COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

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Statement of Management Responsibility

The consolidated financial statements of Columbia Power Corporation have been prepared by management in accordance with International Financial Reporting Standards (IFRSs) and fairly present Columbia Power Corporation's consolidated financial position, financial performance, and cashflows. The integrity of the information presented in the consolidated financial statements, including estimates and judgements relating to matters not concluded by fiscal year end, is the responsibility of management.

Management is responsible for establishing and maintaining appropriate systems of internal control (which include policies and procedures) to provide reasonable assurance that Columbia Power Corporation's assets are safeguarded and that reliable financial records are maintained.

The Auditor General of British Columbia has been appointed by the Board of Directors to audit the consolidated financial statements. The report of the Auditor General of British Columbia is attached, outlining the scope of his examination and providing his opinion on the consolidated financial statements.

Jane Bird
President & CEO

David de Git, CMA
Director, Finance

May 23, 2012

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Columbia Power Corporation, and
To the Minister of Energy and Mines and Minister Responsible for Housing, Province of British Columbia

Report on the Financial Statements

I have audited the accompanying consolidated financial statements of Columbia Power Corporation, its subsidiary and its joint ventures ("the Entity"), which comprise the consolidated statements of financial position as at March 31, 2012, March 31, 2011, and April 1, 2010, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended March 31, 2012, and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Columbia Power Corporation as at March 31, 2012, March 31, 2011, and April 1, 2010, and its financial performance and its cash flows for the years ended March 31, 2012, and March 31, 2011, in accordance with International Financial Reporting Standards.

John Doyle, MAcc, CA
Auditor General

Victoria, British Columbia
May 23, 2012

COLUMBIA POWER CORPORATION
Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

	Note	March 31, 2012	March 31, 2011	April 1, 2010
Assets				
Current assets				
Cash and cash equivalents		$ 40,575	$ 14,178	$ 2,033
Accounts receivable	12	6,505	2,584	1,359
Prepaid expense		10	14	31
Other investments		100,051	779	31,947
Due from joint venture investee	14	-	32,818	32,505
Total current assets		147,141	50,373	67,875
Non-current assets				
Restricted cash		186	182	-
Investment in equity accounted joint arrangements	7	212,571	337,735	334,046
Investment prior to limited partnership	5	1,325	1,325	-
Investment in Waneta Expansion Limited Partnership	5	94,790	33,669	-
Property, plant & equipment	15	1,586	2,195	2,442
Total non-current assets		310,458	375,106	336,488
TOTAL ASSETS		$ 457,599	$ 425,479	$ 404,363
Liabilities and Shareholder's Equity				
Current liabilities				
Accounts payable and accrued liabilities	19	$ 6,524	6,977	$ 1,139
Dividend payable	17	2,000	2,000	-
Total current liabilities		8,524	8,977	1,139
Non-current liabilities				
Loans and borrowings	20	19,887	-	-
Total non-current liabilities		19,887	-	-
Equity				
Share capital	16	-	-	-
Contributed surplus	18	276,065	276,065	276,065
Retained earnings		153,123	140,437	127,159
Total Equity		429,188	416,502	403,224
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		$ 457,599	$ 425,479	$ 404,363
Commitments	23			
Contingencies	24			

The accompanying notes are an integral part of the financial statements

APPROVED ON BEHALF OF THE BOARD:

Director

Lillian White

Director

COLUMBIA POWER CORPORATION
Consolidated Statement of Comprehensive Income
For the years ended March 31
(Expressed in thousands of dollars)

	Note	2012	2011
Revenue	8	$ 1,833	$ 2,919
Other income	7	16,302	18,376
Depreciation expense	15	(603)	(585)
Other expenses	11	(3,698)	(3,950)
Results from operating activities		13,834	16,760
Finance income	9	1,982	520
Finance costs	10	(1,130)	(2)
Net finance income		852	518
Total comprehensive income for the year		$ 14,686	$ 17,278

The accompanying notes are an integral part of the financial statements

COLUMBIA POWER CORPORATION
Consolidated Statement of Changes in Equity
For the years ended March 31
(Expressed in thousands of dollars)

