future economic benefits

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

2. Significant accounting policies (continued):

(vi) Impairment of tangible capital assets (continued)

associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down to residual value.

(vii) Intangibles:

Intangible assets are not recognized in government financial statements.

(i) 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.

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. Significant measurement uncertainty includes assumptions used in the determination of amortization periods and estimating provisions for certain accrued liabilities. Actual results could differ from these estimates.

3. Cash and cash equivalents:

Major components of cash and cash equivalents are as follows:

	2013	2012
Cash	\$ 8,872	\$ 9,916
Cash equivalents	61,006	77,982
	\$ 69,878	87,898

4. Deferred contributions:

Debt service contributions to fund sinking fund and interest payments are recovered from local municipal partners over the estimated service life of the related assets. These contributions may differ from the annual amortization of the related assets. Such differences are deferred to be recognized as a recovery in future periods.

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

4. Deferred contributions (continued):

The deferred contributions, reported on the consolidated statement of financial position, are made up of the following:

	2013	2012
Provincial funding	\$ 1,876	\$ 1,876
Deferred local contributions	4,946	5,471
Total deferred contributions	\$ 6,822	\$ 7,347

Continuity of deferred contributions is as follows:

	2013	2012
Balance, beginning of year	\$ 7,347	\$ 7,168
Provincial funding	-	6
Contributions from local governments – Victoria Regional	33,320	33,421
Contributions from other local governments	42,467	42,229
	83,134	82,824
Deferred local contributions used	(76,312)	(75,477)
Balance, end of year	\$ 6,822	7,347

5. Deferred capital contributions:

The deferred capital contributions, reported on the consolidated statement of financial position, are made up of the following:

	2013	2012
Deferred capital contributions	\$ 187,135	\$ 193,366
Vancouver assets - deferred capital contributions	620,613	628,195
Total deferred capital contributions	\$ 807,748	\$ 821,561

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

5. Deferred capital contributions (continued):

Deferred capital contributions include Federal and Provincial grants subject to amortization on the same basis as the related asset.

	2013	2012
Balance, beginning of year	\$ 193,366	\$ 200,609
Contributions and other additions	22,574	19,940
Amortization	(28,805)	(27,183)
Balance, end of year	187,135	193,366
Capital assets under lease:		
Balance, beginning of year	628,195	659,437
Contributions and other additions	6,758	-
Amortization	(14,340)	(31,242)
Balance, end of year	620,613	628,195
Total deferred capital contributions	\$ 807,748	\$ 821,561

BC Transit owns certain West Coast Express and SkyTrain infrastructure in Vancouver. The SkyTrain infrastructure included lands surplus to the operation of the Expo Line. In prior years BC Transit has disposed of certain surplus lands. The Ministry of Transportation and Infrastructure granted these and other accumulated funds to BC Transit to use for operating and capital expenditures. No amounts (2012 - \$0) were used to purchase capital assets in the year. The remaining unexpended amounts represent funds designated for capital and special projects. Deferred contributions also includes \$71 (2012 - \$71) received from the Ministry of Environment and held for retro-fitting diesel motors.

6. Debt:

BC Transit's debt, including principal and interest, is either held or guaranteed by the Province. BC Transit has not experienced any losses to date under this indemnity. Under the *British Columbia Transit Act*, BC Transit is subject to a borrowing limit of \$500 million in total. The Minister of Finance, as BC Transit's fiscal agent, arranges financing at BC Transit's request.

The gross amount of debt and the amount of sinking fund assets available to retire the debt are as follows:

	2013	2012
Sinking fund bonds, weighted average interest rate of 4.60%, maturing at various dates to 2040, amortized from 5 to 30 years	\$ 240,706	\$ 240,665

Investments held in sinking funds, including interest earned, are to be used to repay the related debt at maturity. Investment income includes \$157 (2012 - \$623) of realized gains on disposition of investments in sinking funds.

