



Port Mann/Highway 1 Improvement Project
Transportation Investment Corporation

Statement of Financial Information

Transportation Investment Corporation

Year Ended March 31, 2014

Published in accordance with the
Financial Information Act, Chapter 140,
Revised Statutes of British Columbia, 1996

Financial Information Act Return

Year Ended March 31, 2014

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Port Mann/Highway 1 Improvement Project
Transportation Investment Corporation

AUDITED FINANCIAL STATEMENTS

At March 31, 2014



May 13, 2014

Statement of Management Responsibility

Year ended March 31, 2014

The financial statements of Transportation Investment Corporation have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best judgments.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Corporation's Board of Directors is responsible for the review and approval of the financial statements and meets with management and the external auditor to discuss the results of the audit examination and financial reporting matters. The external auditor has full access to the Board with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the Transportation Investment Corporation.

Yours truly,

Pat Soanes
VP, Finance & Corporate Services

Mario Piscitelli
Director, Finance



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Transportation Investment Corporation which comprise the statement of financial position as at March 31, 2014 and the statement of operations and other comprehensive income or loss, statement of cash flows and statement of changes in shareholder's equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Transportation Investment Corporation as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Victoria, British Columbia
May 13, 2014



Russ Jones, MBA, CA
Auditor General

Transportation Investment Corporation
Statement of Financial Position
As at March 31
(In \$000's)

	Notes	2014	2013
ASSETS			
Current Assets			
Cash		\$ 21,180	\$ 61,153
Trade and other receivables	6	23,585	13,102
Prepays and deposits	7	270	1,781
		<u>45,035</u>	<u>76,036</u>
Long Term Assets			
Property, plant and equipment, net	8	3,038,856	2,867,775
Intangible assets, net	9	120,238	122,880
Investment property, net	10	703	705
Restricted cash	11	10,500	10,500
		<u>3,170,297</u>	<u>3,001,860</u>
		<u>\$ 3,215,332</u>	<u>\$ 3,077,896</u>
LIABILITIES			
Current Liabilities			
Payables and accrued liabilities	12	\$ 56,129	\$ 410,673
Deferred revenue	24	977	129
Current indebtedness	13	867,237	764,801
Provision	15	16,073	19,411
		<u>940,416</u>	<u>1,195,014</u>
Long Term Liabilities			
Long-term indebtedness	14	2,567,162	2,028,935
Provision	15	-	16,073
Derivative liability	16,17	-	72,495
		<u>2,567,162</u>	<u>2,117,503</u>
		<u>3,507,578</u>	<u>3,312,517</u>
SHAREHOLDER'S EQUITY			
Share capital and contributed surplus	18	150,000	150,000
Deficit		(222,829)	(134,988)
Accumulated other comprehensive loss	17	(219,417)	(249,633)
		<u>(292,246)</u>	<u>(234,621)</u>
		<u>\$ 3,215,332</u>	<u>\$ 3,077,896</u>
Subsequent events	31		

Approved on behalf of the Board of Directors on May 13, 2014


Colin Hansen, Chair


Don Fairbairn, Director

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

Transportation Investment Corporation

Statement of Operations and Other Comprehensive Income (Loss)

For the year ended March 31

(In \$000's)

	Notes	2014	2013
REVENUES			
Tolling and related revenues	20	\$ 93,518	\$ 14,828
Other revenues		452	215
		<u>93,970</u>	<u>15,043</u>
EXPENSES			
Tolling operations		14,054	16,753
Highway maintenance		10,271	8,349
Technical services		9,929	6,092
Communications and marketing		1,612	5,558
General and administrative		6,899	5,184
Depreciation and amortization	21	34,000	8,003
		<u>76,765</u>	<u>49,939</u>
INCOME (LOSS) FROM OPERATIONS		17,205	(34,896)
OTHER EXPENSES			
Borrowing costs	22	105,046	24,917
Hedge ineffectiveness loss	17	-	78
		<u>105,046</u>	<u>24,995</u>
NET LOSS		<u>(87,841)</u>	<u>(59,891)</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized effective hedging loss	17	-	(17,071)
Realized effective hedging gain (loss)	17	8,420	(11,852)
		<u>8,420</u>	<u>(28,923)</u>
COMPREHENSIVE LOSS FOR THE YEAR		<u>\$ (79,421)</u>	<u>\$ (88,814)</u>
Related party transactions	19		
Wages and benefits	23		

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

Transportation Investment Corporation

Statement of Cash Flows

For the year ended March 31

(In \$000's)

	Notes	2014	2013*
OPERATING			
Net loss		\$ (87,841)	\$ (59,891)
Items not affecting cash:			
Depreciation and amortization	21	34,000	8,003
Borrowing costs	22	105,046	24,917
Hedge ineffectiveness loss	17	-	78
Changes in operating working capital:			
Increase in trade and other receivables		(9,881)	(7,820)
(Increase) Decrease in prepaids and deposits		1,511	(66)
Increase in payables and accrued liabilities		5,959	3,326
Increase (Decrease) in deferred revenue		848	129
Decrease in provision		(19,411)	(3,425)
		30,231	(34,749)
FINANCING			
Proceeds from short-term debt, net of repayments		102,303	429,925
Proceeds from long-term debt, net of repayments		550,949	392,547
Interest paid on debt		(111,726)	(89,026)
Settlement of derivative financial instruments		(64,075)	(68,470)
		477,451	664,976
INVESTING			
Intangible assets		1,033	3,112
Property, plant and equipment		(203,463)	(544,792)
Rehabilitation		(7)	(289)
Interest capitalized during construction ("IDC")	22	21,757	69,729
Interest earned that reduced IDC	22	-	(333)
Changes in investing working capital:			
Increase in trade and other receivables		(602)	(2,544)
Decrease in payables and accrued liabilities		(366,373)	(105,870)
		(547,655)	(580,987)
Change in cash during the period		(39,973)	49,240
Cash, start of the period		71,653	22,413
Cash, end of the period		\$ 31,680	\$ 71,653
Cash consists of:			
Cash in bank		\$ 21,180	\$ 61,153
Restricted cash		10,500	10,500
Total cash		\$ 31,680	\$ 71,653

* The comparatives presented for the fiscal 2013 year have been reclassified to better reflect the cash components of debt, to present investing figures on a net basis and other minor adjustments.

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

Transportation Investment Corporation
Statement of Changes in Shareholder's Equity
For the year ended March 31
(In \$000's)

	Notes	2014	2013
SHARE CAPITAL AND CONTRIBUTED SURPLUS			
Beginning of the year	18	\$ 150,000	\$ 150,000
End of the year		\$ 150,000	\$ 150,000
DEFICIT			
Beginning of the year		\$ (134,988)	\$ (75,097)
Net loss from operations		(87,841)	(59,891)
End of the year		\$ (222,829)	\$ (134,988)
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Beginning of the year		\$ (249,633)	\$ (229,258)
Other comprehensive gain (loss) for the period	17	8,420	(28,923)
Amortization on cash flow hedge reserves	17,22	21,796	8,548
End of the year		\$ (219,417)	\$ (249,633)
TOTAL SHAREHOLDER'S EQUITY			
		\$ (292,246)	\$ (234,621)

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

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

1. GENERAL BUSINESS DESCRIPTION

The Transportation Investment Corporation (“TI Corp” or “the Corporation”) is a Crown corporation wholly owned by the Province of British Columbia. The Corporation’s registered office is Suite 210 – 1500 Woolridge Street, Coquitlam, British Columbia.

TI Corp was established on June 25, 2008 under the *Transportation Investment Act (SBC 2002)*. The Corporation is currently undertaking the design, building and operations of the Port Mann/Highway 1 Improvement Project (“Project”), which includes tolling, and highway maintenance and rehabilitation. The Corporation may also engage in or conduct business authorized by the Lieutenant Governor in Council.

On March 10, 2010, the Port Mann Highway 1 Bridge Concession Agreement (“CA”), which outlines the terms and conditions of the Project, was signed by authorized representatives of TI Corp, the BC Transportation Financing Authority (“BCTFA”) and the Ministry of Transportation and Infrastructure.

