Summary Financial Statements

Province of British Columbia

For the Fiscal Year Ended
March 31, 2006

BRITISH
COLUMBIA

Report of the Office of the Auditor General of British Columbia

**ON THE
SUMMARY FINANCIAL STATEMENTS
OF THE GOVERNMENT OF THE
PROVINCE OF BRITISH COLUMBIA**

*To the Legislative Assembly
of the Province of British Columbia*

I have audited the summary financial statements of the Government of the Province of British Columbia consisting of the consolidated statement of financial position as at March 31, 2006, and the consolidated statements of operations, change in net liabilities, and cash flow for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government of the Province of British Columbia as at March 31, 2006 and the results of its operations, change in net liabilities and its cash flow for the year then ended, in accordance with generally accepted accounting principles as recommended by The Canadian Institute of Chartered Accountants.

Victoria, British Columbia
June 16, 2006

Errol S. Price

Errol Price, CA
Deputy Auditor General

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

Responsibility for the integrity and objectivity of the Summary Financial Statements for the Government of the Province of British Columbia rests with the government. The comptroller general prepares these financial statements in accordance with generally accepted accounting principles for senior governments as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. The fiscal year of the government is from April 1 to March 31 of the following year.

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

The auditor general of British Columbia provides an independent opinion on the financial statements prepared by the government. The duties of the auditor general in that respect are contained in section 11 of the *Auditor General Act*. The audit opinion for the 2005/06 statements was signed by the deputy auditor general.

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

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

CAROLE TAYLOR
Chair, Treasury Board

Summary Financial Statements
Consolidated Statement of Financial Position
as at March 31, 2006

	Note	2006	2005
		In Millions	
Financial Assets		$	$
Cash and cash equivalents		2,889	2,568
Temporary investments		1,012	1,015
Accounts receivable	3	2,602	2,649
Inventories for resale	4	93	78
Due from other governments	5	662	634
Due from self–supported Crown corporations and agencies	6	443	544
Equity in self–supported Crown corporations and agencies	7	3,422	3,164
Loans, advances and mortgages receivable	8	923	770
Other investments	9	2,217	1,986
Sinking fund investments	10	4,059	4,516
Loans for purchase of assets, recoverable from agencies	11	6,916	6,901
		25,238	24,825
Liabilities			
Accounts payable and accrued liabilities	12	6,202	5,609
Due to other governments	13	870	891
Due to Crown corporations, agencies and funds	14	144	152
Deferred revenue	15	5,674	5,181
Employee pension plans	16	2	3
Taxpayer–supported debt	17	30,278	32,032
Self–supported debt	18	7,758	7,889
		50,928	51,757
Net assets (liabilities)	20	(25,690)	(26,932)
Non–financial Assets			
Tangible capital assets	21	24,719	23,135
Prepaid program costs	22	532	462
Other assets	23	315	151
		25,566	23,748
Accumulated surplus (deficit)	24	**(124)**	**(3,184)**

	Note
Measurement uncertainty	2
Contingencies and contractual obligations	25
Restricted assets	26
Significant events	31

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

Prepared in accordance with Canadian generally accepted accounting principles.

DAVID FAIRBOTHAM
Acting Comptroller General

Summary Financial Statements
Consolidated Statement of Operations
for the Fiscal Year Ended March 31, 2006

	In Millions 2006 Estimates (Note 32) $	2006 Actual $	2005 Actual $
Revenue			
Taxation (Note 27)	15,445	16,429	14,917
Contributions from the federal government	5,623	5,786	5,222
Natural resources	4,406	4,567	3,973
Fees and licences	3,665	3,649	3,621
Net earnings of self–supported Crown corporations and agencies (Note 7)	2,274	2,198	2,558
Miscellaneous	2,245	2,370	2,239
Investment income	818	948	833
	34,476	35,947	33,363
Expense (Note 28)			
Health	12,463	12,822	11,529
Education	8,948	9,053	8,512
Social services	2,842	2,798	2,598
Natural resources and economic development	1,649	1,638	1,688
Transportation	1,224	1,203	1,308
Other	1,431	1,101	1,027
Protection of persons and property	1,349	1,414	1,206
Interest	2,336	2,182	2,294
General government	634	676	505
	32,876	32,887	30,667
Surplus (deficit) for the year before forecast allowance	1,600	3,060	2,696
Forecast allowance	(300)		
Surplus (deficit) for the year	**1,300**	**3,060**	**2,696**
Accumulated surplus (deficit)—beginning of year as restated (Note 24)		(3,184)	(5,880)
Accumulated surplus (deficit)—end of year		**(124)**	**(3,184)**

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

Summary Financial Statements
Consolidated Statement of Change in Net Liabilities
for the Fiscal Year Ended March 31, 2006

	In Millions		
	2006		2005
	Estimates $	Actual $	Actual $
Surplus (deficit) for the year	1,300	3,060	2,696
Effect of change in tangible capital assets			
Acquisition of tangible capital assets	(3,038)	(3,080)	(2,323)
Amortization of tangible capital assets	1,367	1,374	1,324
Disposals and valuation adjustments	25	122	134
	(1,646)	(1,584)	(865)
Effect of change in:			
Prepaid program costs	(222)	(70)	(80)
Other assets	(4)	(164)	6
	(226)	(234)	(74)
(Increase) decrease in net liabilities	(572)	1,242	1,757
Net assets (liabilities)—beginning of year	(26,805)	(26,932)	(28,689)
Net assets (liabilities)—end of year	**(27,377)**	**(25,690)**	**(26,932)**

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

Summary Financial Statements
Consolidated Statement of Cash Flow
for the Fiscal Year Ended March 31, 2006

	In Millions			
	2006			2005
	Receipts	Disbursements	Net	Net
Operating Transactions	$	$	$	$
Surplus (deficit) for the year[2]			3,060	2,696
Non–cash items included in surplus (deficit):				
Amortization of tangible capital assets			1,374	1,324
Amortization of public debt deferred revenue and deferred charges			(77)	(20)
Concessionary loan adjustments (decreases)			(1)	(1)
Valuation adjustments			215	222
Net earnings of self–supported Crown corporations and agencies			(2,198)	(2,558)
Temporary investments decreases (increases)			3	(46)
Accounts receivable decreases (increases)			(112)	18
Due from other governments decreases (increases)			(28)	(234)
Due from self–supported Crown corporations and agencies (increases) decreases			101	(380)
Accounts payable increases (decreases)			593	(7)
Due to other governments increases (decreases)			(21)	(246)
Due to Crown corporations, agencies and funds increases (decreases)			(8)	29
Unfunded pension liability payments			(1)	
Items applicable to future operations increases			237	1,126
Contributions of self–supported Crown corporations and agencies			1,940	2,263
Cash derived from (used for) operations			5,077	4,186
Capital Transactions				
Tangible capital assets (acquisitions)	110	(3,080)	(2,970)	(2,195)
Cash derived from (used for) capital	110	(3,080)	(2,970)	(2,195)
Investment Transactions				
Investment in self–supported Crown corporations and agencies				151
Loans, advances and mortgages receivable (issues)	61	(244)	(183)	242
Other investments—net decreases (increases)		(232)	(232)	(196)
Sinking fund investments—net decreases (increases)	702	(245)	457	103
Cash derived from (used for investments)	763	(721)	42	300
Sub–total cash (requirements)			2,149	2,291

Summary Financial Statements
Consolidated Statement of Cash Flow
for the Fiscal Year Ended March 31, 2006—Continued

	2006 Receipts $	2006 Disbursements $	2006 Net $	2005 Net $
	In Millions			
Sub–total cash (requirements) carried forward from previous page			2,149	2,291
Financing Transactions[1]				
Public debt (decreases) increases	12,639	(14,415)	(1,776)	(2,037)
Derived from Warehouse Borrowing Program investment	21	(21)		
Derived from (used for) purchase of assets, recoverable from agencies	(4,548)	4,496	(52)	593
Cash derived from (used for) financing	8,112	(9,940)	(1,828)	(1,444)
Increase (decrease) in cash and cash equivalents			321	847
Cash and cash equivalents—beginning of year			2,568	1,721
Cash and cash equivalents—end of year			**2,889**	**2,568**
Cash and cash equivalents are made up of:				
Cash			1,266	1,013
Cash equivalents			1,623	1,555
			2,889	2,568

[1]Financing transaction receipts are from debt issues and disbursements are for debt repayments.

[2]Interest received during the year was $950. Interest paid during the year was $2,226. Interest received is made up of interest income from the statement of operations in the amount of $948 less the change in accrued interest receivable in the amount of $(2). Interest paid is made up of interest expense from the statement of operations in the amount of $2,182 less the change in accrued interest payable in the amount of $(44).

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

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006

1. Significant Accounting Policies

(a) BASIS OF ACCOUNTING

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

(b) REPORTING ENTITY

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

A list of organizations included in these consolidated financial statements may be found on pages 71 – 73. Trusts administered by government or government organizations are excluded from the reporting entity.

(c) PRINCIPLES OF CONSOLIDATION

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

Self–supported Crown corporations, agencies, entities and government business partnerships are consolidated with the CRF on the modified equity basis of consolidation.

The definitions of these consolidation methods can be found on page 118.

Adjustments are made for Crown corporations, agencies and entities whose fiscal year ends are different from the government's fiscal year end of March 31. These Crown corporations, agencies and entities consist of the British Columbia Assessment Authority, the Insurance Corporation of British Columbia, the British Columbia Railway Company, and all school districts.

(d) SPECIFIC ACCOUNTING POLICIES

Revenue

All revenue is recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The exception is corporate income tax, which is recorded on a cash basis.

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

Tax credits/offsets are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue but are not considered valuation allowances.

Expense

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

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

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

1. Significant Accounting Policies—Continued

Government transfers include grants, entitlements and transfers under agreements, as defined in the definitions on page 118. Government transfers are recognized as expenses in the period in which the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. Transfers are deferred if the amount represents prepaid operating expenses.