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

6. Debt (continued):

Sinking fund investments are managed by the British Columbia Investment Management Corporation and have cost and market values as follows:

	2013		2012	
	Cost	Market value	Cost	Market value
Money market funds	\$ 5,322	\$ 5,324	\$ 287	\$ 287
Provincial bonds	72,380	80,105	57,505	63,912
Total	\$ 77,702	\$ 85,429	\$ 57,792	\$ 64,199

The total debt maturities for the next five years are as follows:

2014	\$ 9,604
2015	19,275
2016	25,595
2017	6,378
2018	-
Thereafter	180,079

Debt sinking fund installments in each of the next five years are as follows:

2014	\$ 16,857
2015	15,284
2016	12,638
2017	8,005
2018	6,780
Thereafter	43,948

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

7. Employee future benefits:

Information about BC Transit's benefit plans is as follows:

	2013	2012
Non-pension post retirement benefits	\$ 16,307	\$ 12,822
Post employment benefits	432	445
Continuation of long term disability benefits	1,389	1,122
Total liability for benefits	\$ 18,128	\$ 14,389

The employee future benefits liability reported on the statement of financial position is as follows:

	2013	2012
Accrued benefit obligation:		
Balance, beginning of year	\$ 13,448	\$ 12,245
Current benefit cost and event-driven expense	1,305	1,095
Interest	572	535
Actuarial gain (loss)	85	(2)
Benefits paid	(447)	(425)
Balance, end of year	14,963	13,448
Unamortized actuarial loss (gain)	3,165	941
Liability for benefits	\$ 18,128	\$ 14,389

Included in expenses is \$85 (2012 - (\$2 gain)) for amortization of the actuarial loss.

The unamortized actuarial loss on future payments is amortized over the expected period of the liability which is 10 years for post employment benefits and 11 years for post retirement benefits.

The significant actuarial assumptions adopted in measuring BC Transit's accrued benefit obligations are as follows:

	2013	2012
Discount rate	2.6% - 3.3%	3.5% - 4.1%
Expected future inflationary increases	2.6% - 5.15%	2.6% - 5.2%
Weighted average health care trend - end of year	7.06% in 2013 grading to 4.50% in and after 2029	7.24% in 2012 grading to 4.5% in and after 2029
Dental and MSP trend - end of year	4.5%	4.5%

Total cash payments for employee future benefits for the year ended March 31, 2013 consisting of cash contributed by the Company to its multi-employer defined benefit plan was \$3,753 (2011/12 - \$3,674)

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

8. Tangible capital assets:

Cost	Balance, March 31, 2012	Additions	Disposals	Balance, March 31, 2013
Land	\$ 2,608	\$ -	\$ -	\$ 2,608
Exchanges, shelters and other transit infrastructure	16,259	6,054	-	22,313
Buildings	42,074	367	-	42,441
Vehicles	367,486	13,625	(6,472)	374,639
Hydrogen vehicles	52,648	-	-	52,648
Hydrogen fuel station	9,810	-	-	9,810
Other equipment	35,172	3,835	-	39,007
Capital projects in progress	35,563	40,873	(23,881)	52,555
Total	\$ 561,620	\$ 64,754	\$ (30,353)	\$ 596,021

Accumulated amortization	Balance, March 31, 2012	Disposals	Amortization expense	Balance, March 31, 2013
Exchanges, shelters and other transit infrastructure	\$ 3,312	\$ -	\$ 1,156	\$ 4,468
Buildings	17,727	-	1,510	19,237
Vehicles	183,206	(5,899)	30,842	208,149
Hydrogen vehicles	21,009	-	9,352	30,361
Hydrogen fuel station	4,408	-	1,962	6,370
Other equipment	20,023	-	2,917	22,940
Capital projects in progress	-	-	-	-
Total	\$ 249,685	\$ (5,899)	\$ 47,739	\$ 291,525

Net book value	Balance March 31, 2012	Balance March 31, 2013
Land	\$ 2,608	\$ 2,608
Exchanges, shelters, and other transit infrastructure	12,947	17,845
Buildings	24,347	23,204
Vehicles	184,280	166,490
Hydrogen vehicles	31,639	22,287
Hydrogen fuel station	5,402	3,440
Other equipment	15,149	16,067
Capital projects in progress	35,563	52,555
Total	\$ 311,935	\$ 304,496

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

8. Tangible capital assets (continued):

Cost	Balance, March 31, 2011	Additions	Disposals	Balance, March 31, 2012
Land	\$ 2,608	\$ -	\$ -	\$ 2,608
Exchanges, shelters and other transit infrastructure	10,391	5,868	-	16,259
Buildings	37,361	4,713	-	42,074
Vehicles	356,212	12,987	1,713	367,486
Hydrogen vehicles	52,648	-	-	52,648
Hydrogen fuel station	9,810	-	-	9,810
Other equipment	25,447	9,725	-	35,172
Capital projects in progress	33,787	36,439	34,663	35,563
Total	\$ 528,264	\$ 69,732	\$ 36,376	\$ 561,620