	Note	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at April 1, 2010 after IFRS transition adjustment		-	$ 276,065	$ 127,328	$ 403,393
Correction of an error related to previous years	27			(169)	(169)
Balance at April 1, 2010 restated		-	276,065	127,159	403,224
Comprehensive income for the year			-	17,278	17,278
Dividend to equity holders	17		-	(2,000)	(2,000)
Balance at March 31, 2011 after IFRS transition adjustment		-	$ 276,065	$ 142,437	$ 418,502
Correction of dividend to equity holders	27			(2,000)	(2,000)
Balance at March 31, 2011 restated		-	$ 276,065	$ 140,437	$ 416,502
Comprehensive income for the year			-	14,686	14,686
Dividend to equity holders	17		-	(2,000)	(2,000)
Balance at March 31, 2012		-	$ 276,065	$ 153,123	$ 429,188

The accompanying notes are an integral part of the financial statements

COLUMBIA POWER CORPORATION
Consolidated Statement of Cash Flows
For the years ended March 31
(Expressed in thousands of dollars)

	2012	2011
Cash flows from Operating Activities		
Total comprehensive income for the year	$ 14,686	$ 17,278
Adjustments to reconcile cash flow from operations		
Amortization of property, plant and equipment	603	585
Ineligible costs capitalized in WELP	196	131
Interest income	(1,982)	(520)
Interest expense	1,130	2
Other income	(16,302)	(18,376)
Net change in non-cash working capital balances		
Accounts receivable	(3,921)	(1,225)
Prepaid expense	4	17
Dividends payable	-	2,000
Accounts payable and accrued liabilities	(1,004)	5,839
Due from joint venture investee	-	(313)
Net cash from operating activities	(6,590)	5,418
Cash flows from financing activities		
Interest paid	(574)	(2)
Borrowing	20,000	-
Borrowing costs	(113)	-
Related party loan received	33,197	-
Dividends declared	(2,000)	(4,000)
Net cash used in financing activities	50,510	(4,002)
Cash flows from investing activities		
Interest received	1,603	520
Dividends received	158,064	22,068
(Purchase) Sale of temporary investments	(99,272)	31,167
Investment prior to limited partnership	-	(1,325)
Investment in limited partnership	(61,320)	(33,800)
Investment in Brilliant Expansion	(16,599)	-
Investment in WEPC (PPPJV)	-	(7,381)
(Acquisition)/disposal of property, plant and equipment	5	(338)
Net cash used in investing activities	(17,519)	10,911
Increase (decrease) in cash and cash equivalents	26,401	12,327
Cash and cash equivalents, beginning of period	14,360	2,033
Cash and cash equivalents, end of period	$ 40,761	$ 14,360
CASH CONSISTS OF:		
Restricted cash	186	182
Cash available for operations	40,575	14,178
	$ 40,761	$ 14,360

The accompanying notes are an integral part of the financial statements

1. Reporting entity:

Columbia Power Corporation (CPC) is a company domiciled in Canada. The address of CPC's registered office is Suite #200, 445 – 13th Avenue, Castlegar, British Columbia. CPC is wholly owned by the Province of British Columbia (the Province). As an agent for the Province, CPC is committed to entering into joint ventures to develop hydroelectric power projects as set out in the Agreement signed in 1995 (the Agreement) between the Province and the Columbia Basin Trust (CBT), also wholly owned by the Province.

The Agreement anticipates that several power projects will be undertaken through joint ventures between CPC and subsidiaries of CBT (the Venturers). The cost of all projects under consideration is expected to exceed $1 billion. Under the Agreement between the Province and CBT, the Province committed to make $500 million in capital contributions for the purpose of funding capital costs of power projects, with the remaining capital costs to be financed through joint venture borrowings by CPC and CBT's subsidiaries. The entities holding legal title to the power projects and their governance structure are described in note 6.

The Venturers each hold an equity interest in the joint ventures and direct their activities through joint venture Boards of Directors with an equal number of directors appointed by each Venturer. All decisions of a board require the unanimous approval of their directors.

CPC is appointed the Manager of the joint ventures with the authority to manage the day-to-day activities of the joint ventures, subject to the direction of their boards and annual capital and operating budgets approved by their boards. CPC's material transactions and agreements require the approval of the Province's Treasury Board.