In December 2012, the Port Mann Bridge, in the eight lane configuration, was officially opened to traffic and toll collection activities commenced in accordance with the CA. In December 2013, all lanes on the remainder of the Highway 1 corridor opened for use by all traffic. Work continues on the completion of the remaining two lanes on the Port Mann Bridge.

The Minister of Finance for British Columbia is the fiscal agent for the Transportation Investment Corporation.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, and include International Accounting Standards (“IAS”), interpretations issued by the IFRS Interpretations Committee and the former Standing Interpretations Committee.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a) Basis of Measurement

The financial statements have been prepared using the historical cost basis, except for certain financial instruments, including derivatives, which are classified and measured at fair value.

b) Basis of Presentation

The functional and presentation currency of the Corporation is Canadian dollars. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year to better reflect the nature of operations for the Corporation as tolling activities begin to normalize.

c) Revenue Measurement and Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

The primary sources of revenue for the Corporation are tolling charges for use of the Port Mann Bridge and associated account processing and maintenance fees. The recognition of revenue in the Statement of Operations and Other Comprehensive Income (Loss) occurs when all of the following conditions have been satisfied:

- i) The amount of revenue can be measured reliably;
- ii) It is probable that the economic benefits associated with the transaction will flow to the Corporation;
- iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- iv) The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Accordingly, tolling revenue is recognized, net of promotions and discounts, for each vehicle crossing over the Port Mann Bridge provided it satisfies the above recognition requirements. Where customers have acquired monthly passes, revenue is initially deferred and subsequently recognized in the periods for which the benefit of the pass relates.

d) Cash

All cash is held with major financial institutions.

e) Impairment of Receivables

At the end of each reporting period, the Corporation uses objective evidence, such as an aging analysis, to determine the best estimate of any impairment associated with receivables. Impairment expenses on receivables are recorded in the Statement of Operations and Other Comprehensive Income (Loss) and adjusted in subsequent periods if the amount of the impairment changes.

f) Property, Plant and Equipment

Property, plant and equipment are recorded in the Statement of Financial Position, at cost net of accumulated depreciation and net of any impairment loss, provided the purchase amount is greater than \$10,000 individually or in aggregate within a group of similar items. All costs are initially recorded at fair value and subsequently measured at cost less accumulated depreciation and impairment losses.

Assets under construction consist primarily of highway infrastructure components under development including bridges, roadbeds, overpasses, underpasses, retaining walls and drainage systems. Their cost includes all costs which are directly attributable to the asset, inclusive of borrowing costs prior to the asset being available for use, net of any temporary investment income, and costs which are necessary to bring the asset into the location and condition for the operational use intended. The capitalization of costs ceases when the asset is re-categorized as available for use using the percentage of completion method.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

For assets that are made available for use, depreciation charges commence when the asset is capable of operating in the manner intended by management using methods and rates determined to depreciate the cost of the property, plant and equipment over their estimated useful lives. The methods and rates are reviewed, and adjusted if necessary, on an annual basis. The depreciation method and useful lives for each asset class are as follows:

Asset	Depreciation Method	Useful Lives (in years)
Highway Infrastructure	Units of Production*/Straight Line	10 to 77
Port Mann Bridge	Units of Production*	25 to 77
Tolling and Traffic Systems	Straight Line	8 to 40
Office and Leasehold Assets	Straight Line	3 to 10

* Components of the Highway Infrastructure and the Port Mann Bridge units of production are based on the number of vehicles that cross the bridge during the fiscal year, relative to the expected traffic over the life of the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising from de-recognition, calculated as the difference between the net disposal proceeds and the carrying value of the item, is included in the Statement of Operations and Other Comprehensive Income (Loss) in the year of de-recognition.

g) *Intangible Assets*

Intangible assets are comprised of land rights and recorded at cost. Amortization commenced December 1, 2012 on a straight line basis. The life of land rights is based on the term of the CA, 77 years, which expires in 2090.

h) *Investment Property*

Investment property, which includes land and a building, is initially recorded at cost, which approximates fair value, and is subsequently recorded at depreciated cost. Depreciation for the building is calculated on a straight line basis over an expected future life of 50 years.

i) *Impairment of Non-financial Assets*

Non-financial assets such as property, plant and equipment or intangible assets are tested for impairment when events or circumstances suggest that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less cost to sell or its value in use. Impairment losses are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

j) *Borrowing Costs and Interest Capitalization*

Short-term debt borrowing costs include transaction fees and interest. Long-term debt borrowing costs include transaction fees, applicable premiums or discounts and interest. These costs are amortized over the life of the specific debt instrument, using the effective interest rate method. All borrowing costs are segregated between operating and capital costs based on the available-for-use rates and the current total expenditure for the asset, as compared to the total projected expenditure for the asset.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

k) *Pension Benefits*

Pension benefits for employees of the Corporation are provided through the BC Public Service Pension Plan. This defined benefit multi-employer plan is accounted for as a defined contribution post-employment benefits pension plan. Payments for the cost of this plan are accounted for on an accrual basis.

l) *Provisions*

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be necessary to settle the obligation, and the amount can be readily estimated. Provisions are not recognized for future operating losses.

m) *Financial Instruments*

IFRS requires that all financial instrument assets be classified as fair value through profit or loss, available-for-sale, held-to-maturity or loans and receivables. In addition, derivative financial instrument assets that are not accounted for as hedging instruments must be classified as held-for-trading. Financial instrument liabilities can be classified as fair value through profit or loss or as other liabilities. All financial instruments are measured at fair value on initial recognition. The subsequent measurement of financial instruments depends on the classification of the instrument.

Based on the classification of the financial instruments described below, the Corporation has measured its financial instruments subsequent to initial recognition at fair value as follows:

Financial Instrument	Classification	Subsequent Measurement	Recognition
Cash, restricted cash	Fair value through profit or loss	Fair value	Interest income and the effects of foreign currency translation are recognized in the Statement of Operations and Other Comprehensive Income (Loss) ("SOCI").
Trade and other receivables	Loans and receivables	Amortized cost, using the effective interest rate method	Interest income and impairment write downs are recognized in the SOCI.
Derivatives, where hedge accounting is applied	Derivative instruments in a qualified hedge relationship	Fair value, re-measured at each reporting period	The effective portion of the derivative relationship is recognized in Other Comprehensive Income. The ineffective portion is recognized in the SOCI.
Payables	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the SOCI.
Short-term and Long-term indebtedness	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the SOCI.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

n) Leases

Leases are classified as finance or operating depending on the terms and conditions of the contracts. Currently, all leases held by the Corporation are classified as operating leases. Accordingly, all leases are expensed on a straight line basis.

o) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the end of the accounting period. Changes in the Canadian dollar equivalent of these monetary assets and liabilities due to changes in the exchange rate are recognized in the Statement of Operations and Other Comprehensive Income (Loss).

p) Income Taxes

TI Corp is exempt from corporate income taxes.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, exhibit some variances to actual results.

The following categories set forth management's most critical estimates, assumptions and judgments.

Valuation of Assets under Construction

The Corporation utilizes the percentage of completion method to determine the cost of assets under construction. The determination of the percentage is estimated by the contractor and approved by the Corporation's representative. A variation of 1% of the total contract price would result in an estimation error of \$24 million. As the design build contract is a fixed price contract, any percentage of completion estimation errors will be corrected on final project completion.

Valuation of Assets Available for Use

The Corporation utilizes the percentage of completion method to determine the value of assets available for use. Assets are considered available for use when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. The determination of assets available for use has a financial impact to the Corporation as the capitalization of borrowing costs ceases and depreciation commences when the asset is determined to be available for use.

Depreciation

The Corporation is required to make significant estimates involved in the calculation of depreciation. The estimates include the useful life of the assets, the depreciation method, the expected traffic over the life of the CA, the componentization of the assets and the percentage of completion described above. The determination

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

of these estimates can have a significant impact to the Corporation's Statement of Operations and Other Comprehensive Income (Loss).