Assets

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

Financial Assets

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

Temporary investments and Warehouse Program Investments include short–term investments recorded at the lower of cost or market value. The fair values of short–term investments approximate their carrying values because of the short–term maturity of these instruments.

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

Equity in self–supported Crown corporations and agencies represents the province's investment (including long–term advances) in those self–supported Crown corporations and agencies at cost, adjusted for increases and decreases in the investees' net assets.

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

Loans and advances are recorded at cost less adjustment for any prolonged impairment in value. Mortgages receivable are recorded at the principal amount less valuation allowance, are secured by real estate and are repayable over periods ranging up to 30 years. Concessionary loans and mortgages are recorded at net present value at issue and related present value discounts are expensed. Valuation allowances are made when collectibility is considered doubtful.

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

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

Tangible Capital Assets

Tangible capital assets are recorded at historical cost, less accumulated amortization. The recorded cost, less the residual value, is generally amortized over the estimated useful lives of the assets on a straight–line basis except for some transportation equipment which is amortized using the sinking fund method.

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

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

1. Significant Accounting Policies—Continued

The value of collections (artifacts, specimens and documents) has been excluded from the statement of financial position.

Liabilities

All liabilities are recorded to the extent they represent claims payable to outside parties as a result of events and transactions prior to year end. This includes probable losses on loan guarantees issued by the province, contingent liabilities (when it is likely a liability exists and the amount of the liability can be reasonably determined on an individual or portfolio basis) and unfunded pension liabilities.

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

Employee Pension Plans (Unfunded Pension Liabilities)

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

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

Public Debt

Public debt represents the direct debt obligations of the Province of British Columbia, including borrowings incurred for government operating purposes, the acquisition of capital assets, re–lending to authorized government bodies and borrowings in advance of future requirements under the Warehouse Borrowing Program. Public debt consists of short–term promissory notes, other notes, bonds and debentures, bank loans, capital leases and mortgages payable. These obligations are recorded at principal less unamortized premium or discount and unrealized foreign exchange gains or losses. When it has been determined there are sufficient securities to satisfy scheduled interest and principal payments for a debt instrument, the sinking fund assets are set aside in a defeased trust account.

Public debt is reported under two categories:

(i) Taxpayer–supported debt—includes direct debt used for government operating and capital purposes, the debt of those Crown corporations, agencies and SUCH sector entities who require an operating or debt servicing subsidy from the provincial government and the debt of an entity that is fully consolidated within these financial statements.

(ii) Self–supported debt—includes the portion of debt of commercial Crown corporations, agencies and entities that has been borrowed through the government's fiscal agency loan program. It does not include all debt of commercial Crown corporations and agencies, as these entities are consolidated on the modified equity basis. Commercial Crown corporations and agencies fully fund their operations and debt from revenue generated through the sale of goods and/or services at commercial rates to buyers that are outside the government reporting entity. Self–supported debt includes debt of the Warehouse Borrowing Program.

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

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

1. Significant Accounting Policies—Continued

Foreign Currency Translation

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

Derivative Financial Instruments

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

(e) CHANGES IN ACCOUNTING TREATMENT

Rate Regulated Accounting

The province has changed its reporting of rate regulated accounting to agree with the new guidance provided by the Canadian Institute of Chartered Accountants Accounting Standards Board. The effects of this new guidance results in an increase in the equity in self–supported crowns and agencies and net earnings of self–supported crowns and agencies of $233 million (2005: $162 million).

2. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Uncertainty exists whenever estimates are used because it is reasonably possible there could be a material variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements as identified in the table below for items with a variability of over $10 million dollars:

	In Millions			
Account	Actual Amount Recorded	Measurement Uncertainty Minimum	Measurement Uncertainty Maximum	% Range
	$	$	$	
Health and social transfer payments	4,220	4,170	4,270	1 %
Personal income tax	5,838	5,713	5,963	2 %
Variability is based on the potential differences between the estimated economic factors used in calculating the accruals and the eventual actual economic results.				
Litigation and arbitration	94	80	108	15 %
Crime victim assistance program	109	104	114	5 %
Variability exists in the outcomes of litigation and arbitration.				

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

2. Measurement Uncertainty—Continued

Account	Actual Amount Recorded	Measurement Uncertainty Minimum	Measurement Uncertainty Maximum	% Range
	In Millions			
	$	$	$	
Provision for doubtful accounts	76	68	84	10 %
Accrued expenditure liability	73	64	79	10 %

Variability exists in the accruals as the recorded numbers are based on the province's best estimate of expected results.

See note 25 with respect to the measurement uncertainty related to environmental remediation liabilities.

3. Accounts Receivable

	In Millions 2006	2005
	$	$
Trade accounts receivable	1,916	2,008
Taxes receivable	1,156	1,113
Accrued interest	286	288
	3,358	3,409
Provision for doubtful accounts	(756)	(760)
	2,602	**2,649**

4. Inventories for Resale

	In Millions 2006	2005
	$	$
Other	52	37
Properties	41	41
	93	**78**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

5. Due from Other Governments

	In Millions	
	2006	2005
	$	$
Government of Canada:		
Current	511	470
Long–term	119	132
Provincial governments:		
Current	18	15
Local governments:[1]		
Current	14	17
	662	**634**

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

6. Due from Self–supported Crown Corporations and Agencies

	In Millions	
	2006	2005
	$	$
British Columbia Hydro and Power Authority	265	363
British Columbia Lottery Corporation	176	179
Columbia Power Corporation	2	2
	443	**544**

See Statement of Financial Position for Self–supported Crown Corporations and Agencies on page 78 for details.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

7. Equity in Self–supported Crown Corporations and Agencies

	In Millions			
	2006			2005
	Investments	Unremitted Earnings	Total	Total
	$	$	$	$
British Columbia Hydro and Power Authority		1,707	1,707	1,668
British Columbia Railway Company	107	10	117	107
British Columbia Transmission Corporation	20	17	37	20
Columbia Power Corporation	276	28	304	303
Insurance Corporation of British Columbia		1,242	1,242	1,051
Provincial Capital Commission		15	15	15
	403	**3,019**	**3,422**	**3,164**

Change in Equity in Self–supported Crown Corporations and Agencies

	Investments	Unremitted Earnings	Total	Total
Balance—beginning of year	403	2,816	3,219	3,221
Prior period adjustments		(55)	(55)	(201)
Balance—beginning of year restated	403	2,761	3,164	3,020
Increase (decrease) in investment				(151)
Net earnings of self–supported Crown corporations and agencies		2,198	2,198	2,558
Contributions paid to the Consolidated Revenue Fund		(1,727)	(1,727)	(2,190)
Adjustments to contributions paid		(213)	(213)	(73)
Balance—end of year	**403**	**3,019**	**3,422**	**3,164**

See Statement of Financial Position for Self–supported Crown Corporations and Agencies and Summary of Results of Operations and Statement of Equity for Self–supported Crown Corporations and Agencies on pages 78 – 79 for details.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

8. Loans, Advances and Mortgages Receivable

	In Millions	
	2006	2005
Loans and Advances	$	$
BC student loans	673	575
Land Tax Deferment loans	178	157
Construction loans to social housing projects	97	21
Industrial Development Fund commercial loans	83	86
Accountable advances	31	12
Miscellaneous	36	59
	1,098	910
Provision for doubtful accounts	(223)	(201)
	875	709
Mortgages Receivable		
Reconstruction Loan Program	70	59
Miscellaneous	5	26
	75	85
Provision for doubtful accounts	(27)	(24)
	48	61
	923	**770**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

8. Loans, Advances and Mortgages Receivable—Continued

The BC Student Loan Program provides loans to borrowers for higher education. Borrowers are required to repay these loans through a contracted service provider to the province, with a floating interest rate of prime plus 2.5% or a fixed rate of prime plus 5%. Amortization of the loans is usually set for 174 months, but borrowers can extend that amortization to a maximum of 234 months. Defaulted loans are due on demand with interest at a floating rate of prime plus 2.5%. The BC Student Loan Program also administers defaulted student loans issued by financial institutions under a guaranteed and risk sharing agreement with the province. Defaulted risk sharing loans arise due to bankruptcy or death of the borrower while attending school.

The Land Tax Deferment Program allows eligible owners to defer payment of all, or a portion of, annual property taxes due on principal residences. Eligible individuals are either 60 years or older, a surviving spouse, or a person with a disability. Simple interest is charged on the deferred taxes at a rate set by the minister of small business and revenue. This rate will not exceed 2.0% below the prime lending rate of the principal banker to the government. The deferred taxes, administration fees, plus outstanding interest must be repaid before the residence can be legally transferred to a new owner, other than directly to a surviving spouse.

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

The Industrial Development Fund provided loans to assist the establishment of new industry, the introduction of new technology to existing industry, or the development of a region of British Columbia. These loans incur interest at rates ranging from 0% to 10%. The Industrial Development Fund was eliminated pursuant to the repeal of the *Industrial Development Incentive Act* under the *Budget Measures Implementation Act, 2002*. No loans were issued after March 31, 2002.

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

The Reconstruction Loan Program provides financial assistance to homeowners to pay for repairs for homes with premature building envelope failure. The financial assistance is provided in the form of subsidized interest loans, no interest loans or deferred payment loans, and is secured by registered mortgages. This program is administered by the Homeowner Protection Office.

Miscellaneous mortgages receivable have terms ranging from less than one year to twenty years, with some loans being payable on demand. Interest rates range from 3.2% to 12%.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

9. Other Investments

	In Millions 2006 $	In Millions 2005 $
Equity investments	795	617
Municipal, corporate and other bonds	488	479
Commercial loans and investments	350	301
Government of Canada bonds	204	165
Provincial government bonds	163	153
Pooled investment portfolios	98	135
British Columbia Ferry Services Inc.	75	75
Miscellaneous	104	121
	2,277	2,046
Provision for doubtful accounts	(60)	(60)
	2,217	**1,986**

Equity investments have a market value of $930 million. They include investments in Canadian, U.S. and international equity markets.