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). These are CPC's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1, *First-time Adoption of International Financial Reporting Standards*, which includes the financial statements for the year ended March 31, 2012, the comparative information presented in these financial statements for the year ended March 31, 2011 and an opening IFRS statement of financial position at April 1, 2010 (CPC's date of transition).

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance, and cash flows of CPC is provided in note 26.

2. Basis of preparation (continued):

(a) Statement of compliance (continued):

(i) Early adoption of new standards and interpretations

CPC has chosen to adopt certain new and amended standards issued by the International Accounting Standards Board but not yet effective for the year ended March 31, 2012 where early adoption is permitted.

IFRS 11, Joint Arrangements was issued in May 2011 and establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 requires a party to assess the rights and obligations arising from an arrangement in determining whether an arrangement is either a joint venture or a joint operation. Joint ventures are to be accounted for using the equity method and the impact of adopting this standard on transition is described in note 26.

Early adoption of IFRS 11 requires the early adoption of the following new and amended standards:

- IFRS 12, Disclosure of Interests in other Entities integrates and makes consistent the disclosure requirements for a reporting entity's interest in other entities. The disclosure requirements and terminology of this standard have been applied throughout CPC's financial statements.
- IFRS 10, Consolidated Financial Statements, IAS 27 Separate Financial Statements (as amended in 2011), and IAS 28, Investments in Associates and Joint Ventures (as amended in 2011), have not had a significant impact on CPC's financial statements.

The consolidated financial statements were authorized for issue by the Board of Directors on May 23, 2012.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is CPC's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand except as otherwise noted.

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 2 (e) - Determination of fair values;

Note 3(a) (ii) - Investments in joint arrangements and in associates (equity accounted investees);

Note 3(c) - Designation of financial instruments; and

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Notes 3(f) - Impairments; and

Note 3(h) - Provisions.

(e) Determination of fair values

Certain of CPC's accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. T he fair value of accounts receivable, due from joint venture investee, accounts payable and accrued liabilities, and loans and borrowings are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value for other investments is determined as the quoted market prices of those investments. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position at April 1, 2010 for the purposes of the transition to IFRSs, unless otherwise indicated.

The accounting policies have been applied consistently by CPC entities.

3. Significant accounting policies (continued):

(a) Basis of consolidation:

These consolidated financial statements and notes include CPC's operations, account balances and operations of CPC's wholly owned subsidiary, and interests in jointly controlled operations and investments in associates accounted for under the equity method.

(i) Investment in subsidiary

These consolidated financial statements show the overall financial results and the overall financial position for CPC and its wholly owned subsidiary, CPC Waneta Holdings Ltd. (CPC Waneta). CPC has control when it has direct or indirect ownership of the majority of voting capital. Control is normally achieved through ownership of 50 % or more of voting capital. Intercompany sales and balances and gains and losses on intercompany transactions have been eliminated.

(ii) Investments in joint arrangements and associates (equity accounted investees):

Joint ventures are those joint arrangements over whose activities CPC has joint control, established by contractual agreement (see note 6).

Associates are those entities in which CPC has significant influence, but not control (or joint control), over the financial and operating policies (see note 5). Significant influence is presumed to exist when CPC holds between 20 and 50 percent of the voting power of another entity.

Jointly ventures and investments in associates (equity accounted investees) are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include CPC's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of CPC, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When CPC's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that CPC has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation:

Unrealized income and expenses arising from intra-Company transactions are eliminated in preparing the consolidated financial statements to the extent that one of the parties has capitalized the unrealized income or expenses. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the CPC's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies (continued):

(b) Foreign currency:

Foreign currency transactions:

Transactions in foreign currencies are translated to the functional currency of CPC at exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into the functional currency at the rate of exchange prevailing at the reporting date.

(c) Designation of financial instruments:

(i) Non-derivative financial assets:

CPC initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which CPC becomes a party to the contractual provisions of the instrument.

CPC derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by CPC is recognized as a separate asset or liability.

IFRS requires financial assets to be classified as one of the following: fair value through profit or loss, available for sale, held to maturity, and loans and receivables.

CPC has the following non-derivative financial assets: financial assets at fair value through profit or loss, and loans and receivables.