Accounts Receivable

The Corporation has recorded allowance in regards to the collectability of certain revenue generated from tolling operations. The allowance methodology includes estimates related to recoveries under the "refuse to issue" program. The refuse to issue program refers to the enforced payment mechanism on outstanding tolls through the annual insurance renewal process and/or the license renewal process administered by the Insurance Corporation of British Columbia.

Provisions

As part of the CA, the Corporation is required to decommission the old Port Mann Bridge and accordingly, the Corporation included the decommissioning costs in the design build contract. The measurement of the provision is estimated by the contractor and approved by the Corporation's representative. The value of the provision is reviewed at the end of each reporting period and any adjustments are recognized in the Statement of Operations and Other Comprehensive Income (Loss).

Impairment

The Corporation assesses all assets for impairment considerations at the end of each reporting period. When assessing for impairment considerations, the Corporation utilizes judgment and any valuation estimations provided by contractors. As all impairment charges are recognized immediately in the Statement of Operations and Other Comprehensive Income (Loss), impairment charges may have a significant impact on the results of the Corporation.

5. RECENT ACCOUNTING PRONOUNCEMENTS

i. IFRS 9 – Financial Instruments: This is a revised version of IFRS 9 (2010) incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements for IAS 39 Financial Instruments: Recognition and Measurement. The effective date is not yet established. TI Corp does not expect a significant financial impact as a result of this change.

ii. IAS 32 – Financial Instrument: Presentation: This amendment provides further clarification on the application of the offsetting requirements of financial assets and financial liabilities. TI Corp will start the application of IAS 32 in the financial statements effective April 1, 2014. TI Corp does not expect a significant financial impact as a result of this change.

The Corporation did not early adopt either of the above accounting pronouncements where early adoption was permitted.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

6. TRADE AND OTHER RECEIVABLES

Receivables (\$000's)

	March 31, 2014	March 31, 2013
Tolling related receivables	\$ 23,833	\$ 11,595
Allowance for doubtful accounts	(2,817)	(1,169)
Net tolling accounts receivable	21,016	10,426
Related party trade accounts receivable (Note 19)	135	1,320
Other receivables	2,434	1,356
	<u>\$ 23,585</u>	<u>\$ 13,102</u>

7. PREPAIDS AND DEPOSITS

Prepays and Deposits (\$000's)

	March 31, 2014	March 31, 2013
Prepays	\$ 227	\$ 114
Security deposits	43	1,667
	<u>\$ 270</u>	<u>\$ 1,781</u>

8. PROPERTY, PLANT AND EQUIPMENT

The costs and accumulated depreciation amounts for the Corporation's property, plant and equipment at March 31, 2014 are as follows (in \$000's):

Cost	Highway Infrastructure	Port Mann Bridge	Tolling and Traffic Systems	Office and Leasehold Assets	Assets Under Construction	Total
Beginning balance	\$ 1,112,457	\$ 887,302	\$ 40,066	\$ 2,378	\$ 833,551	\$ 2,875,754
Additions	7	-	-	-	203,463	203,470
Reclassifications	784,704	177,460	2,585	-	(964,749)	-
Disposals	-	-	-	-	-	-
Total	<u>1,897,168</u>	<u>1,064,762</u>	<u>42,651</u>	<u>2,378</u>	<u>72,265</u>	<u>3,079,224</u>
Accumulated Depreciation						
Beginning balance	4,763	1,346	1,142	728	-	7,979
Additions	21,243	7,413	3,481	252	-	32,389
Disposals	-	-	-	-	-	-
Total	<u>26,006</u>	<u>8,759</u>	<u>4,623</u>	<u>980</u>	<u>-</u>	<u>40,368</u>
Net book value	<u>\$ 1,871,162</u>	<u>\$ 1,056,003</u>	<u>\$ 38,028</u>	<u>\$ 1,398</u>	<u>\$ 72,265</u>	<u>\$ 3,038,856</u>

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

The costs and accumulated depreciation amounts for the Corporation's property, plant and equipment at March 31, 2013 are as follows (in \$000's):

Cost	Highway Infrastructure	Port Mann Bridge	Tolling and Traffic Systems	Office and Leasehold Assets	Assets Under Construction	Total
Beginning balance	\$ -	\$ -	\$ -	\$ 638	\$ 2,330,047	\$ 2,330,685
Additions	289	-	-	1,740	543,040	545,069
Reclassifications	1,112,168	887,302	40,066	-	(2,039,536)	-
Disposals	-	-	-	-	-	-
Total	1,112,457	887,302	40,066	2,378	833,551	2,875,754
Accumulated Depreciation						
Beginning balance	-	-	-	472	-	472
Additions	4,763	1,346	1,142	256	-	7,507
Disposals	-	-	-	-	-	-
Total	4,763	1,346	1,142	728	-	7,979
Net book value	\$ 1,107,694	\$ 885,956	\$ 38,924	\$ 1,650	\$ 833,551	\$ 2,867,775

During Fiscal 2014, capitalized borrowing costs of \$21.9 million (2013 - \$69.8 million) were included as additions to assets under construction. The weighted average effective capitalized interest rate relating to the borrowing cost, including hedge amortization, in Fiscal 2014 was 0.67% (2013 – 2.71%).

9. INTANGIBLE ASSETS

TI Corp has entered into a licensing agreement with the BCTFA to use and occupy certain lands in order to permit the Corporation to comply with its obligations under the CA for the Project. The term of the license commenced on December 1, 2012 and ends on March 14, 2090. Credits are received from BCTFA for the unused portion of land not required for use. Amortization of these intangible assets commenced on December 1, 2012.

Land Rights (at cost) (\$000's)

	March 31, 2014	March 31, 2013
Beginning balance	\$ 122,880	\$ 126,388
Additions	3,474	3,820
Credits received for surplus lands	(4,507)	(6,932)
Amortization (note 21)	(1,609)	(396)
Total	\$ 120,238	\$ 122,880

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

10. INVESTMENT PROPERTY

TI Corp has purchased a small property on a temporary basis to facilitate construction activities. No portion of the investment property is for the use of TI Corp.

The assessed value for 2014 property tax purposes as determined by the British Columbia Assessment Authority was estimated to be \$830,500. Given the assessed value, the current net book value does not require any impairment adjustment.

The building was available for use and depreciation commenced on April 1, 2011.

Investment Property (at cost) (\$000's)

	March 31, 2014	March 31, 2013
Beginning balance	\$ 705	\$ 707
Additions	-	-
Depreciation (note 21)	(2)	(2)
	<u>\$ 703</u>	<u>\$ 705</u>

Included in above is land valued at \$619 (in \$000's) and is not depreciated.

Effective April 1, 2011, the remaining investment property was leased on a yearly basis and will be sold upon completion of the project. TI Corp recorded the following results from rental operations:

Rental Operations (\$000's)

	March 31, 2014	March 31, 2013
Rental revenue	\$ 6	\$ 7
Rental expenses		
Repairs and maintenance	-	2
Utilities	1	1
Depreciation	2	2
Total rental expenses	<u>3</u>	<u>5</u>
	<u>\$ 3</u>	<u>\$ 2</u>

11. RESTRICTED CASH

Restricted cash of \$10.5 million is held as collateral for a standby letter of credit issued by the Canadian Imperial Bank of Commerce (CIBC) in favor of the Receiver General for Canada on behalf of Fisheries and Oceans Canada (the beneficiary), to ensure TI Corp's compliance with their authorization for work or undertakings affecting fish habitat. TI Corp receives interest on this amount at a variable interest rate.

The standby letter of credit expires on June 29, 2014 and will be renewed annually until the letter of credit is rescinded or reduced as instructed by the beneficiary. If required, the standby letter of credit will also be automatically reduced by the amount of each drawing paid by CIBC to the beneficiary (see note 31 – Subsequent Events).

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

12. PAYABLES AND ACCRUED LIABILITIES

Payables (\$000's)

	March 31, 2014	March 31, 2013
Design/Build contractor	\$ 3,505	\$ 363,361
Related party payables and accruals (Note 19)	43,853	36,334
Other trade payables and accruals	8,771	10,978
	<u>\$ 56,129</u>	<u>\$ 410,673</u>

All account payables are in the normal course of operations and are measured at the exchange amount. Related party values are negotiated between the respective entities and approximate market values. Payables and accrued liabilities include accrued interest on long-term debt.