Accumulated amortization	Balance, March 31, 2011	Disposals	Amortization expense	Balance, March 31, 2012
Exchanges, shelters and other transit infrastructure	\$ 2,652	\$ -	\$ 680	\$ 3,312
Buildings	16,409	-	1,318	17,727
Vehicles	153,975	1,692	30,923	183,206
Hydrogen vehicles	10,923	-	10,086	21,009
Hydrogen fuel station	2,446	-	1,962	4,408
Other equipment	17,860	-	2,163	20,023
Capital projects in progress	-	-	-	-
Total	\$ 204,265	\$ 1,692	\$ 47,112	\$ 249,685

Net book value	Balance, March 31, 2011	Balance, March 31, 2012
Land	\$ 2,608	\$ 2,608
Exchanges, shelters and other transit infrastructure	7,739	12,947
Buildings	20,952	24,347
Vehicles	202,237	184,280
Hydrogen vehicles	41,725	31,639
Hydrogen fuel station	7,364	5,402
Other equipment	7,587	15,149
Capital projects in progress	33,787	35,563
Total	\$ 323,999	\$ 311,935

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

8. Tangible capital assets (continued):

Assets under construction having a value of \$52,555 (2012 - \$35,563) have not been amortized. Amortization of these assets will commence when the asset is available for service.

During the year, \$573 (2012 - \$43) of equipment was recognized as a write-down when equipment was removed from service.

Interest capitalized for capital projects in 2013 was \$556 (2012 - \$998).

9. Tangible capital assets under lease:

Capital assets under lease consist of land, land improvements, stations, guideways and other assets related to the SkyTrain system and West Coast Express. These assets are made available to the South Coast British Columbia Transportation Authority ("SCBCTA") for their use pursuant to an Order in Council and operating lease and represent one of the Province's contributions toward public transportation in the Metro Vancouver service area.

The operating lease arrangements with SCBCTA are for one dollar per year under an initial 15-year term to 2014, with additional five-year renewal periods upon the agreement of BC Transit and the SCBCTA.

Cost	Balance, March 31, 2012	Additions	Disposals	Balance, March 31, 2013
SkyTrain	\$ 1,204,098	\$ -	\$ (50)	\$ 1,204,048
West Coast Express	128,848	-	-	128,848
Capital projects in progress	-	6,758	-	6,758
Total	\$ 1,332,946	\$ 6,758	\$ (50)	\$ 1,339,654

Accumulated amortization	Balance, March 31, 2012	Disposals	Amortization expense	Balance, March 31, 2013
SkyTrain	\$ 581,708	\$ -	\$ 10,472	\$ 592,180
West Coast Express	70,501	-	4,297	74,798
Capital projects in progress	-	-	-	-
Total	\$ 652,209	\$ -	\$ 14,769	\$ 666,978

Net book value	Balance, March 31, 2012	Balance, March 31, 2013
SkyTrain	\$ 622,390	\$ 611,868
West Coast Express	58,347	54,050
Capital projects in progress	-	6,758
Total	\$ 680,737	\$ 672,676

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

9. Tangible capital assets under lease (continued):

Effective April 1, 2012 BC Transit reviewed the useful life of its leased tangible capital assets in relation to its Vancouver SkyTrain and West Coast Express assets. An independent consulting firm was commissioned to conduct a technical review of the design, construction and current condition of these assets. Based on the conclusions in this report the expected service life of the SkyTrain was extended to 75-100 years compared to the previously used estimate of 40 years. The West Coast Express estimated useful life remained unchanged at 30 years, see note 2(i)(iv).