Financial assets at fair value through profit or loss:

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if CPC manages such investments and makes purchase and sale decisions based on their fair value in accordance with CPC's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Assets in this category are classified as current assets and are included in other investments on the balance sheet.

Other investments comprise Canadian short term dollar money market instruments. CPC invests funds with the British Columbia Investment Management Corporation and has funds in the ST2 pooled investment portfolio that holds Canadian money market investments maturing within 15 months.

3. Significant accounting policies (continued):

(c) Designation of financial instruments (continued):

(i) Non-derivative financial assets (continued):

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, restricted cash, accounts receivable and due from joint venture investee.

Cash and cash equivalents include cash balances and call deposits with a Canadian bank and have original maturities of three months or less. Restricted cash includes a letter of credit issued by CPC Waneta to BC Hydro for development security under the 2010 Waneta Expansion Limited Partnership Electricity Purchase Agreement.

(ii) Non-derivative financial liabilities:

CPC initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which CPC becomes a party to the contractual provisions of the instrument.

CPC derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, CPC has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

CPC has the following non-derivative financial liabilities: accounts payable and accrued liabilities, dividends payable, and loans and borrowings.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Transaction costs are amortized at the same rate as the repayment on the loans and borrowings

(d) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

3. Significant accounting policies (continued):

(e) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent costs:

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to CPC, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation:

Items of property, plant and equipment are recorded at cost and are depreciated annually at rates calculated to expense the cost of assets over their estimated useful lives. Depreciation begins when assets are available for use.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computer systems	-	3 years
Office furniture and equipment	-	5 years
Leasehold improvements	-	Term of lease
Vehicles	-	8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if applicable.

3. Significant accounting policies (continued):

(f) Impairment:

(i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to CPC on terms that CPC would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

CPC management has assessed that there is no impairment loss on any of its financial assets as at March 31, 2012, March 31, 2011, and April 1, 2010.

(ii) Non-financial assets:

The carrying amounts of CPC's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Management has determined that there are no indications of impairments of CPC's non-financial assets as at March 31, 2012, March 31, 2011, and April 1, 2010.

(g) Employee benefits:

(i) Defined contribution plan benefits and employee benefits:

CPC Pension Plans are detailed in note 13 and are accounted for as a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits:

CPC's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the net present value method of discounting estimated future cash flows. The discount rate used is 5.5%. Any gains and losses in net present value are recognized in profit or loss in the period in which they arise.

3. Significant accounting policies (continued):

(g) Employee benefits (continued):

(iii) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if CPC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(h) Provisions:

A provision is recognized if, as a result of a past event, CPC has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

At March 31, 2012, March 31, 2011 and April 1, 2010, CPC management determined that CPC does not have any legal or constructive obligations requiring a provision.

(i) Government grants:

The amounts recognized in contributed surplus, per note 18, reflect contributions made by the Province in its capacity of shareholder to CPC.

(j) Finance income and finance costs:

Finance income comprises interest income on cash and cash equivalents, changes in the fair value of financial assets at fair value through profit or loss.

Finance costs comprise interest expense on borrowings, and changes in the fair value of financial assets at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss.

(k) Income tax:

CPC is exempt from corporate income taxes.

3. Significant accounting policies (continued):

(l) New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board are not yet effective for the year ended March 31, 2012, and have not been applied in preparing these consolidated financial statements. The following standards, amendments to and interpretations of existing standards have been published but are not effective until CPC's accounting periods beginning after January 1, 2012:

(i) Fair value measurements

IFRS 13, Fair Value Measurements was issued in June 2011 and provides a common definition of fair value, establishes a framework for measuring fair value under IFRS, and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted. As of the reporting date, management is assessing the impact of the standard on CPC's financial statement disclosures.

(ii) Financial Instruments

IFRS 9 Financial Instruments was issued in October 2010 and replaces the multiple classification and measurement models in IAS 39, Financial Instruments: Recognition and Measurement, with a single model that has only two classification categories: amortized cost and fair value. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. As of the reporting date, management is assessing the impact of the standard on CPC's financial statement disclosures.