13. CURRENT INDEBTEDNESS

TI Corp funds its construction and operations with a blend of long-term and short-term debt. Current indebtedness includes accrued interest and the principal value of the short-term debt. Short-term debt is commercial paper debt assumed by TI Corp that typically matures within 30 to 365 days. TI Corp has been authorized by the Minister of Finance to acquire up to a limit of \$1.3 billion (2013 – \$1.3 billion) in short-term debt from the Province of British Columbia. The fair values of the commercial paper debt instruments approximate their stated values. At March 31, 2014, the Corporation had short-term debt totaling \$867.2 million (2013 – \$764.8 million) with annual interest rates ranging from 0.87% to 1.16% (2013 – 0.90% to 1.17%) and maturity dates ranging from Apr 8, 2014 to Nov 18, 2014 (2013 – Apr 5, 2013 to Jan 10, 2014).

14. LONG-TERM INDEBTEDNESS

Long-term debt consists of a series of bonds due to the Province of British Columbia. With the approval of the Minister of Finance, sinking fund contribution payments have been temporarily suspended but will commence once sufficient cash flows from tolling have been generated to permit these contributions without the requirement to borrow additional funds. There are no debt maturities over the next five years. One new long-term debt instrument was issued during the current fiscal year. It is the intention of TI Corp management to hold all long-term debt instruments until maturity.

The interest to be paid on currently held long-term debt over the next five years totals \$113.3 million per year. During the construction phase of operations, a portion of the interest costs are capitalized as a part of the capital asset costs. Fair values have been provided by the Ministry of Finance as TI Corp's fiscal agent. The fair values have been determined using active market comparisons using relative yield curves provided by third party vendors. The fair value of the long-term debt is greater than the amortized cost due to declining interest rates.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

At March 31, 2014, the Corporation had the following bond series outstanding (in \$000's):

Debt Series	Maturity Date	Face Value	Coupon Effective		March 31, 2014		March 31, 2013	
			Rate	Rate	Fair Value	Amortized Cost	Fair Value	Amortized Cost
BCCP148	9-Jun-39	\$ 78,188	4.99%	5.06%	\$ 92,709	\$ 77,428	\$ 100,167	\$ 77,414
BCCD-22	18-Jun-40	\$ 100,000	4.95%	4.76%	\$ 118,376	\$ 102,884	\$ 127,970	\$ 102,938
BCCD-19	18-Jun-31	\$ 150,000	5.00%	5.06%	\$ 171,993	\$ 148,974	\$ 186,162	\$ 148,937
BCCD-22	18-Jun-40	\$ 96,000	4.95%	5.34%	\$ 113,640	\$ 90,758	\$ 122,852	\$ 90,669
BCCD-W	19-Nov-27	\$ 235,600	6.15%	4.70%	\$ 302,409	\$ 269,683	\$ 322,014	\$ 271,422
BCCD-X	18-Jun-29	\$ 222,000	5.70%	4.70%	\$ 271,888	\$ 246,003	\$ 296,649	\$ 247,056
BCCD-X	18-Jun-29	\$ 591,833	5.70%	4.17%	\$ 724,831	\$ 693,132	\$ 790,840	\$ 697,791
BCCD-28	18-Dec-22	\$ 400,000	2.70%	2.92%	\$ 391,378	\$ 393,364	\$ 402,445	\$ 392,708
BCCD-23	18-Dec-19	\$ 500,000	4.10%	2.40%	\$ 552,826	\$ 544,936	\$ -	\$ -
		<u>\$ 2,373,621</u>			<u>\$ 2,740,050</u>	<u>\$ 2,567,162</u>	<u>\$ 2,349,099</u>	<u>\$ 2,028,935</u>

15. PROVISION

TI Corp has the contractual obligation to decommission the old Port Mann Bridge upon completion of the new structure. Although the direct contracting costs amount to \$38.9 million, other indirect costs are likely to be incurred and are expensed as incurred. The design build contractor will determine the timing of this process, but it is anticipated to be removed by 2015. Due to the abbreviated time frame and the undetermined completion date of the decommissioning, net present value calculations were not utilized to determine the current year's valuation of this obligation.

Provision (\$000's)

Beginning balance

Payments

Current portion

Long-term portion

	March 31, 2014	March 31, 2013
Beginning balance	\$ 35,484	\$ 38,909
Payments	(19,411)	(3,425)
	<u>\$ 16,073</u>	<u>\$ 35,484</u>
Current portion	\$ 16,073	\$ 19,411
Long-term portion	\$ -	\$ 16,073

16. HEDGING AND DERIVATIVE FINANCIAL INSTRUMENTS

TI Corp entered into a number of hedging transactions during Fiscal 2009, through advanced rate setting (ARS), also known as bond forwards and forward starting swap instruments. The sole purpose in entering into hedging transactions is to mitigate interest rate risk by offsetting expected interest rates. The Corporation does not enter into derivative financial instruments for trading or speculative purposes and, accordingly, designates all hedging instruments as cash flow hedges. The Corporation has elected to apply hedge accounting rules, which permit hedging gains or losses to be matched against future interest expense over the life of the hedged debt instruments in accordance with IAS 39 Financial Instruments: Recognition and Measurement. By March 31, 2014, all derivative financial instruments unwound and therefore the Corporation had no outstanding hedging instruments (2013 – one hedging instrument) with the derivative and hedged amount totaling \$Nil (2013 – \$500 million).

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

During Fiscal 2014, TI Corp recorded the following changes in its derivative financial instruments' value:

Derivative Liability (\$000's)	March 31, 2014	March 31, 2013
Beginning balance	\$ 72,495	\$ 111,964
Unrealized loss adjustment	-	17,071
Realized loss adjustment	-	11,852
Realized gain adjustment	(8,420)	-
Allocated to accumulated hedging losses	(64,075)	(68,392)
Ending balance	<u>\$ -</u>	<u>\$ 72,495</u>

17. OTHER COMPREHENSIVE LOSS AND ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated Other Comprehensive Loss (\$000's)	March 31, 2014	March 31, 2013
Derivative liability	\$ -	\$ 72,495
Accumulated hedging loss	219,417	177,138
Ending balance	<u>\$ 219,417</u>	<u>\$ 249,633</u>

The Statement of Operations and Other Comprehensive Income or Loss, consists of two components – Net Loss from Operations and Other Comprehensive Income or Loss. Net Loss from Operations recognizes the ineffective portions of fair value changes of financial hedging instruments (labelled "Hedge ineffectiveness loss"). Other Comprehensive Income or Loss recognizes the effective portions of both, the realized and unrealized, fair value changes of financial hedging instruments. The unrealized fair value changes are not amortized until the hedging instrument matures, at which time the fair values convert to realized changes and are amortized through borrowing costs, over the term of the debt assumed and accounted for in the accumulated hedging loss classification. During Fiscal 2014, TI Corp recorded the following changes in its accumulated hedging loss:

Accumulated Hedging Loss (\$000's)	March 31, 2014	March 31, 2013
Beginning balance	\$ 177,138	\$ 117,294
Additions	64,075	68,392
Amortization	(21,796)	(8,548)
Ending balance	<u>\$ 219,417</u>	<u>\$ 177,138</u>

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

The Hedge Ineffectiveness Loss, being the ineffective portion of fair value changes of the hedging instruments for Fiscal 2014 is \$Nil (2013 – \$78,000). The effective portions of fair value changes of the hedging instruments for Fiscal 2014 are recorded as follows (in \$000's):

	March 31, 2014	March 31, 2013
Unrealized Effective Hedging Loss		
Swap 1	\$ -	\$ (17,071)
	-	(17,071)
Realized Effective Hedging Gain (Loss)		
Swap 2	-	(11,852)
Swap 1	8,420	-
	8,420	(11,852)
	\$ 8,420	\$ (28,923)

18. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	March 31, 2014	March 31, 2013
Share capital	\$ 100	\$ 100
Contributed surplus	149,999,900	149,999,900
	\$ 150,000,000	\$ 150,000,000

Authorized share capital as stated in the *Transportation Investment Act*, is one share with a par value of \$100, issued to the Minister of Transportation and Infrastructure.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

19. RELATED PARTY TRANSACTIONS

TI Corp is related through common ownership to all Province of British Columbia ministries, agencies, Crown Corporations and all public sector organizations that are included in provincial Government Reporting Entity ("GRE"). A portion of the Corporation's suppliers are from within the GRE. Transactions with related parties are in the normal course of operations and are measured at the exchange amount, as determined through negotiations between these parties. The following is a list of the related parties and the nature of transactions with TI Corp:

Name of Related Party	Relationship	Nature of Transactions
Ministry of Finance	Parent	Debt financing and hedging instruments
Ministry of Transportation and Infrastructure	Parent	Technical services
BC Transportation Financing Authority	Associate	Occupy and use land and buildings
Partnerships BC	Associate	Administrative services
Ministry of Justice, Legal Services Branch	Associate	Legal services
BC Hydro	Associate	Utilities
ICBC	Associate	Services, vehicle look-up and insurance claim settlements
Public Service Agency	Associate	Employee benefits

The following shows the total amounts transacted with each related party as well as the outstanding balances at year end:

Related Party Transactions (in \$000's)	Amount Transacted During		Outstanding Balance At	
	Fiscal 2014	Fiscal 2013	March 31, 2014	March 31, 2013
Minister of Finance	\$ 765,249	\$ 912,947	\$ 33,593	\$ 29,652
BC Ministry of Transportation and Infrastructure	20,896	18,558	10,024	4,095
Insurance Corporation of BC	319	363	143	164
Partnerships BC	113	691	2	69
BC Transportation Financing Authority	4,446	6,184	59	2,327
BC Public Service Agency	116	111	7	5
Ministry of Justice	122	755	20	22
BC Hydro	172	146	5	-
Total payable transactions	\$ 791,433	\$ 939,755	\$ 43,853	\$ 36,334
BC Ministry of Transportation and Infrastructure	3,721	16,960	135	820
BC Transportation Financing Authority	5,032	46,932	-	500
Total receivable transactions	\$ 8,753	\$ 63,892	\$ 135	\$ 1,320

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

20. TOLLING AND RELATED REVENUES

Tolling and Related Revenues (\$000's)	March 31, 2014	March 31, 2013
Tolling revenue	\$ 83,925	\$ 18,757
Account fees	11,837	1,056
Discounts	(2,244)	(4,985)
	\$ 93,518	\$ 14,828

21. DEPRECIATION AND AMORTIZATION

Depreciation and Amortization (\$000's)	March 31, 2014	March 31, 2013
Property, plant and equipment depreciation (note 8)	\$ 32,389	\$ 7,507
Intangible assets amortization (note 9)	1,609	396
Investment property depreciation (note 10)	2	2
Depreciation reclassification	-	98
	\$ 34,000	\$ 8,003

22. BORROWING COSTS

Borrowing Costs (in \$000's)	Capital Portion		Operating Portion	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Interest and fees	\$ 20,199	\$ 69,401	\$ 97,529	\$ 23,645
Premium/Discount amortization	(2,090)	(5,674)	(10,631)	(1,608)
Hedge amortization	3,648	5,669	18,148	2,880
	\$ 21,757	\$ 69,396	\$ 105,046	\$ 24,917

23. WAGES AND BENEFITS

The total wages and benefits included in the Statement of Operations and Other Comprehensive Income (Loss) for Fiscal 2014 is \$3.0 million (2013 – \$2.4 million). Compensation to key management has increased due to filling two positions during the year and is comprised of the following:

Key Management Personnel (\$000's)	March 31, 2014	March 31, 2013
Executive and Board compensation	\$ 568	\$ 385
Executive short term benefits	28	9
Executive post-employment benefits	7	-
Executive termination benefits	-	172
	\$ 603	\$ 566

24. DEFERRED REVENUE

Deferred revenue is comprised of customers who, at the end of the fiscal year, have a tolling credit balance in their account to be applied to future crossings.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

25. CONCESSION AGREEMENT

TI Corp, Ministry of Transportation and Infrastructure (Ministry) and the BCTFA entered into a CA, dated March 10, 2010. The CA governs the duties, rights and responsibilities of each party with respect to the design, construction and tolling of the Port Mann Bridge and the surrounding highway infrastructure. The expiry date of the CA is March 14, 2090 and the tolling term expires on March 14, 2050.

TI Corp's duties as defined under the CA include:

- Manage and finance the construction of the Project.
- Undertake the ongoing operations, maintenance and rehabilitation of the Concession Highway.
- Develop and operate a tolling system during the tolling term.
- Collect and retain toll revenue.
- Maintain ownership of acquired capital assets.

Province's obligations as described in the CA include:

- Grant licenses and rights to TI Corp to permit the operation of a concession.
- Take possession of the capital assets at end of term.
- Permit the use of existing land and infrastructure.

BCTFA duties as defined under the CA include:

- Grant licenses for use and occupation of lands by TI Corp.

26. COMMITMENTS

Commitments (in millions)	Operational	Capital
	Commitments	Commitments
Fiscal 2015	\$ 22	\$ 113
Fiscal 2016	15	1
Fiscal 2017	15	-
Fiscal 2018	14	-
Fiscal 2019	14	-
Beyond	-	-
	<hr/>	<hr/>
	\$ 80	\$ 114

Included in Fiscal 2015 is a commitment to BC Ministry of Transportation and Infrastructure, a related party, totaling \$25 million (\$2 million to operational and \$23 million to capital). Although TI Corp has no additional significant contracts in effect at March 31, 2014, the Corporation may have a requirement to engage contractors in the future for continued operational purposes.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

27. CAPITAL MANAGEMENT

TI Corp defines capital as cash, cash equivalents, derivative contracts, contributed surplus, share capital and short-term and long-term debt.

Pursuant to Section 24.23(2)(c) of the *Transportation Investment Act*, with the approval of the Minister of Finance, TI Corp may borrow the sums of money considered necessary to carry out its mandate.

TI Corp's objective in managing its capital is to monitor its cash, debt and the use of derivative financial instruments in order to minimize its cost of capital and its exposure to credit, market, currency, interest rate and liquidity risks, and to ensure that sufficient resources are available to fund the Project and ongoing operations. To achieve this objective, management reviews its capital management approach on a continuous and ongoing basis. Cash in excess of day-to-day operational requirements is invested in interest bearing bank deposits.

During the construction phase of operations, TI Corp utilizes short-term debt to fund construction and ongoing operations. Pursuant to TI Corp's long-term debt strategy and hedging plan, its construction and operations are funded with a blend of long-term and short-term debt.

28. FINANCIAL INSTRUMENT RISKS

TI Corp is exposed to certain risks through its financial instruments.

Credit Risk

Credit risk is the risk to TI Corp that a counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation. TI Corp has entered into a derivative product transactions agreement with the Minister of Finance under which the Minister, as fiscal agent for the Corporation, may enter into derivative product transactions with third parties. Provincial Government policy is that derivative transactions are entered into only with counterparties, comprising Canadian Schedule A banks with a rating from Standard and Poor's and Moody's Investors Service Inc. of at least AA-/Aa3 or A+/A1. The Province also establishes limits on individual counterparty credit exposures and monitors these on a regular basis. At March 31, 2014 and 2013, TI Corp does not have significant counterparty credit risk on its derivatives as the fair value of the derivatives is \$Nil or in a liability position.

Additionally, in accordance with the Corporation's accounting policies, revenue is recognized when it is probable that economic benefits will flow to the organization. The main criteria include the ability to measure and apply the correct fees and to be able to successfully retrieve the customer's correct billing information. Credit risk arises with respect to the ability to bill customers and the rate of collection from these customers.