Municipal, corporate and other bonds have a market value of $491 million with yields ranging from 0.75% to 6.75%.

Commercial loans and investments are recorded at the lower of cost of acquisition adjusted by attributed income and market value. Commercial loans and investments include Columbia Basin Trust's $290 million (2005: $241 million) investment in power development joint ventures, and $55 million held by the Consolidated Revenue Fund, for which a full provision has been made.

Government of Canada bonds have a market value of $210 million (par value $204 million), with yields ranging from 3.67% to 8.75%. Maturity dates range from December 1, 2006 to June 1, 2023.

Provincial bonds of various provinces have a market value of $166 million (par value $163 million), with yields ranging from 2.75% to 7.6%. Maturity dates range from December 1, 2006 to March 8, 2033.

Pooled investment portfolios consist mainly of units in various funds of the British Columbia Investment Management Corporation. These funds' investments consist primarily of debt and equity holdings of privately held companies. Pooled investment portfolios have a market value of $96 million.

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

Miscellaneous investments consist of other pooled funds as well as various forms of income securities, notes and treasury bills. The market value of miscellaneous investments is $108 million.

10. Sinking Fund Investments

	In Millions 2006 $	In Millions 2005 $
Taxpayer–supported sinking fund investments	3,213	3,523
Self–supported sinking fund investments	846	993
	4,059	**4,516**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

10. Sinking Fund Investments—Continued

	In Millions 2006	2005
	$	$
Pooled investment portfolios	2,488	2,623
Provincial government bonds	906	1,036
Local government bonds	506	551
Financial institutions		89
Government of Canada bonds	54	82
Miscellaneous	105	135
	4,059	**4,516**

Pooled investment portfolios consist of units in the British Columbia Investment Management Corporation's bond funds, which mainly consist of various governments' bonds and short term unitized funds that hold money market instruments.

Provincial bonds of various provinces have a market value of $970.4 million (par value $1,432.6 million), with yields ranging from 3.64% to 5.62%. Maturity dates range from April 17, 2006 to February 15, 2040.

Local government bonds mainly consist of debt issued by the Municipal Finance Authority of British Columbia.

Government of Canada bonds have a market value of $56.5 million (par value $80 million), with yields ranging from 3.81% to 4.30%. Maturity dates range from December 1, 2006 to October 1, 2009.

11. Loans for Purchase of Assets, Recoverable from Agencies

	In Millions 2006	2005
	$	$
British Columbia Hydro and Power Authority	6,882	6,896
British Columbia Transmission Corporation	30	
Improvement districts	4	5
	6,916	**6,901**

12. Accounts Payable and Accrued Liabilities

	In Millions 2006	2005
	$	$
Trade accounts payable	2,733	2,071
Other accrued estimated liabilities[1]	1,448	1,506
Accrued employee leave entitlements	1,318	1,285
Accrued interest on debt	703	747
	6,202	**5,609**

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

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

13. Due to Other Governments

	In Millions 2006	2005
	$	$
Government of Canada:		
Current	167	110
Long–term	659	733
Provincial governments:		
Current	35	41
Local governments:[1]		
Current	8	7
Long–term	1	
	870	**891**

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

14. Due to Crown Corporations, Agencies and Funds

	In Millions 2006	2005
	$	$
British Columbia Liquor Distribution Branch	42	54
Trust funds	102	98
	144	**152**

15. Deferred Revenue

	In Millions 2006	2005
	$	$
Deferred contributions	1,939	1,601
Petroleum, natural gas and minerals, leases and fees	1,517	1,298
Federal contributions	981	1,211
Motor vehicle licences and permits	221	202
Derivative debt instruments	174	156
Unearned lease revenue	97	108
Tuition	117	103
Federal and municipal highway project revenues	149	99
Water rentals and recording fees	79	69
Medical Services Plan premiums	70	65
Forest Stand Management Fund	12	15
Miscellaneous	318	254
	5,674	**5,181**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

16. Employee Pension Plans (Unfunded Pension Liabilities)

	In Millions	
	2006	2005
	$	$
Members of the Legislative Assembly Superannuation Account	**2**	**3**

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

There are additional employee pension plans in Crown corporations and agencies consolidated on the modified equity basis. Net assets or net liabilities of the pension funds are included in the investment balance of the particular Crown corporation or agency.

The estimated financial position as at March 31, 2006, for the basic pension in each plan is as follows:

	In Millions					
	Public Service Pension Plan	Municipal Pension Plan	Teachers' Pension Plan	College Pension Plan	Other Pension Plan [1]	Total
	$	$	$	$	$	$
Accrued benefit obligation	10,405	10,960	11,636	1,520	358	34,879
Pension fund assets	10,877	11,451	11,580	1,807	367	36,082
	(472)	(491)	56	(287)	(9)	(1,203)
Unamortized actuarial gain (loss)	(1,830)	(826)	(645)	(156)	11	(3,446)
Accrued net obligation (asset)	**(2,302)**	**(1,317)**	**(589)**	**(443)**	**2**	**(4,649)**

[1] Other pension plans represent defined benefit plans outside of the Public Service, Municipal, Teachers' and College Pension plans which are funded by entities within the government reporting entity. They include the Retirement Plan for Non–Teaching Employees of the Board of School Trustees of School District No. 43 (Coquitlam), the University of Victoria's pension plan for employees other than faculty and professional staff and Simon Fraser University's Academic Pension Plan and Administrative/Union Pension Plan.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

16. Employee Pension Plans (Unfunded Pension Liabilities)—Continued

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

In the event a plan deficit is determined by an actuarial valuation (performed every three years), the pension boards, by agreement, are required to address it through contribution adjustments or other means. It is expected, therefore, that any unfunded liabilities in the future will be short–term in nature.

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

The accrued benefit obligations and pension assets shown for 2005/06 are based on extrapolations of the most recent actuarial valuations as follows: Public Service Pension Plan (March 31, 2005); Municipal Pension Plan (December 31, 2003); Teachers' Pension Plan (December 31, 2002); and College Pension Plan (August 31, 2003). Fund assets are based on market value at the date of actuarial valuation and extrapolated using actuarial growth assumptions.

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

Key actuarial assumptions used in the valuations include a long–term annual rate of return on pension fund assets of 6.75% for the Public Service Pension Plan, 7.00% for the Municipal Pension Plan, 7.25% for the Teachers' Pension Plan, and 7.20% for the College Pension Plan, and long–term annual salary increases of 4.00% for the Public Service Pension Plan, 4.50% for the Municipal Pension Plan, 4.75% for the Teachers' Pension Plan, and 4.70% for the College Pension Plan.

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

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

17. Taxpayer–supported Debt[1]

In Millions

	Year of Maturity	Canadian Dollar	US Dollar [2]	Japanese Yen [2]	Other Currencies [2]	2006 Canadian Dollar Total	2005 Canadian Dollar Total
		$	$	$	$	$	$
Short–term promissory notes.......	2006					0	603
	2007	1,147				1,147	0
Notes, bonds and debentures[3]......	2006					0	2,525
	2007	1,640	1,179		395	3,214	3,101
	2008	999	884	59	418	2,360	2,350
	2009	2,334	1,077			3,411	3,313
	2010	1,376	308	94	572	2,350	2,329
	2011	1,894		110	614	2,618	2,543
	2012–2016	5,019	512			5,531	5,713
	2017–2021	615				615	614
	2022–2026	3,523				3,523	3,462
	2027–2031	3,308				3,308	3,084
	2032–2036	1,470				1,470	1,629
	2037–2041	416				416	415
	2042–2046	400				400	400
Total debt issued at face value		**24,141**	**3,960**	**263**	**1,999**	30,363	32,081
Unamortized discount..........						(147)	(136)
Unrealized foreign exchange gains..........						69	95
Amount held in the Consolidated Revenue Fund..........						(7)	(8)
Taxpayer–supported debt..........						**30,278**	**32,032**

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

2006..........	6.00%	
2005..........		5.85%

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

[2]Foreign currencies include: $2,705 million US ($3,960 million Canadian); 22,000 million Japanese Yen ($263 million Canadian); 400 million Swiss Franc ($418 million Canadian); and 917 million Euro ($1,581 million Canadian).

[3]Notes, bonds and debentures include $226 million (2005: $106 million) in bank loans, $317 million (2005: $123 million) in capital leases and $266 million (2005: $276 million) in mortgages.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

17. Taxpayer–supported Debt—Continued

Notes, bonds and debentures

Redeemable by the bond holder

Balances include 5.86% debentures due June 18, 2029, totalling $250 million (2005: $250 million). The holders have a put option which, if exercised, would result in the bond maturing on June 19, 2006. If the option is not exercised, the debenture will mature on June 18, 2029.

Balances include British Columbia Savings Bonds totalling $32 million (2005: $134 million) maturing at dates from October 15, 2006 to October 15, 2007, and with an effective rate of 2.65% are redeemable at par by the holder each April 15 and October 15 prior to maturity.

Redeemable by the province

Balances include debentures issued to the Canada Pension Plan totalling $3,467 million (2005: $3,539 million) at a weighted average interest rate of 8.06% (2005: 8.20%). These debentures mature at various dates from May 9, 2006 to August 9, 2035 with interest rates varying between 3.69% and 11.33%. These debentures are redeemable in whole or in part before maturity, on 30 days' prior notice, at the option of the province. During the year, $76 million (2005: $234 million) Canada Pension Plan debentures were issued. Under Canada Pension Plan legislation, any significant amendment to benefits or contributions requires the approval of the legislature of two–thirds of the provinces.