Cost	Balance, March 31, 2011	Additions	Disposals	Balance, March 31, 2012
SkyTrain	\$ 1,204,098	\$ -	\$ -	\$ 1,204,098
West Coast Express	128,848	-	-	128,848
Total	\$ 1,332,946	\$ -	\$ -	\$ 1,332,946

Accumulated amortization	Balance, March 31, 2011	Disposals	Amortization expense	Balance, March 31, 2012
SkyTrain	\$ 553,348	\$ -	\$ 28,360	\$ 581,708
West Coast Express	66,207	-	4,294	70,501
Total	\$ 619,555	\$ -	\$ 32,654	\$ 652,209

Net book value	Balance, March 31, 2011	Balance, March 31, 2012
SkyTrain	\$ 650,750	\$ 622,390
West Coast Express	62,641	58,347
Total	\$ 713,391	\$ 680,737

10. Victoria Regional Transit Commission:

BC Transit holds funds in trust on behalf of the Victoria Regional Transit Commission. These funds are not included in the consolidated statement of financial position. The cash held in trust and transactions during the year are as follows:

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

10. Victoria Regional Transit Commission (continued)

	2013	2012
Cash held in trust, beginning of year	\$ 4,761	\$ 2,386
Revenue:		
Fuel tax	11,855	11,853
Property tax	24,940	24,668
Interest earned	475	126
Government transfers	(33,570)	(34,272)
Cash held in trust, end of year	\$ 8,461	\$ 4,761

11. Commitments:

BC Transit has outstanding commitments as summarized below:

	2014	2015	2016	2017	2018
Operating leases	\$ 1,322	\$ 1,298	\$ 1,249	\$ 1,059	\$ 1,026
Facilities	2,528	335	-	-	-
Vehicle purchases	13,827	-	-	-	-
Hydrogen fuel commitments	1,737	-	-	-	-
Fixed price fuel commitments	4,086	-	-	-	-
Information technology	2,000	287	287	253	253
	\$ 25,500	\$ 1,920	\$ 1,536	\$ 1,312	\$ 1,279

12. Contingent liabilities:

The nature of BC Transit's activities is such that there is usually litigation pending or in process at any time. With respect to unsettled claims at March 31, 2013 management has determined that BC Transit has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the financial position of BC Transit.

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

13. Government transfers:

BC Transit recognizes the transfer of funding as revenues in the period that the events giving rise to the transfer occurred. The transfers reported on the statement of operations are:

	2013	2012
Revenue:		
Provincial grants:		
Operating	\$ 89,013	\$ 88,071
Supplementary operating	-	(6)
	89,013	88,065
Capital	28,680	27,183
	117,693	115,248
Federal grants:		
Capital	125	-
Local government contributions:		
Transfers under cost share agreements	76,312	75,483
Capital	-	-
	76,437	75,483
Total revenues	\$ 194,130	\$ 190,731

14. Classification of expense by object:

	2013	2012
Contracted salaries, wages and benefits	71,028	68,393
Salaries, wages and benefits	63,893	63,560
Amortization of capital assets	47,740	47,112
Fuel	28,671	28,729
Fleet Maintenance	22,732	22,045
Interest	11,045	10,902
Insurance	4,360	3,902
Leases and taxes	2,479	2,460
Major projects and initiatives	1,538	2,641
Local government expenses	1,957	1,929
Marketing and communications	1,846	1,914
Taxi programs	1,703	1,848
Facility maintenance	2,518	2,451
Information systems	1,805	1,662
Corporate expenses	1,381	1,163
Professional fees	1,047	725
Travel and meetings	696	720
Total operating expenses	\$ 266,439	\$ 262,156

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2013 operating and capital budgets in the approved BC Transit 2012/13 – 2014/15 Service Plan. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Total funding	\$ 415,611
Capital budget	(90,373)
Operating budget	325,238
Total expenditures	415,611
Less:	
Capital expenses	(90,373)
Total operating expenses	325,238
Annual surplus	\$ -

16. Financial instruments:

(a) Fair value:

The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Debt sinking funds are reflected on the statement of financial position at fair value. The fair value of long-term debt at March 31, 2013 is \$240,706 (2012 - \$240,665).

In evaluating the fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and/or different valuation techniques may have a material effect on the estimated fair value amounts for financial instruments. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

(b) Risks associated with financial assets and liabilities:

BC Transit is exposed to financial risks from its financial assets and liabilities. The financial risks include market risk relating to commodity prices, interest rates and foreign exchange risks as well as credit risk and liquidity risk.

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

16. Financial Instruments (continued)

(b) Risks associated with financial assets and liabilities (continued):

Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of commodity price risk, interest rate risk, foreign exchange risk and credit risk as discussed below.