Cash and trade and other receivables do not present a significant credit risk because:

- An incentive mechanism under the Tolling Operator Agreement is designed to reduce the overall credit exposure;
- The enforced payment mechanism through the insurance renewal process and/or the license renewal process; and
- Cash is held at major banking institutions with strong credit worthiness.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

Liquidity Risk

Liquidity risk is the risk that TI Corp will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. TI Corp has been given approval to spend up to \$3.319 billion on the Project, \$3.6 billion of total debt, with funding provided through the Minister of Finance as TI Corp's fiscal agent. The Corporation has implemented a debt management plan and monitors its spending and debt through budgets, forecasts and effective management of its contracts.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. At March 31, 2014 and 2013, TI Corp has no foreign currency debt.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate because of changes in market interest rates. TI Corp is exposed to cash flow interest rate risk as a result of its requirement to assume short-term and long-term debt over the period of its infrastructure development and early stages of operations. As short-term debt must be renewed on a frequent basis, interest rate increases will lead to higher interest costs. For the 2014 fiscal year, a change of 1% to the short-term interest rate would result in an estimated short-term interest cost change of \$8.3 million (2013 – \$8.9 million). TI Corp has instituted a hedging strategy to mitigate the risk of higher long-term interest rates as discussed in note 16. At March 31, 2014, all of the Corporation's long-term debt is fixed rate debt; accordingly, changes in interest rates do not impact interest payments but may impact the fair value of such long-term debt.

Other Price Risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from currency or interest rate risks. Due to the nature of TI Corp's financial instruments, the Corporation is not exposed to other price risk.

Fair Value Disclosure

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. As fair values are dependent on a range of inputs used in making the measurements, a fair value hierarchy has been developed to disclose the basis of measurements used.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

TI Corp has used the following fair value hierarchy to classify financial instruments recorded at fair value on the Corporation's Statement of Financial Position:

Level 1 – quoted prices (unadjusted in active markets for identical assets and liabilities);

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices), or indirectly (derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following outlines the fair value of certain financial instruments and their associated measurement level:

Financial Instrument (\$000's)			Measurement
	March 31, 2014	March 31, 2013	Level
Cash	\$ 21,180	\$ 61,153	1
Trade and other receivables	\$ 23,585	\$ 13,102	1
Prepays and deposits	\$ 270	\$ 1,781	1
Payables and accrued liabilities	\$ 56,129	\$ 410,673	1
Current indebtedness	\$ 867,237	\$ 764,801	1
Long-term indebtedness	\$ 2,740,050	\$ 2,349,099	2
Derivative liability	\$ -	\$ 72,495	2

The valuation of cash, accounts receivable, prepaids and deposits, accounts payable, and short-term debt approximated their fair values at year end because of the short-term maturities of these instruments. Long-term debt is valued on the Statement of Financial Position at its amortized cost using the effective interest rate method. The Ministry of Finance for British Columbia provides the fair value at year end.

The carrying value for derivatives hedging instruments which are over the counter instruments is established by use of discounted cash flow valuation models. The valuation models use market observable data for future interest rates in the estimation of fair value. The discount rate is based upon a risk free rate with a credit valuation adjustment for entity level or counterparty credit risk depending on whether the derivative is in an asset or liability position respectively. As TI Corp does not have an entity level credit rating the credit valuation adjustment takes account of credit rates for similar entities using market observable data where possible.

29. EMPLOYEE BENEFIT PLAN

In Fiscal 2010, both TI Corp and its employees commenced contributions to the Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, have oversight responsibilities for the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory defined benefit pension plan that shares risk between various entities.

The Corporation does not account for its participation in the multi-employer plan as a defined benefit plan because the Corporation does not have access to information about the plan that would enable the Corporation to record its share of the obligations of the plan, plan assets and costs of the plan. In addition, the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual entities which participate in the plan. Accordingly, the participation in the plan is accounted for using

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2014

defined contribution accounting requirements. The Corporation accrues expenses for contributions which are contractually due as at the reporting period date to the plan for past service based on the contribution funding schedule of the Plan.

At March 31, 2014, the Corporation has approximately 30 employees contributing to the Plan which has more than 110,000 active and retired plan members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest approximate valuation, as at March 31, 2013, indicated the basic account had assets of \$21.2 billion and liabilities of \$20.2 billion. The next valuation is due at March 31, 2014. The actuary does not attribute portions of any unfunded liability to individual employers. Total account contribution rates in effect for the year ended March 31, 2014, as a percent of salary, are as follows:

	Employee	Employer
Below year's maximum pensionable earnings for CPP	7.93%	9.43%
Above year's maximum pensionable earnings for CPP	9.43%	10.93%

In Fiscal 2014, the employees of the TI Corp contributed \$147,193 (2013 – \$127,319) and the Corporation paid \$173,576 (2013 – \$150,671) in employer contributions to the Plan.

30. CONTINGENCIES

The Corporation developed a Park & Ride Station known as the 202 Street Park & Ride Project. To develop the Project, TI Corp entered into an agreement with the Township of Langley ("Township"), which specifies that for a 15 year term, the Township is responsible to collect Specified Charges from any developer who develops Benefiting Parcels that connects the storm drainage system to the retention pond, which was built as part of the Project. Further, the Township is required to remit the Specified Charges collected to the Corporation at the beginning of the next calendar year and each calendar year thereafter, the Specified Charged collected from the previous year in respect of the development of Benefiting Parcels. Because the conditions outlined above are required to be met to collect the Specified Charges, the total amount to be received is considered conditional and unknown and, therefore, meets the definition of a contingent asset. At March 31, 2014, the Corporation has received \$Nil.

In the ordinary course of business, TI Corp can become a defendant or party to pending or threatened legal actions and proceedings. It is not possible to determine the ultimate outcome of such matters; however, based on all currently available information, management believes that liabilities, if any, arising from any pending litigation will not have a material adverse effect on the financial position or results of operations of the Corporation.

31. SUBSEQUENT EVENTS

Subsequent to March 31, 2014, the Corporation received correspondence from the Receiver General for Canada on behalf of Fisheries and Oceans Canada that authorized the reduction of the standby letter of credit by \$9 million, from \$10.5 million to \$1.5 million.

Transportation Investment Corporation

B. Schedule of Debts

As at March 31, 2014

Short-Term Debt	Principal and		Interest
Commercial Paper	Accrued Interest	Maturity Date	Rate
Province of British Columbia	\$30,904,520	Jul 7, 2014	1.16%
Province of British Columbia	\$30,122,529	Apr 29, 2014	0.98%
Province of British Columbia	\$28,108,161	Nov 18, 2014	1.06%
Province of British Columbia	\$41,891,480	Jul 2, 2014	1.02%
Province of British Columbia	\$84,981,413	Apr 8, 2014	1.00%
Province of British Columbia	\$66,853,326	Jun 17, 2014	1.03%
Province of British Columbia	\$39,894,886	Jul 3, 2014	1.03%
Province of British Columbia	\$62,060,232	May 8, 2014	0.99%
Province of British Columbia	\$38,081,705	Jul 11, 2014	0.98%
Province of British Columbia	\$40,264,228	May 14, 2014	0.98%
Province of British Columbia	\$48,857,895	Jul 16, 2014	0.99%
Province of British Columbia	\$44,851,066	Jul 31, 2014	1.00%
Province of British Columbia	\$44,972,723	Apr 23, 2014	0.96%
Province of British Columbia	\$41,969,849	Apr 28, 2014	0.94%
Province of British Columbia	\$17,027,076	Jul 30, 2014	0.97%
Province of British Columbia	\$47,127,924	May 15, 2014	0.92%
Province of British Columbia	\$58,055,197	Sep 10, 2014	0.94%
Province of British Columbia	\$78,156,437	Sep 17, 2014	0.94%
Province of British Columbia	\$23,055,853	Jun 19, 2014	0.87%
Total Short-Term Debt	<u>\$867,236,501</u>		