Aggregate payments to meet sinking fund instalments and retirement provisions

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

	In Millions Canadian Dollar
2007	2,919
2008	2,139
2009	3,196
2010	2,128
2011	2,244

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

18. Self–supported Debt[1]

In Millions

	Year of Maturity	Canadian Dollar	US Dollar[2]	2006 Canadian Dollar Total	2005 Canadian Dollar Total
		$	$	$	$
Short–term promissory notes	2006			0	918
	2007	415	483	898	0
Notes, bonds and debentures	2006			0	413
	2007	314		314	314
	2008	9	375	384	391
	2009	124		124	124
	2010	574	58	632	634
	2011	150		150	150
	2012–2016	1,425	290	1,715	1,715
	2017–2021	975		975	975
	2022–2026	697	619	1,316	1,301
	2027–2031			0	0
	2032–2036	800		800	400
	2037–2041		365	365	363
Total debt issued at face value		**5,483**	**2,190**	7,673	7,698
Unamortized discount premium				16	7
Unrealized foreign exchange gains				69	184
Total self–supported debt				**7,758**	**7,889**

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

	2006	2005
2006	6.53%	
2005		6.24%

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

[2]Foreign currencies include $1,753 million US ($2,190 million Canadian).

Notes, bonds and debentures

Redeemable by the province

Balances include debentures issued to the Canada Pension Plan totalling $191 million (2005: $229 million) at a weighted average interest rate of 10.01% (2005: 10.15%). These debentures mature at various dates from November 10, 2006 to June 9, 2009 with interest rates varying between 9.62% and 10.42%. These debentures are redeemable in whole or in part before maturity, on 30 days' prior notice, at the option of the province.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

18. Self–supported Debt—Continued

Aggregate payments to meet sinking fund instalments and retirement provisions

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

	In Millions Canadian Dollar
2007	279
2008	360
2009	86
2010	570
2011	141

19. Risk Management and Derivative Financial Instruments

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

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

The following tables present maturity schedules of the province's derivatives by type, outstanding at March 31, 2006, based on the notional amounts of the contracts.

Taxpayer–supported Debt

		In Millions			
	Year of Maturity	Cross Currency Swaps	Interest Rate Swaps	Forward Foreign Exchange Contracts	Total
		$	$	$	$
	2007	1,969	1,704		3,673
	2008	1,361			1,361
	2009	990	784	690	2,464
	2010	974	579		1,553
	2011	834			834
	6–10 years	512	605		1,117
	+ 10 years	64	1,019		1,083
Total		**6,704**	**4,691**	**690**	**12,085**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

19. Risk Management and Derivative Financial Instruments—Continued

Self–supported Debt

	In Millions				
	Year of Maturity	Cross Currency Swaps	Interest Rate Swaps	Forward Foreign Exchange Contracts	Total
		$	$	$	$
	2007		200		200
	2008	200	175	130	505
	2009				0
	2010		558	57	615
	2011				0
	6–10 years	290	1,281		1,571
	+ 10 years		100	719	819
Total		**490**	**2,314**	**906**	**3,710**

Interest rate risk

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

The government's current policy guidelines with respect to the provincial government direct debt portfolio, which totals $22,727 million (2005: $24,802 million), allow floating rate exposure up to 45.00% (2005: 45.00%) of this portion of the taxpayer–supported debt. At March 31, 2006, floating rate debt exposure was 31.80% (2005: 31.72%) of the government direct debt portfolio.

Under current policy guidelines for British Columbia Hydro and Power Authority (BC Hydro), the maximum floating rate exposure is 46.00% (2005: 46.00%) of their debt that totals $6,892 million (2005: $6,906 million). At March 31, 2006, floating rate debt exposure for BC Hydro was 36.10% (2005: 28.90%) of their debt.

Based on the taxpayer–supported and self–supported debt portfolios at March 31, 2006, a 1.00% increase in interest rates would result in an increase in the annual debt servicing costs of $73 million (2005: $76 million) for the taxpayer–supported debt portfolio and $28 million (2005: $17 million) for the self–supported debt portfolio.

Foreign exchange risk

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

The government's current policy guidelines with respect to the provincial government direct debt portfolio, which totals $22,727 million (2005: $24,802 million), allow unhedged foreign debt exposure up to 10.00% (2005: 10.00%) of this portion of the taxpayer–supported debt. At March 31, 2006, unhedged foreign debt exposure in Japanese yen was 1.57% (2005: 4.41%) of the government direct debt portfolio. At March 31, 2006, there was no unhedged foreign debt exposure in US dollars for the government direct debt portfolio (2005: nil).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

19. Risk Management and Derivative Financial Instruments—Continued

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 20.0% (2005: 20.0%) of their debt, which totals $6,892 million (2005: $6,906 million). At March 31, 2006, 2.60% (2005: 18.70%) of their debt was in the form of unhedged foreign debt in US dollars.

Based on the taxpayer–supported and self–supported debt portfolios at March 31, 2006, a one cent decrease in the Canadian dollar versus the US dollar would result in an increase of $9 million (2005: $10 million) in the annual debt servicing costs for the self–supported debt portfolio. A decrease of one yen versus the value of the Canadian dollar (for example, from 101 yen to 100 yen) would result in an increase to the annual debt servicing costs of $3 million (2005: $3 million) for the taxpayer–supported debt portfolio.

Credit risk

Credit risk is the risk that the province will incur financial loss due to a counterparty defaulting on its financial obligation to the province. In accordance with the government's policy guidelines, the province reduces its credit risk by dealing with only highly rated counterparties. The province only enters into derivative transactions with counterparties that have a rating from Standard & Poor's and Moody's Investors Service Inc. of at least AA–/Aa3 or A+/A1 in the case of Canadian Schedule A banks. The province also establishes limits on individual counterparty credit exposures and monitors these exposures on a regular basis.

20. Net Liabilities

The Statement of Change in Net Liabilities (*see* page 37) shows the net impact of applying the expenditure basis of accounting. The net liabilities calculation uses the expenditure, rather than the expense basis of accounting. Under the expenditure basis of accounting, tangible capital assets, prepaid program costs and other assets are recorded as expenditures when calculating the current year surplus or deficit. Under the expense basis of accounting, these items are recorded on the Statement of Financial Position as assets and amortized over an applicable period of time.

21. Tangible Capital Assets

	In Millions	
	2006	2005
	$	$
Land and land improvements	2,085	2,010
Buildings (including tenant improvements)	11,271	10,451
Highway infrastructure	6,849	6,472
Transportation equipment	2,020	2,027
Computer hardware and software	778	639
Other	1,716	1,536
	24,719	**23,135**

See Statement of Tangible Capital Assets on page 80.

The estimated useful lives of the more common tangible capital assets are: buildings (10–50 years); highway infrastructure (15–40 years); transportation equipment (5–40 years); computer hardware and software (3–5 years); and other (including vehicles, ferries and related infrastructure, specialized equipment, and furniture and equipment) (5–20 years). Land improvements are amortized over 30 years (recreation areas) or 40 years (dams and water management systems). Tenant improvements are amortized over five years or the length of the relevant lease term.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

21. Tangible Capital Assets—Continued

Included in tangible capital assets of British Columbia Transit (BCT) and of Rapid Transit Project 2000 Ltd (RTP) are capital assets under lease to Greater Vancouver Transportation Authority (GVTA). These 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 GVTA for their use under the *Greater Vancouver Transportation Authority Act* and an Order in Council (OIC) enacted thereunder, and represent one of the province's contributions toward public transportation in the Greater Vancouver Regional District. The OIC–directed lease arrangements with GVTA and BCT are for one dollar per year under an initial 15–year term with additional five–year renewal periods upon the agreement of BCT and GVTA. The net book value of these assets is $911 million (2005: $929 million). A similar lease arrangement is under negotiation with GVTA for the RTP assets.

22. Prepaid Program Costs

	In Millions	
	2006	2005
	$	$
Prepaid program costs[1]	**532**	**462**

[1] Includes inventories of operating material held in the Purchasing Commission and Queen's Printer warehouses pending distribution in a subsequent fiscal year and deferred costs associated with the BC Timber Sales Program. Also includes inventories of supplies and other not–for–resale items held by taxpayer–supported Crown corporations and agencies which are charged to expense when consumed in the normal course of operations.

23. Other Assets

	In Millions	
	2006	2005
	$	$
Deferred debt instrument costs	277	114
Other deferred costs	21	18
Deferred treaty costs	17	19
	315	**151**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

24. Accumulated Surplus (Deficit)

	In Millions 2006 $	2005 $
Accumulated surplus (deficit)—beginning of year as previously reported[1]	(3,150)	(5,725)
Adjustments to accumulated surplus (deficit)[2,3]	(34)	(155)
Accumulated surplus (deficit)—beginning of year as restated	(3,184)	(5,880)
Surplus (deficit) for the year[4]	3,060	2,696
Accumulated surplus (deficit)—end of year	**(124)**	**(3,184)**

[1]The opening accumulated deficit figure for April 1, 2004 and April 1, 2005 are as reported in the 2004/05 Public Accounts.