Commodity price risk:

BC Transit is exposed to commodity price risk. Commodity price risk and volatility has a significant impact on BC Transit's fuel costs. Management continually monitors the exposure to commodity price volatility and assesses possible risk mitigation strategies including continuing to buy at rack prices, entering into a physical fixed price agreement to fix all or a portion of fuel prices with a supplier and/or the potential to enter into financial commodity derivative contracts. Management does not have the authority under the *British Columbia Transit Act* to enter into financial commodity derivative contracts directly. The ability for management to execute physical hedge agreements with suppliers is governed under formal policies and is subject to limits established by the Board of Directors. Management entered into a fixed price physical supply contract during the year fixing certain fuel purchases during fiscal 2013 as described in note 11.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate from changes in market interest rates. BC Transit is exposed to interest rate risk to the extent of changes in the prime interest rate. BC Transit may from time to time enter into interest rate swap contracts to manage exposure to interest rates and cash flow risk. No such derivative contracts were entered into during the year.

Foreign exchange risk:

BC Transit is exposed to currency risk on purchases and loans denominated in the U.S dollar. BC Transit periodically makes commitments to acquire certain capital assets, primarily transit vehicles, from suppliers requiring payment in either US dollars or pounds sterling. These risks are monitored and can be mitigated by management by entering into foreign currency option agreements. There were no such arrangements outstanding as at March 31, 2013.

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

16. Financial instruments (continued)

(b) Risks associated with financial assets and liabilities (continued):

Sensitivity analysis:

The following table is a sensitivity analysis indicating the impact on net revenue (expenditures) of a change in each type of market risk discussed above. The sensitivity analysis is based on reasonable possible movement within the forecast period, being one year. These assumptions may not be representative of actual movements in these risks and should not be relied upon. Given the volatility in the financial and commodity markets, the actual percentage changes may differ significantly from the outcomes noted below. Each risk is contemplated independent of other risks.

1% change		
Interest rate risk	\$	110
Foreign exchange risk		488

Liquidity risk:

Liquidity risk is the risk that BC Transit will encounter difficulty in meeting obligations associated with financial liabilities as they come due. BC Transit manages liquidity risk through its cash, debt, sinking fund and funding management initiatives. Accounts payable and accrued liabilities are due in the next fiscal year. Maturity of long term debt is disclosed in note 6. Other commitments with future minimum payments are disclosed in note 11.

Credit risk:

It is management's opinion that BC Transit is not exposed to any significant credit risk.

(c) Capital disclosures:

BC Transit defines capital as accumulated surplus plus deferred capital contributions. BC Transit receives the majority of these operating and capital funds from Federal, Provincial or from municipal government partners.

BC Transit's objective when managing capital is to meet its current Service Plan initiatives with the current funding available. BC Transit manages its capital structure in conjunction with the Province and makes adjustments to its Service Plan and related budgets based on available government funding. The focus is to ensure that service levels are preserved within the funding restrictions by the Province and municipal partners.

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

BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2013

17. Related party transactions:

As a Crown Corporation of the Province, BC Transit and the Province are considered related parties. All transactions between BC Transit and the Province are considered to possess commercial substance and are consequently recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions and balances have been disclosed elsewhere in the financial statements.

18. Impact of accounting for Government Transfers in accordance with Section 23.1 of the *Budget Transparency and Accountability Act*:

As noted in the significant accounting policies note 2(a), Section 23.1 of the *Budget Transparency and Accountability Act* and Restricted Contributions Regulation 198/2001 require BC Transit to recognize government transfers for capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the consolidated financial statements of BC Transit is as follows:

Year ended March 31, 2013 – decrease in annual surplus by \$14,338.

March 31, 2013 – increase in accumulated surplus by \$814,570 a decrease in deferred capital contributions by \$807,748 and a decrease in deferred contributions by \$6,822.

19. Investment in Transportation Property and Casualty Company Inc.:

In January 2010, the Board of Directors approved the withdrawal from the Transportation Property and Casualty Inc. Program ("TPCCP"). As a replacement to TPCCP, the Company procured a comprehensive stand-alone insurance coverage program effective April 1, 2010 which is renewed annually. Claims which have been registered and served prior to the withdrawal from the TPCCP program continue to be settled in an orderly manner and the Company will continue to monitor these claims. See note 12 for further details regarding unsettled claims.

20. Subsequent events:

On April 19, 2013, BC Transit executed a fixed price fuel commitment for 480,000 litres (\$408,000) of diesel fuel to be delivered in equal quantities in December 2013 and January and February 2014.

21. Comparative figures:

Certain of the comparative figures have been reclassified to conform with current year's consolidated financial statement presentation.