Long-Term Debt	Amortized		Coupon
Debt Series	Cost	Maturity Date	Rate
BCCP-148	\$77,428,114	Jun 9, 2039	4.99%
BCCD-22	\$102,883,819	Jun 18, 2040	4.95%
BCCD-19	\$148,973,525	Jun 18, 2031	5.00%
BCCD-22	\$90,758,356	Jun 18, 2040	4.95%
BCCD-W	\$269,683,463	Nov 19, 2027	6.15%
BCCD-X	\$246,003,402	Jun 18, 2029	5.70%
BCCD-X	\$693,132,064	Jun 18, 2029	5.70%
BCCD-28	\$393,363,626	Dec 18, 2022	2.70%
BCCD-23	\$544,936,105	Dec 18, 2019	4.10%
Total Long-Term Debt	<u>\$2,567,162,473</u>		

Transportation Investment Corporation

C. Schedule of Guarantee and Indemnity Agreements

For the year ended March 31, 2014

Transportation Investment Corporation has given indemnities under the following:

	Effective Date	Indemnity Number	Indemnitee
1.	March 17, 2009	091146	Kiewit/Flatiron General Partnership
2.	March 26, 2009	091176	Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Minister of Finance
3.	March 26, 2009	091177	Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Minister of Finance
4.	April 8, 2009	216389	Her Majesty the Queen in Right of the Province of British Columbia
5.	June 17, 2009	100350	Vancouver Fraser Port Authority and TimberWest Forest Company (a partnership of TimberWest Corp. and TimberWest Holdings Ltd.)
6.	June 29, 2009	100398	Canadian Imperial Bank of Commerce
7.	July 9, 2009	100435	ADP Canada Co.
8.	July 14, 2009	100471	PricewaterhouseCoopers LLP
9.	July 20, 2009	100487	Greater Vancouver Water District, City of Coquitlam and Kiewit/Flatiron General Partnership
10.	September 18, 2009	100679	1995 Holdings Ltd
11.	October 5, 2009	100740	Telus Communications Inc.
12.	December 21, 2010		Sanef Intelligent Transportation Systems Technologies BC, Inc. (previously C-S Intelligent Transportation Systems BC Inc.)
13.	May 10, 2010		Mainroad Infrastructure Maintenance Limited Partnership
14.	September 16, 2010	110828	Greater Vancouver Regional District
15.	September 16, 2010	110831	City of Burnaby
16.	December 10, 2010	111130	City of Burnaby
17.	April 21, 2011	120088	Greater Vancouver Regional District
18.	May 30, 2011	120254	Insurance Corporation of British Columbia
19.	June 25, 2011	Schedule A	Donald Fairbairn
20.	August 2, 2011	120548	British Columbia Hydro and Power Authority
21.	August 15, 2011	120608	Moneris Solutions Corporation
22.	August 15, 2011	120609	Moneris Solutions Corporation and the Bank of Montreal
23.	August 15, 2011	120610	Moneris Solutions Corporation and the Royal Bank of Canada
24.	August 22, 2011	120630	Greater Vancouver Sewerage and Drainage District; Greater Vancouver Regional District
25.	August 24, 2011	120636	British Columbia Hydro and Power Authority
26.	August 29, 2011	120650	Sanef Intelligent Transportation Systems Technologies BC, Inc. (previously CS Systemes D'Information S.A.)
27.	September 19, 2011	120723	British Columbia Hydro and Power Authority
28.	December 14, 2011	121133	Her Majesty the Queen in right of Ontario as represented by the Minister of Citizenship, Culture, and Recreation the Ministry of Finance
29.	December 19, 2011	121148	TELUS
30.	September 23, 2011	121236	NameMedia, Inc. d/b/a Afternic and third-party beneficiaries as defined
31.	December 15, 2011	121244	TeraGo Networks Inc.

Transportation Investment Corporation

C. Schedule of Guarantee and Indemnity Agreements

For the year ended March 31, 2014

Transportation Investment Corporation has given indemnities under the following:

Effective Date	Indemnity Number	Indemnitee
32. January 5, 2012	121200	Canadian Imperial Bank of Commerce
33. February 1, 2012	121329	Canadian Pacific Railway Company, employees, officers, contractors, representatives, agents and licensees
34. February 21, 2012	120828	TA Properties (Canada) Ltd.
35. April 12, 2012	130048	The City of Coquitlam and Greater Vancouver Water District
36. April 19, 2012	130081	Lease Agreement- Greater Vancouver Sewerage and Drainage District
37. April 26, 2012	130123	Super Save Shredding Services
38. June 14, 2012	130453	Work Permit between Transportation Investment Corporation and Canadian National Railway Company
39. June 25, 2012	130506	Lease between 784233 B.C. Ltd. and Kiewit/Flatiron General Partnership
40. July 11, 2012	130606	Allstream Inc.
41. August 1, 2012	130653	Research Permit for Surrey Bend
42. July 25, 2012	130685	Trans-Canada Flow Tolling Inc.
43. August 9, 2012	130749	BC Hydro is the holder of the Right of Way located adjacent to Highway 1.
44. August 20, 2012	130783	Service Terms and Conditions - Blatant Media Corporation.
45. October 22, 2012	131020	Seaspan
46. October 31, 2012	131061	Amex Bank
47. December 13, 2012	131247	Board of Directors Minutes (December 21, 2010) indemnification protection for officers and employees
48. June 21, 2011	131285	BC Hydro
49. March 20, 2012	131286	BC Hydro
50. August 9, 2011	131287	"Long Term Commitments - BC Hydro Compatible Use Notices for Port Mann Highway 1 Improvement Project"
51. February 4, 2013	131450	Township of Langley
52. May 24, 2013	20140312	Mahrokh Arefi
53. May 24, 2013	20140313	Michael D.W. Hoche, C.A.
54. May 24, 2013	20140314	Kim J. Lang
55. July 15, 2013	20140605	BC Transportation Financing Authority
56. July 29, 2013	20140671	Greater Vancouver Regional District
57. July 29, 2013	20140672	City of Burnaby
58. August 7, 2013	20140727	City of Surrey
59. August 12, 2013	20140748	Surrey Bend Regional Park Agreement for Habitat Works
60. September 12, 2013	Schedule A	Larry Blain
61. December 17, 2013	20141247	Mainroad Infrastructure Maintenance Limited Partnership
62. February 4, 2014	20141454	Gerry Fleming
63. February 19, 2014	20141541	Fibre Cable Installation
64. February 27, 2014	Schedule A	Colin Hansen
65. March 19, 2014	Schedule A	Clifford Neufeld
66. March 12, 2014	20141708	Mile 0 Consulting (Garry Dawson)

Transportation Investment Corporation

D. Schedule of Remuneration and Expenses

For the year ended March 31, 2014

1. Elected Officials, employees appointed by Cabinet and members of the Board of Directors

Name	Position	Remuneration	Expenses
Colin Hansen	Chair	NIL	\$744
Cliff W. Neufeld	Member, Board	\$1,125	\$520
Donald Fairbairn	Member, Board	\$20,500	NIL
Larry Blain	Member, Board	\$16,063	NIL
Board of Directors Total, Part (A)		<u>\$37,688</u>	<u>\$1,264</u>

2. Others Employees (excluding those listed in Part 1 above)

Name	Position	Remuneration ¹	Expenses
<u>Employees exceeding \$75,000</u>			
Andrew Anderson	Manager, Quality & Process Improvement	\$96,494	\$1,925
Clement Lim	Application Systems Analyst	\$75,601	\$5,085
Connie Law	Manager, Revenue	\$90,779	\$2,222
Dean Chalmers-Owega	Manager, Finance	\$91,779	\$2,546
Garry Dawson	Vice President, Technical Services	\$172,652	\$1,948
Gerry Fleming	Project Director, Technical Services	\$92,009	\$734
Greg Johnson	Manager, Communications	\$86,046	\$1,443
Greg Wharram	Senior Financial Business Analyst	\$81,779	\$2,695
Mahrokh Arefi	Vice President, Tolling	\$98,924	\$1,454
Mario Piscitelli	Director, Finance	\$111,628	\$2,372
Matt Russell	Manager, Information Technology	\$90,167	\$4,608
Max Logan	Director, Communications & Marketing	\$110,874	\$1,034
Mike Proudfoot	Chief Executive Officer	\$196,808	\$26,498
Pat Soanes	Vice President, Finance & Corporate Services	\$81,661	\$2,744
Paula Mudge	Manager, Toll Operations	\$90,811	\$7,245
Susan Mogan	Project Manager, Toll Operations	\$82,065	\$0
Tina Walia	Senior Accountant	\$78,636	\$1,787
<u>Consolidated total of other employees not exceeding \$75,000</u>		<u>\$1,178,469</u>	<u>\$27,739</u>
Other Employees Total, Part (B)		<u>\$2,907,182</u>	<u>\$94,078</u>