[2]During 2005/06, adjustments were made to the opening accumulated deficit for 2004/05 as follows:

School districts—adjustment for employee future benefits accrual and deferred capital contributions	(35)
Universities—adjustment for deferred capital contributions	85
BC Hydro—accounting policy change regarding rate regulated accounting	(251)
British Columbia Buildings Corporation—adjustment for land contributed by Province	15
Insurance Corporation of British Columbia—change in actuarial valuation for unpaid claims provision	50
Natural resources—adjustment for contractual obligations related to resource road development	(18)
Other miscellaneous adjustments	(1)
Total	(155)

[3]In fiscal 2005/06, adjustments were made to the opening deficit for 2005/06 for the following items:

School districts—adjustment for employee future benefits accrual and deferred capital contribution	(35)
Universities—adjustment for deferred capital contributions	85
BC Hydro—accounting policy change regarding rate regulated accounting	(89)
British Columbia Buildings Corporation—adjustment for land contributed by Province	18
Insurance Corporation of British Columbia—change in actuarial valuation for unpaid claims provision	34
Vancouver Convention Centre Expansion Project—correction for federal contributions	(10)
Natural resources—adjustment for contractual obligations related to resource road development	(36)
Other miscellaneous adjustments	(1)
Total	(34)

[4]During 2005/06, adjustments were made to the reported surplus figure for the 2004/05 fiscal as follows:

Reported surplus for 2004/05	2,575
BC Hydro—accounting policy change regarding rate regulated accounting	162
British Columbia Buildings Corporation—adjustment for land contributed by Province	3
Insurance Corporation of British Columbia—change in actuarial valuation for unpaid claims provision	(16)
Vancouver Convention Centre Expansion Project—correction for federal contributions	(10)
Natural resources—adjustment for contractual obligations related to resource road development	(18)
Total	2,696

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

25. Contingencies and Contractual Obligations

(a) GUARANTEED DEBT

The authorized limit for loans guaranteed by the province as at March 31, 2006 was $129 million (2005: $168 million). These guarantees include amounts where indemnities have been made for explicit quantifiable loans. Guaranteed debt as at March 31, 2006, totaled $111 million (2005: $142 million). See Statement of Guaranteed Debt on page 81 for details.

(b) CONTINGENT LIABILITIES

Litigation

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

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

	In Millions	
	2006	2005
	$	$
Tax disputes	1,300	10
Contract disputes	138	126
Property access disputes	118	11
Damage to persons or property	112	13
Negligence and miscellaneous	13	16
Motor vehicle accidents	11	8
Expropriation disputes	4	3
	1,696	**187**

When it is determined it is likely a liability exists and the amount can be reasonably estimated, the amount is recorded as an accrued liability (*see* Note 12) and an expense. The accrued liability for pending litigation in process at March 31, 2006, was $56 million (2005: $59 million).

Guarantees and Indemnities

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

Environmental Clean–up

The province is responsible for the environmental clean–up of numerous contaminated sites in the province. For those sites where the province has possession, a liability of $143 million (2005: $124 million) has been accrued based on preliminary environmental assessments. This liability is based on the minimum estimated clean–up costs for those sites where an estimate has been made and it has been determined the government is liable. Estimated clean–up costs, not already accrued for sites under evaluation, are approximately $101 million at March 31, 2006. In addition, the Ministry of Energy and Mines has determined possible net liabilities of $384 million for sites the province does not own. Many other sites remain to be evaluated; the future liability for all environmental clean–up costs is not currently determinable.

Aboriginal Land Claims

Treaty negotiations between the province, Canada and First Nations commenced in 1994. The province anticipates these negotiations will result in modern–day treaties defining the boundaries and nature of First Nations treaty settlement lands. As of March 31, 2006, there were 47 treaty tables in various stages of negotiation, representing two–thirds of the aboriginal people in British Columbia.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

25. Contingencies and Contractual Obligations—Continued

When final treaty agreements are ratified, the provincial cost of treaties is recorded in the Public Accounts. Costs are amortized over the same period as the period of capital transfers established in final agreements.

Two Agreements in Principle (AiPs) were signed in 2005/06, (Yekooche and Yale) to add to the AiPs already signed. It is expected the capital transfer components in all AiPs will be entirely provided by Canada. The current commitments of provincial Crown land for all Final Agreement tables are as follows:

(i) In–SHUCK–ch, 13,208 hectares
(ii) Lheidli T'enneh, 3,463 hectares
(iii) Maa–nulth, 22,003 hectares
(iv) Sechelt, 933 hectares
(v) Sliammon, 6,357 hectares
(vi) Tsawwassen, 427 hectares
(vii) Yale, 915 hectares
(viii) Yekooche, 5,960 hectares

The parties at the Sechelt table are having informal discussions with the objective of returning to the table to conclude a Final Agreement based on the signed AiP. An AiP was ratified by the In–SHUCK–ch Treaty Group on April 30, 2006 and is pending ratification by the province and the Government of Canada. Upon coming into effect, treaties will also trigger implementation costs and may result in compensation to third parties. Those costs are not determinable at this time.

Eighty per cent of funding for First Nations negotiation costs is in the form of loans from Canada and is repayable from treaty settlements. The province has committed to reimburse Canada 50% of any negotiation support loans that default along with 50% of the interest accrued. The earliest date at which the loans are expected to become due is 2011 and the amount of any provincial liability is not determinable at this time.

Some First Nations have chosen not to negotiate through the formal British Columbia Treaty Commission process. Several First Nations have commenced litigation claiming aboriginal rights and/or title over their asserted Traditional Territories and/or challenging provincial approvals regarding resource allocation and extraction on those lands with respect to the adequacy of consultation and accommodation. The results of these actions are not determinable at this time.

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

(i) The Insurance Corporation of British Columbia (ICBC) has settled some claims that require ICBC to provide claimants with periodic payments, usually for a lifetime. ICBC has purchased annuities to make these payments; however, if the annuities are insufficient, ICBC remains responsible. The gross amount of these settlements at December 31, 2005, was approximately $842 million (2004: $817 million).

(ii) The BC Transportation Financing Authority has contingent liabilities of $104 million remaining after deducting the estimated settlement expense currently accrued from gross claims outstanding for capital projects.

(iii) Powerex, a wholly owned subsidiary of the British Columbia Hydro and Power Authority, has been named as a defendant in a number of lawsuits regarding alleged market manipulation of energy prices in the California wholesale electricity markets. Estimates of claims against all market participants could reach several billion US dollars. Management cannot predict the outcome of the various claims; however, Powerex states the terms of its sales were just and reasonable.

(vi) The BC Pavilion Corporation and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that exist at various owned facilities. Management is actively monitoring and mitigating these hazards. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to the BC Pavilion Corporation.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

25. Contingencies and Contractual Obligations—Continued

(v) The British Columbia Railway Corporation (BCRC) and BCR Properties Ltd. completed a transaction with Canadian National Railway Company (CN) on July 14, 2004. As a result of the transaction, the province and BCRC have provided commercial indemnities to CN with respect to the transaction and indemnities related to income tax attributes of BC Rail Ltd. and BC Rail Partnership at closing. The maximum present value (calculated at 9%) of amounts payable under the tax indemnities related to income tax attributes is $415 million. These indemnities remain in effect until 90 days after the last date on which a tax assessment or reassessment can be issued in respect of the income tax attributes.

The maximum payable under the commercial indemnities—not related to income tax attributes—is limited to $263 million. There are certain other specific indemnities (including certain environmental indemnities and matters unrelated to the industrial freight rail business) for which there are no limits on the amounts payable thereunder.

The province and BCRC believe it is unlikely that the province or BCRC will ultimately be held liable for any amounts under the commercial and tax indemnities other than a payment which was identified, except for the amount of $490,000, prior to the transaction's financial close.

(c) COMMITMENTS

The government is involved in the following major commitments.

2010 Winter Olympics

On July 2, 2003, the International Olympic Committee (IOC) selected Vancouver to host the 2010 Olympic and Paralympic Winter Games (the Games). A comprehensive Multi–Party Agreement (MPA) among Canada, British Columbia, the City of Vancouver, the Resort Municipality of Whistler, the Canadian Olympic Committee, the Canadian Paralympic Committee, and the Vancouver 2010 Bid Corportaion was signed November 14, 2002.

The MPA establishes the roles and relationships of all the parties, the contractual arrangements, financial contributions, legal responsibilities, and the sport legacies of the parties in relation to the Games. On September 30, 2003, the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) was incorporated as the successor organization to the Vancouver 2010 Bid Corporation. The province has the power to appoint three of the 20 board members to VANOC. VANOC's mandate is to plan, organize, finance and stage the Games. In addition, the province has provided a guarantee to the IOC of a potential financial shortfall of VANOC. The guarantee should not be relied on by parties other than the IOC.

The province has made a commitment to contribute $600 million towards the Games. This commitment has been allocated as follows:

- Venues and live sites $255 million
- Venues endowment legacy $55 million
- Medical and security costs $100 million
- Paralympic games $20 million
- First Nations sports and municipal legacies $38 million; and
- Olympic contingency allocations $132 million.

The province spent $8 million in 2005/06 (2004/05: $31 million; previous years; $109 million) for a total to date of $148 million at March 31, 2006.

ERRATA (*see* Note 1)

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

25. Contingencies and Contractual Obligations—Continued

VANOC has requested an additional $110 million from Canada and the province with respect to venue construction costs. The request is being reviewed by the two governments. The provincial share of $55 million, if approved, will be funded from the above Games contingency allocation.

Information about the Games may be found at the 2010 Olympic Games website: www.vancouver2010.com, outside these audited statements, and at the BC Olympic and Paralympic Winter Games Secretariat http://www.sbed.gov.bc.ca/2010secretariat/, outside these audited statements.

The province is also upgrading the Sea–to–Sky Highway to coincide with the Games. The province spent $102 million in 2006 (2005: $50 million). The project to date spending total is $169 million. The contractual obligations related to the Sea–to–Sky Highway are included in section (d) of this note.

Crown Corporations, Agencies and the SUCH Sector

The province has committed to the construction of the $615 million expansion to the Vancouver Convention Centre and other shared upgrades to adjacent facilities. The cost is to be shared by the province ($273 million), the government of Canada ($223 million) and Tourism Vancouver ($90 million). It is expected the difference between cost and contributions will be generated from increased revenues.

(d) CONTRACTUAL OBLIGATIONS

The government has entered into a number of multiple–year agreements for the delivery of services and the construction of assets. The following table presents the minimum amounts required to satisfy contractual obligations that are greater than $50 million, by sector, by year.