Transportation Investment Corporation

D. Schedule of Remuneration and Expenses

For the year ended March 31, 2014

3. Reconciliation

Total Remuneration - Board of Directors, Part (A)	\$37,688
Total Remuneration - Other Employees, Part (B)	<u>\$2,907,182</u>
Subtotal	\$2,944,870
Reconciling Items - Less: Remunerations that were capitalized and were not shown in Statement of Operations	(\$399,176)
	<u>\$2,545,694</u>
Salaries Included in Operations	\$2,978,990
Board of Directors Fees	\$37,688
Holdback	(\$19,875)
Less: Items Not Considered Remuneration	
Contractors	(\$13,352)
Employer's CPP Contribution	(\$84,061)
Employer's EI Contribution	(\$45,054)
Vacation Pay Accrual	\$1,115
WCB Expense	(\$74,371)
Employer's Pension Contribution	(\$163,396)
Severance	(\$11,724)
Benefits - Long Term Disability	(\$11,521)
Benefits - Extended Health & Dental	(\$48,744)
Adjusted Corporate Salaries Total	<u>\$2,545,694</u>
Variance	<u>\$0</u>

Note:

1 Remuneration includes base salary plus other taxable benefits.

Transportation Investment Corporation

E. Schedule of Severance Agreements

For the year ended March 31, 2014

There was **one** severance agreement under which payment commenced between Transportation Investment Corporation and its non-unionized employees during fiscal year 2013/14.

The agreement represents 1.25 months of compensation.

Compensation refers to salary and benefits including extended health and dental benefits.

Transportation Investment Corporation

F. Schedule of Suppliers of Goods and Services

For the year ended March 31, 2014

1. Suppliers' Amounts Over \$25,000

1 Sky Development Group Inc.	\$872,416
784233 BC Ltd.	\$297,897
Allstream	\$36,527
Aparc Systems Ltd.	\$86,401
Atkins North America Inc.	\$143,349
B&B Contracting Ltd.	\$168,000
B&B Heavy Civil Construction Ltd.	\$604,686
BC Hydro	\$167,944
BC Mail Plus	\$107,902
BC Public Service Agency	\$51,932
BC Transportation Financing Authority	\$4,452,948
BearCat Consulting Ltd.	\$190,829
Bell Canada	\$34,367
Benefits Financial Management Office	\$26,221
Brittany Hull Consulting	\$82,602
Buckland & Taylor Ltd.	\$110,583
Campbell Scientific (Canada) Corp.	\$46,855
Camrosa Consulting Ltd.	\$146,488
CDM Smith	\$20,733
CIBC	\$189,091
City of Coquitlam	\$91,079
City of Surrey	\$280,563
Coast River Environmental Services Ltd.	\$31,223
Connections Call Centre Ltd.	\$76,020
Cornerstone Adjusters Inc.	\$155,658
Corporate Cleaning Services Ltd.	\$27,237
Cossette Communication Inc.	\$251,810
Data Ticket, Inc.	\$59,113
Delcan Corporation	\$4,959,286
DM Fourchalk Property Consultants Inc.	\$323,246
EBA Engineering	\$26,957
EllisDon Corporation	\$1,941,649
Expert Recruiters	\$48,064
Farris, Vaughan, Wills & Murphy LLP	\$710,374
Fasken Martineau DuMoulin LLP	\$47,058
First Nations Fisheries Society	\$2,365,930
Focus Corporation dba CMS Construction Management Services	\$3,700,829
FortisBC-Natural Gas	\$138,675
Garda Canada Security Corporation	\$170,577
GreyBurg Consulting Ltd.	\$271,085
H5M	\$617,702
Hatch Ltd.	\$436,768
HNTB Corporation	\$154,074
Hooper Access and Privacy Consulting Ltd.	\$70,030

Transportation Investment Corporation

F. Schedule of Suppliers of Goods and Services

For the year ended March 31, 2014

Image Foundry Studios Ltd	\$28,500
Insurance Corporation of British Columbia	\$175,718
Ipsos-Reid Limited Partnership	\$58,065
Jack Cewe Ltd.	\$43,289
Johnson Controls	\$37,560
Karyo Edelman Communications Inc.	\$41,611
Key-West Asphalt Ltd.	\$282,391
Kiewit/Flatiron General Partnership	\$573,214,526
KJL Consulting Ltd.	\$235,374
KPMG LLP	\$2,407,020
Legal Services Branch, Ministry of Justice	\$102,683
LGL Limited	\$211,386
Lucent Strategies	\$73,889
Mahrokh Arefi	\$168,244
Mainroad Infrastructure Maintenance LP	\$20,152,283
Marsh Canada Limited	\$160,764
McElhanney Engineering Services Ltd.	\$98,089
Merrick Architecture-Borowski Sakumoto Fligg Limited	\$219,310
Meyers Norris Penny LLP	\$149,417
Michael D.W. Hoche C.A.	\$139,151
Ministry of Transportation and Infrastructure	\$15,119,679
Mirawest Technology Inc.	\$142,887
Moneris	\$987,871
Musqueam Indian Band	\$28,404
Nucleus Networks Inc.	\$411,255
Office of the Auditor General	\$99,750
One-One-Five Properties Inc.	\$58,541
OpenRoad Communications	\$146,436
Pacific Salmon Foundation	\$51,421
Panache Consulting Limited	\$56,399
Partnerships British Columbia	\$110,545
PayByPhone Technologies Inc.	\$93,059
PricewaterhouseCoopers LLP	\$60,077
Province of BC, Debt Management Branch	\$341,356
Public Service Pension Plan	\$172,203
Queen's Printer	\$154,171
R.F. Binnie and Associates Ltd	\$640,516
Receiver General	\$5,639,417
Revenue Services of British Columbia	\$35,814
Sanef Intelligent Transportation Systems Technologies BC Inc.	\$6,499,989
Simmons Property Services Inc.	\$193,291
Steer Davies Gleave	\$81,228
TA Management Ltd.	\$30,813
Telus	\$147,937
Telus Communications Company	\$49,716

Transportation Investment Corporation
F. Schedule of Suppliers of Goods and Services
For the year ended March 31, 2014

TELUS Services Inc.	\$332,751
The eTrans Group, Inc.	\$277,165
Township of Langley	\$30,546
Traffic Pro Services	\$35,384
Trans-Canada Flow Tolling Inc.	\$9,768,462
Tybo Contracting Ltd.	\$2,249,891
Ultra-Tech Cleaning Systems Ltd.	\$45,216
Ultra-Tech Group of Companies	\$61,681
Vizeum Canada Inc.	\$629,107
WorkSafeBC	\$103,200
Xerox Canada Ltd.	\$55,099
Young Strategies Ltd.	\$37,024
Suppliers' Amounts Over \$25,000 - Total	\$667,770,348

2. Suppliers' Amounts Under \$25,000

Suppliers' Amounts Under \$25,000 - Consolidated Total	\$864,737
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Note:

- 1 A reconciliation of amounts reported in the Financial Information Act Return and the audited financial statements has not been prepared. Transportation Investment Corporation prepares its financial statements on an accrual basis while the amounts reported in the Financial Information Act Return are based on cash payments in the year. This will result in timing differences between amounts recorded as expenses in the financial statements and amounts paid to a supplier in the year.
- 2 All suppliers of goods and services amounts include GST and PST as applicable.



Port Mann/Highway 1 Improvement Project Transportation Investment Corporation

Transportation Investment Corporation

G. Statement of Financial Information Approval

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

A handwritten signature in blue ink, which appears to read "Colin Hansen", written over a horizontal line.

Colin Hansen
Chair, Board of Directors

July 14, 2014