	In Millions						
	2006/07	2007/08	2008/09	2009/10	2010/11	2012 and beyond	Total
	$	$	$	$	$	$	$
Health	417	186	164	139	134	420	1,460
Education	354	88	38	12	3	7	502
Social services	78	62	54	63	20	180	457
Natural resources and economic development	**2,080**	**1,289**	**1,016**	**974**	**934**	**9,280**	**15,573**
Transportation	637	797	693	606	2,089	8,223	13,045
Other	62						62
Protection of persons and property	251	257	257	257	257	257	1,536
General government	**233**	**227**	**215**	**189**	**189**	**325**	**1,378**
Total	**4,112**	**2,906**	**2,437**	**2,240**	**3,626**	**18,692**	**34,013**

[1]The above numbers in bold have been restated.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

26. Restricted Assets

	In Millions 2006	2005
	$	$
Endowment funds of universities and colleges	**979**	**868**

Donors have placed restrictions on their contributions to the endowment funds of universities and colleges. One restriction is that the original contribution should not be spent. Another potential restriction is that any investment income of the endowment fund, that is required to offset the eroding effect of inflation or to preserve the original value of the endowment, should also not be spent.

27. Revenue

Taxation revenue includes	In Millions 2006	2005
	$	$
Personal income	5,838	5,050
Corporate income	1,426	1,255
Social service	4,367	4,156
Property	1,717	1,661
Other	3,081	2,795
	16,429	**14,917**

See notes at the end of the Schedule of Net Revenue by Source on page 97 for additional information on taxation revenue.

28. Expense

Total Expense by Group Account Classification	In Millions 2006	2005
	$	$
Salaries and benefits	12,922	12,114
Government transfers	8,016	7,269
Operating costs	7,931	7,139
Interest[1]	2,182	2,294
Amortization	1,374	1,324
Other	462	527
	32,887	**30,667**

[1]Includes foreign exchange gain amortization of $121 million (2005: $33 million) and self-supported debt interest of $428 million (2005: $451 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

29. Valuation Allowances

	In Millions 2006	2005
	$	$
Accounts receivable	159	171
Loans, advances and mortgages receivable	31	41
Tangible capital assets	12	6
Inventories for resale	7	
Other assets	5	
Investments	1	4
	215	**222**

These amounts are included in "Other" of "Total expense by Group Account Classification" in Note 28, and represent the write–down of assets and liabilities in the above Consolidated Statement of Financial Position categories.

30. Trusts Under Administration

	In Millions 2006	2005
	$	$
Public Trustee and Official Administrators —administered by government officials	582	548
Supreme and provincial court (Suitors' Funds) —administered by the Courts	39	31
Credit Union Deposit Insurance Corporation of B.C. —administered by various government officials and a non–government investment corporation	213	123
Other trust funds —administered by various government officials	93	91
	927	**793**

31. Significant Events

(a) Significant one–time grants

During the fiscal year, the province provided significant one–time grants to the following entities. The entities are not controlled by the government and therefore are excluded from the government reporting entity.

Northern Development Initiative Trust

On November 1, 2004, the *Northern Development Initiative Trust Act* came into force providing for the establishment of the Northern Development Initiative Trust (NDIT). The province provided $135 million last fiscal year to create opportunities for sustainable growth in the four regions of Cariboo–Chilcotin/Lillooet, Northwest, Peace and Prince George Regions. An independent board of directors, of which five members are appointed by the province, govern the NDIT. The 13 member board receives recommendations as submitted by the four Regional Advisory Committees in transportation, pine beetle recovery, forestry, tourism, mining, Olympic opportunities, small business, economic development, energy or agriculture.

This fiscal year, by an amendment to the *Northern Development Initiative Trust Act*, the province funded a one–time allocation of $50 million to the NDIT to help communities in this area respond to the mountain pine beetle infestation.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

31. Significant Events—Continued

North Island–Coast Development Initiative Trust

On February 27, 2006, the *North Island–Coast Development Initiative Trust Act* came into force providing for the establishment of the North Island–Coast Development Initiative Trust (NI–CDIT). NI–CDIT was provided $50 million to create new opportunities for sustainable economic growth in the regions of North Island–Sunshine Coast and the Central South Island. The independent board of directors, of which five members are appointed by the province, govern the investments for the regional economic priorities. The 13 member board receives recommendations as submitted by the two Regional Advisory committees in transportation, forestry, tourism, mining, Olympic opportunities, small business, economic development, energy or agriculture.

Southern Interior–Coast Development Initiative Trust

On February 27, 2006, the *Southern Interior*–Coast *Initiative Trust Act* came into force providing for the establishment of the Southern Interior Development Initative Trust (SIDIT). SIDIT was provided $50 million to create new opportunities for sustainable economic growth in the regions of Thompson–Okanagan and Columbia–Kootenay. The independent board of directors, of which five members are appointed by the province, govern the investments for the regional economic priorities. The 13 member board receives recommendations as submitted by the two Regional Advisory committees in transportation, forestry, tourism, mining, Olympic opportunities, small business, economic development, energy or agriculture.

New Relationship Trust

On March 31, 2006, the *New Relationship Trust Act* came into force providing for the establishment of the New Relationship Trust (NRT). This is a new relationship entered into by the provincial government and BC First Nations, (as represented by the First Nations Leadership Council) in March 2006. The NRT was provided with $100 million to assist First Nations to build their own capacity to participate in the processes and activities envisioned by, and that evolve out of, the new relationship by enhancing first nation governance, leadership and institutional and human resources capacity to address social, cultural and economic needs and priorities. An independent board of directors, of which two are appointed by the province, will govern the investments for enhancing capacity needs and priorities. The 7 member board of directors is responsible to prepare and make public a three year strategic plan that assists first nations to increase their ability to draw on expert advice or services from within first nations.

(b) Collective Bargaining Agreement Incentives

A significant proportion of the public service is made up of employees that work under collective bargaining agreements. The majority of public sector employees are represented by collective agreements that expired on or before March 31, 2006.

The province established a negotiating framework that included a one–time incentive payment to employees provided their collective agreement was negotiated on or before its expiry date. All those collective agreements with an expiry date of on or before March 31, 2006 were negotiated prior to their expiry dates and employees covered by these collective agreements became eligible for the incentive payment. The incentive payments are paid to employees once the collective agreements are ratified. The province also paid the incentive payment to management employees and non–union members of the public service. The total amount of the budget for incentive payments for all collective agreements, management employees and non–union members of the public service was $1 billion. Approximately $710 million of the incentive budget was paid for collective agreements concluded on or before March 31, 2006 as well as for management employees and non–union members of the public service. The remaining balance of $290 million relates to collective agreements that expire after, but were not concluded by, March 31, 2006.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

31. Significant Events—Continued

	In Millions 2006
	$
Health	408
Education	110
Social services	74
Natural resources and economic development	39
Transportation	7
Other	5
Protection of persons and property	35
General government	32
	710

32. Comparison to Estimates

The Estimates numbers on the Statement of Operations are taken from the Estimated Statement of Operations on page 4 of the *Estimates, Fiscal Year Ending March 31, 2006*, presented to the Legislative Assembly on September 14, 2005. Certain adjustments have been made to provide a proper comparison of Estimates to 2006 actuals. They do not include supplementary spending of $1,000 million for incentive payments for the benefit of Public Sector employees under the negotiating framework announced on November 30, 2005, that was approved by the Legislature during the 2005/06 fiscal year.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2006—Continued

32. Comparison to Estimates—Continued

The following table shows the adjustments to the original estimates to conform to 2006 actuals.

	Original Estimates 2005/06 [1]	In Millions Reclassify Interest Expense [2]	Restated Estimates 2005/06
	$	$	$
Taxation	15,445		15,445
Contributions from the federal government	5,623		5,623
Natural resources	4,406		4,406
Fees and licences	3,665		3,665
Net earnings of self–supported Crown corporations and agencies	2,274		2,274
Miscellaneous	2,245		2,245
Investment earnings	818		818
	34,476	**0**	**34,476**
Health	12,651	(188)	12,463
Education	9,515	(567)	8,948
Social services	2,842		2,842
Natural resources and economic development	1,649		1,649
Transportation	1,523	(299)	1,224
Other	1,431		1,431
Protection of persons and property	1,349		1,349
Interest	1,282	1,054	2,336
General government	634		634
	32,876	**0**	**32,876**
Surplus (deficit) for the year—before unusual items	1,600	0	1,600
Forecast allowance	(300)		(300)
	1,300	**0**	**1,300**

[1] Per page 4 of the 2005/06 *Estimates, Fiscal Year Ending March 31, 2006*.
[2] Reclassification of interest expense to the debt servicing sector.

33. Comparatives

The comparative figures for the previous year have been restated to conform with the current year's presentation. These restatements have had no effect on the operating result as previously reported except as specifically noted. (*See* Note 24).

Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2006

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

Consolidated Revenue Fund[1,8]

Health Sector

Bella Coola General Hospital
Canadian Blood Services[2]
Fraser Health Authority
Interior Health Authority
Louis Brier Home and Hospital
Menno Hospital
Mount St. Mary Hospital
Nisga'a Valley Health Board
Northern Health Authority
Providence Health Care
Provincial Health Services Authority
RW Large Memorial Hospital
St Joseph's General Hospital
St Michael's Centre
Vancouver Coastal Health Authority
Vancouver Island Health Authority
Wrinch Memorial Hospital

Education Sector

British Columbia Institute of Technology
British Columbia Open University[3]
Camosun College
Capilano College
College of New Caledonia
College of the Rockies
Douglas College
Emily Carr Institute of Art and Design
Industry Training Authority
Institute of Indigenous Government
Justice Institute of British Columbia
Kwantlen University College
Langara College
Leading Edge Endowment Fund Society
Malaspina University College
Nicola Valley Institute of Technology
North Island College
Northern Lights College
Northwest Community College
Okanagan College[4]
Okanagan University College

Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2006—Continued

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

Education Sector—Continued

Open Learning Agency
Private Career Training Institutions Agency
Royal Roads University
School Districts
Selkirk College
Simon Fraser University
Thompson Rivers University[5]
The University of British Columbia
University College of the Fraser Valley
University of Northern British Columbia
University of Victoria
Vancouver Community College

Natural Resources and Economic Development Sector[7]

552513 BC Ltd
BC Immigrant Investment Fund Ltd
B.C. Pavilion Corporation
British Columbia Enterprise Corporation
British Columbia Innovation Council[6]
Columbia Basin Trust
Creston Valley Wildlife Management Authority Trust Fund
Discovery Enterprises Inc[3]
Forestry Innovation Investment Ltd
Land and Water British Columbia Inc[3]
Oil and Gas Commission
Partnerships British Columbia Inc
Tourism British Columbia
Vancouver Convention Centre Expansion Project Ltd
Vancouver Trade and Convention Centre Authority[3]

Transportation Sector[9]

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

Protection of Persons and Property[11]

British Columbia Securities Commission
Organized Crime Agency of British Columbia Society

Social Services Sector

Community Living British Columbia[4]
Interim Authority for Community Living British Columbia[3]
Legal Services Society

Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2006—Continued

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

Other Sector[12]

BC Games Society
British Columbia Arts Council
British Columbia Assessment Authority
British Columbia Buildings Corporation
British Columbia Housing Management Commission
First Peoples' Heritage, Language and Culture Council
Homeowner Protection Office
Provincial Rental Housing Corporation
The Royal British Columbia Museum Corporation

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

BCIF Management Ltd[7]
British Columbia Hydro and Power Authority[7]
British Columbia Liquor Distribution Branch[8]
British Columbia Lottery Corporation[8]
British Columbia Railway Company[9]
British Columbia Transmission Corporation[7,10]
Columbia Power Corporation[7]
Insurance Corporation of British Columbia[11]
Provincial Capital Commission[12]

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[1]The Consolidated Revenue Fund has been allocated to the appropriate sector on the Consolidated Statement of Financial Position by Sector (page 74) and Operations by Sector (page 76).

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

[3]These organizations wound up operations during the fiscal year.

[4]This organization began operations during the fiscal year.

[5]This organization changed its name during the current year. It was formerly known as University College of the Cariboo.

[6]This organization changed its name during the current year. It was formerly known as Innovation and Science Council of British Columbia.

[7]BCIF Management Ltd., British Columbia Hydro and Power Authority, British Columbia Transmission Corporation and Columbia Power Corporation, are included in the Natural Resources and Economic Development Sector results.

[8]British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation are included in the General Government Sector results.

[9]British Columbia Railway Company is included in the Transportation Sector results.

[10]This organization was previously consolidated in British Columbia Hydro and Power Authority's financial statements.

[11]Insurance Corporation of British Columbia is included in the Protection of Persons and Property Sector results.

[12]Provinical Capital Commission is included in the Other Sector results.

Summary Financial Statements
Consolidated Statement of Financial Position by Sector
as at March 31, 2006

In Millions

Financial Assets	Health	Education	Social Services	NR and ED [1]	Transpor–tation	Other [2]	PPP [3]	Debt Servicing[4]	General Govern–ment [5]	Adjust–ments [6]	Total
	$	$	$	$	$	$	$	$	$	$	$
Cash and cash equivalents	276	1,464	1	177	27	145	9	790			2,889
Temporary investments	369	363	21	204		40	15				1,012
Accounts receivable	195	204	73	560	20	43	85	313	1,167	(58)	2,602
Inventories for resale	1	29		28		19	7		9		93
Due from the Province of British Columbia	324	106	3	5	37	14				(489)	0
Due from other governments	68	102	11	29	25	82	29		316		662
Due from self–supported Crown corporations and agencies				267					176		443
Equity in self–supported Crown corporations and agencies				2,048	117	15	1,242				3,422
Loans, advances and mortgages receivable	2	510		68	1	163	4		192	(17)	923
Other investments	157	1,484		452	76	40		18		(10)	2,217
Sinking fund investments		73			414	152		4,059		(639)	4,059
Loans for purchase of assets, recoverable from agencies								10,008		(3,092)	6,916
	1,392	4,335	109	3,838	717	713	1,391	15,188	1,860	(4,305)	25,238

Summary Financial Statements
Consolidated Statement of Financial Position by Sector as at March 31, 2006—Continued

In Millions

	Health	Education	Social Services	NR and ED [1]	Transpor–tation	Other [2]	PPP [3]	Debt Servicing[4]	General Govern–ment [5]	Adjust–ments [6]	Total
Liabilities	$	$	$	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	2,009	1,052	204	839	268	288	262	695	1,115	(530)	6,202
Due to other governments	55	13		3		2	56		741		870
Due to Crown corporations, agencies and funds						102			42		144
Due to the Province of British Columbia	4	1	1	1		3				(10)	0
Deferred revenue	1,058	1,129		1,865	237	149	250	174	858	(46)	5,674
Employee pension plan									2		2
Taxpayer–supported debt	204	709	5	293	3,192	619	5	28,947	43	(3,739)	30,278
Self–supported debt								7,758			7,758
	3,330	2,904	210	3,001	3,697	1,163	573	37,574	2,801	(4,325)	50,928
Net assets (liabilities)	(1,938)	1,431	(101)	837	(2,980)	(450)	818	(22,386)	(941)	20	(25,690)
Non–financial Assets											
Tangible capital assets	3,734	9,683	43	934	8,989	1,070	59		216	(9)	24,719
Prepaid capital advances		26								(26)	0
Prepaid program costs	152	21	3	303	9	29	1		14		532
Other assets	4	7		11	22		18	255		(2)	315
	3,890	9,737	46	1,248	9,020	1,099	78	255	230	(37)	25,566
Accumulated surplus (deficit)	**1,952**	**11,168**	**(55)**	**2,085**	**6,040**	**649**	**896**	**(22,131)**	**(711)**	**(17)**	**(124)**

[1]Natural resources and economic development.
[2]Includes housing, recreation and culture, and other activities which cannot be allocated to the specific sectors.
[3]Protection of persons and property.
[4]Debt servicing represents the financial impacts of activities related to management of the public debt.
[5]General government includes the legislature, tax collection and administration, Canada Health and Social Transfer and Equalization transfers from the federal government, liquor and gaming profits, general administration and central agency services such as accounting, auditing, budgeting, insurance and risk management to all sectors.
[6]Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors.

Summary Financial Statements
Consolidated Statement of Operations by Sector
for the Fiscal Year Ended March 31, 2006

In Millions

Revenue	Health	Education	Social Services	NR and ED [1]	Transpor–tation	Other [2]	PPP [3]	Debt Servicing[4]	General Govern–ment [5]	Adjust–ments [6]	Total
	$	$	$	$	$	$	$	$	$	$	$
Taxation				28	463	63			15,875		16,429
Contributions from the federal government	58	479	51	60	26	192	88		4,832		5,786
Natural resources				4,567							4,567
Fees and licences	1,711	1,032		142	88	20	627		29		3,649
Contributions from the provincial government/ self–supported Crown corporations and agencies	345	236	33	293	17	310	191		1,715	(942)	2,198
Miscellaneous	630	1,119	28	115	51	223	188	1	137	(122)	2,370
Investment earnings	31	185	4	21	33	22	1	858	3	(210)	948
Total revenue	2,775	3,051	116	5,226	678	830	1,095	859	22,591	(1,274)	35,947

Summary Financial Statements
Consolidated Statement of Operations by Sector for the Fiscal Year Ended March 31, 2006—Continued

In Millions

	Health	Education	Social Services	NR and ED [1]	Transpor–tation	Other [2]	PPP [3]	Debt Servicing[4]	General Govern–ment [5]	Adjust–ments [6]	Total
Expense	$	$	$	$	$	$	$	$	$	$	$
Salaries and benefits	4,946	6,024	368	485	123	135	532		309		12,922
Government transfers	3,646	769	1,801	520	70	769	602		479	(640)	8,016
Operating costs	3,814	1,617	655	601	631	444	262		204	(297)	7,931
Interest	7	49		(4)	160	40		1,434		496	2,182
Amortization	365	481	10	33	368	46	19		52		1,374
Other	323	647	(1)	55	148	29	16		78	(833)	462
Operating expense	13,101	9,587	2,833	1,690	1,500	1,463	1,431	1,434	1,122	(1,274)	32,887
Surplus (deficit) for the year 2005/06	(10,326)	(6,536)	(2,717)	3,536	(822)	(633)	(336)	(575)	21,469	0	3,060
Surplus (deficit) for the year 2004/05	(9,293)	(6,462)	(2,602)	3,111	(804)	(595)	30	(672)	20,002	(19)	2,696

[1] Natural resources and economic development.
[2] Includes housing, recreation and culture, and other activities which cannot be allocated to the specific sectors.
[3] Protection of persons and property.
[4] Debt servicing represents the financial impacts of activities related to management of the public debt.
[5] General government includes the legislature, tax collection and administration, Canadian Health and Social Transfer and Equalization transfers from the federal government, liquor and gaming profits, general administration and central agency services such as accounting, auditing, budgeting, insurance and risk management to all sectors.
[6] Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors.

Summary Financial Statements
Statement of Financial Position
for Self–supported Crown Corporations and Agencies
as at March 31, 2006

In Millions

	Utility [1]	Insurance [2]	Liquor [3]	Transportation [4]	Finance [5]	Economic Development [6]	2006 Total	2005 Total [7]
	$	$	$	$	$	$	$	$
Assets								
Cash and temporary investments	123	7,203		189	81	2	7,598	7,438
Accounts receivable	480	879	59		74		1,492	675
Inventories	136		71	22	5		234	195
Long–term investments	35	49					84	98
Sinking fund investments	846						846	992
Tangible capital assets	10,325	80	28	282	141	18	10,874	10,744
Other assets	1,345	53	7	45	9		1,459	1,252
	13,290	8,264	165	538	310	20	22,587	21,394
Liabilities								
Accounts payable	1,332	5,523	161	10	134		7,160	6,483
Deferred revenue	1,987	1,499		282		5	3,773	3,335
Due to Province of BC	267				176		443	544
Debt due to Province of BC	7,526						7,526	7,612
Other long–term debt	130		4	129			263	256
	11,242	7,022	165	421	310	5	19,165	18,230
Equity								
Investment by the CRF	296			107			403	403
Unremitted earnings—end of year	1,752	1,242		10		15	3,019	2,761
	2,048	1,242	0	117	0	15	3,422	3,164
Total Liabilities and Equity	**13,290**	**8,264**	**165**	**538**	**310**	**20**	**22,587**	**21,394**

[1] British Columbia Hydro and Power Authority, British Columbia Transmission Corporation and Columbia Power Corporation.
[2] Insurance Corporation of British Columbia.
[3] British Columbia Liquor Distribution Branch.
[4] British Columbia Railway Company.
[5] British Columbia Lottery Corporation and BCIF Management Ltd.
[6] Provincial Capital Commission.
[7] British Columbia Hydro and Power Authority and the Insurance Corporation of British Columbia had a change in accounting policy. The province changed how it recorded rate regulated accounting for British Columbia Hydro and Power Authority. The Insurance Corporation of British Columbia changed its accounting policy to record unpaid claims on the discounted basis. Theses changes have resulted in assets increasing by $344 million, liabilities increasing by $399 million, equity decreasing by $55 million, revenues increasing by $34 million and expenses increasing by $112 million for 2004/05. These changes are made up of the following restatements: British Columbia Hydro and Power Authority assets increased by $349 million, liabilities increased by $438 million, equity decreased by $89 million, expenses decreased by $162 million; Insurance Corporation of British Columbia assets decreased by $5 million, liabilities decreased by $39 million, equity increased by $34 million, revenues increased by $34 million and expenses increased by $51 million.

Summary Financial Statements
Summary of Results of Operations and Statement of Equity for Self–supported Crown Corporations and Agencies for the Fiscal Year Ended March 31, 2006

In Millions

	Utility [1] $	Insurance [2] $	Liquor [3] $	Transpor–tation [4] $	Finance [5] $	Economic Development[6] $	2006 Total $	2005 Total [8] $
Revenue	4,548	3,790	2,269	119	2,261	3	12,990	11,941
Expense	4,266	3,599	1,469	109	1,346	3	10,792	9,383
Net Earning of self–supported corporations & agencies	282	191	800	10	915	0	2,198	2,558
Contributions paid to the CRF	(225)		(800)		(702)		(1,727)	(2,190)
Adjustments to contributions[7]					(213)		(213)	(73)
Increase(decrease) in unremitted earnings in self–supported Crown corps and agencies	57	191	0	10	0	0	258	295
Unremitted earnings—beginning of year	1,784	1,017				15	2,816	2,667
Adjustments to unremitted earnings[8]	(89)	34					(55)	(201)
Unremitted earnings—end of year	1,752	1,242	0	10	0	15	3,019	2,761
Investment by the CRF	296			107			403	403
Equity in self–supported Crown Corps and agencies for the year	**2,048**	**1,242**	**0**	**117**	**0**	**15**	**3,422**	**3,164**

[1] British Columbia Hydro and Power Authority British Columbia Transmission Corporation and Columbia Power Corporation.
[2] Insurance Corporation of British Columbia.
[3] British Columbia Liquor Distribution Branch.
[4] British Columbia Railway Company.
[5] British Columbia Lottery Corporation and BCIF Management Ltd.
[6] Provincial Capital Commission.
[7] The adjustments are for British Columbia Lottery Corporation transfers to charities and local governments, which is shown as a recovery by the Consolidated Revenue Fund.
[8] British Columbia Hydro and Power Authority and the Insurance Corporation of British Columbia had a change in accounting policy. The province changed how it recorded rate regulated accounting for British Columbia Hydro and Power Authority. The Insurance Corporation of British Columbia changed its accounting policy to record unpaid claims on the discounted basis. Theses changes have resulted in assets increasing by $344 million, liabilities increasing by $399 million, equity decreasing by $55 million, revenues increasing by $34 million and expenses increasing by $112 million for 2004/05. These changes are made up of the following restatements: British Columbia Hydro and Power Authority assets increased by $349 million, liabilities increased by $438 million, equity decreased by $89 million, expenses decreased by $162 million; Insurance Corporation of British Columbia assets decreased by $5 million, liabilities decreased by $39 million, equity increased by $34 million, revenues increased by $34 million and expenses increased by $51 million.

Summary Financial Statements
Consolidated Statement of Tangible Capital Assets[1]
for the Fiscal Year Ended March 31, 2006

In Millions

	Land and Land Improvements	Buildings	Highway Infrastruc–ture	Transport–ation Equipment	Computer Hardware/ Software	Other [3]	2006 Total	2005 Total
Historical Cost[2]	$	$	$	$	$	$	$	$
Opening Cost	2,140	16,187	11,012	2,655	1,637	4,385	38,016	36,223
Additions	86	1,326	700	44	355	569	3,080	2,323
Disposals and valuation adjustments	15	(209)	(9)	(4)	(113)	(183)	(503)	(530)
	2,241	17,304	11,703	2,695	1,879	4,771	40,593	38,016
Accumulated Amortization								
Opening balance	(130)	(5,736)	(4,540)	(628)	(998)	(2,849)	(14,881)	(13,954)
Amortization expense	(10)	(432)	(314)	(48)	(213)	(357)	(1,374)	(1,324)
Effect of disposals and valuation adjustments	(16)	135		1	110	151	381	397
	(156)	(6,033)	(4,854)	(675)	(1,101)	(3,055)	**(15,874)**	**(14,881)**
Net book value for the year ended March 31, 2006	**2,085**	**11,271**	**6,849**	**2,020**	**778**	**1,716**	**24,719**	
Net book value for the year ended March 31, 2005	**2,010**	**10,451**	**6,472**	**2,027**	**639**	**1,536**		**23,135**

[1] This statement includes assets that are held on capital leases at March 31, 2006 at a net book value totalling $62million (2005: $36 million) comprised of: heavy equipment $3 million (2005: $0 million); vehicles $41 million (2005: $26 million); computer hardware/software $6 million (2005: $4 million); buildings $2 million (2005: $3 million); ferries $6 million (2005: $0 million) and other assets $4 million (2005: $3 million).

[2] Historical cost includes work–in–progress at March 31, 2006 totalling $1,999 million (2005: $1,208 million) comprised of: buildings $1,332 million (2005: $780 million); land improvements $23 million (2005: $9 million); highway infrastructure $511 million (2005: $326 million); transportation equipment $4 million (2005: $3 million); computer hardware/software $126 million (2005: $87 million); and specialized equipment $3 million (2005: $3 million). Work–in–progress is not amortized. Work–in–progress includes capitalized interest expense at March 31, 2006 totalling $13 million (2005: $7 million).

[3] "Other" at net book value includes office furniture and equipment $470 million (2005: $448 million), vehicles $69 million (2005: $51 million), machinery $977 million (2005: $836 million)and miscellaneous $200 million (2005: $201 million).

Summary Financial Statements
Consolidated Statement of Guaranteed Debt[1]
as at March 31, 2006

Guaranteed debt represents debt of organizations that has been explicitly guaranteed or indemnified by the government under the authority of a statute as to net principal or redemption provisions. These organizations may include municipalities and other governments, private enterprises and individuals, and minority interests of provincial Crown corporations and agencies, and SUCH[2] sector entities.

	In Millions			
	2006		2005	
Taxpayer–supported Guaranteed Debt	Maximum Guarantee Authorized $	Net Outstanding[1] $	Maximum Guarantee Authorized $	Net Outstanding[1] $
Municipalities and other local governments:				
Municipal Act debentures	1	1	1	1
Subtotal, municipalities and other local governments	1	1	1	1
Government services:				
Homeowner Protection Act loan guarantees[3]	79	79	102	102
Subtotal, government services	79	79	102	102
Health and education:				
Financial Administration Act student aid loans	16	16	29	29
Subtotal, health and education	16	16	29	29
Economic development:				
Financial Administration Act:				
Business Development Bank Guaranteed Program	1	1	1	1
Credit Enhancement Emergency Fund Guaranteed Program	1	1	2	2
Farm Distress Operating Loan Program	1	1	1	1
Feeder Association's Loan Guarantee Program	10	4	10	4
Home Mortgage Assistance Program Act mortgages	9	6	11	7
Home Mortgage Assistance Program Act second mortgages[4]	1	1	1	1
Subtotal, economic development	23	14	26	16
Total taxpayer–supported guaranteed debt	119	110	158	148
Self–supported Guaranteed Debt				
Total self–supported guaranteed debt[3,5]	10	10	10	10
Grand total, all guaranteed debt	129	120	168	158
Provision for probable payout		(9)		(16)
Net total, all guaranteed debt	**129**	**111**	**168**	**142**

[1]Sinking fund balances of $1 million (2005: $1 million) have been set aside for the repayment of debt obligations.

[2]School districts, universities, colleges and health organizations.

[3]*See* the financial statements of government organizations and enterprises for details of maturity dates, interest rates and redemption features of the outstanding debt of these Crown agencies.

[4]The British Columbia Second Mortgage Program was sold to the Bank of Montreal in June 1989, with the condition that the province will buy back any mortgages which may become uncollectible in future years.

[5]The government has unconditionally guaranteed the payment of principal and interest for $10 million (2004: 10 million) of debentures issued to the Canada Pension Plan Investment Fund.