IFRS 7 Financial Instruments – Disclosures - *Offsetting Financial Assets and Financial Liabilities* was issued in December 2011 and amends this standard to provide additional information about offsetting of financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2013. As of the reporting date, management has determined that there will be no significant impact on CPC's financial statement disclosures.

An amended version of IAS 32, Financial Instruments: Presentation - *Offsetting Financial Assets and Financial Liabilities* was issued In December 2011 and provides clarification to the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for periods beginning on or after January 1, 2014. As of the reporting date, management has determined there will be no significant impact of this revised standard on CPC's financial statements.

3. Significant accounting policies (continued):

(l) New standards and interpretations not yet adopted (continued):

(iii) Employee Benefits

An amendment to IAS 19, Employee Benefits, was issued in June 2011 and eliminates the 'corridor method' of accounting for defined benefit plans. Revised IAS 19 also streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, and enhances the disclosure requirements for defined benefit plans. This revised standard is required to be applied for accounting periods beginning on or after January 1, 2013. Management has determined there will be no impact of this revised standard on CPC's financial statements.

(iv) Presentation of Financial Statements

An amendment to IAS 1, Presentation of Financial Statements was issued in June 2011 and requires companies preparing financial statements in accordance with IFRS to group together items within OCI that may be reclassified to the profit or loss section of the statement of earnings. Revised IAS 1 also reaffirms existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. This revised standard is required to be applied for periods beginning on or after January 1, 2013. Management has determined there will be no significant impact of this revised standard on CPC's financial statements.

(v) First-time Adoption of International Financial Reporting Standards

An amendment to IFRS 1, First-time adoption of International Financial Reporting Standards was issued in March 2012 and provides relief for first-time adopters from the retrospective application of IFRSs when accounting for loans received from governments at a below-market rate of interest. This amendment is effective for periods beginning on or after January 1, 2013. Management has determined there will be no impact of this revised standard on CPC's financial statements.

4. Description of subsidiary and subsidiary's equity accounted investee:

CPC wholly owns CPC Waneta which owns 32.5% of the Waneta Expansion Limited Partnership (WELP).

CPC Waneta was incorporated September 8, 2010 under the British Columbia Business Corporations Act, and started operations on October 1, 2010. CPC is the sole shareholder of CPC Waneta. CPC Waneta's purpose is to be party to the investment in WELP through the Waneta Expansion General Partner Shareholder Agreement and the Waneta Expansion Amended and Restated Partnership Agreement. Ownership in WELP is as follows: Fortis Inc. (51%), CPC Waneta (32.5%) and CBT (16.5%). Given its ownership interest in WELP and 29% (2 of 7) representation on the board of directors of the Waneta Expansion General Partnership, CPC Waneta has significant influence over WELP and accounts for its investment using the equity method. The transaction to acquire CPC Waneta's interest in WELP is described in note 6(d), and summarized financial information for WELP is included in note 5.

5. Investment prior to and in Waneta Expansion Limited Partnership (WELP):

Prior to the Design Build contract being signed and the formation of WELP, the owners of the Waneta Expansion Project (the project, as described in note 6(d)), signed a letter of intent (LOI) with SNC-Lavalin to authorize certain activities of the Design-Build Contractor necessary to preserve the construction schedule. These activities are part of the Design-Build contract cost. CPC Waneta's investment to cover its share of the cost of these activities was $1.325 million.

CPC Waneta invests in WELP in the form of cash contributions. WELP requests cash calls from the partners as required to meet its obligations to the Design-Build Contractor and other suppliers to the project. WELP uses Canadian accounting standards for private enterprises to prepare its own financial statements and has capitalized all costs to date related to the Waneta Expansion Project (the project, as described in note 6(d)). Certain costs related to the project are considered ineligible for capitalization under IFRS, and must be expensed when adjusting WELP's accounting policies to conform to those adopted by CPC and CPC Waneta.

($ in thousands)	2012	2011
October 15, 2010		18,200
October 28, 2010		6,175
November 12, 2010		4,550
January 31, 2011		4,875
April 1, 2011	18,525	
June 30, 2011	13,650	
September 30, 2011	13,532	
January 3, 2012	15,610	
Cash contributions	61,317	33,800
Ineligible costs	(196)	(131)
Investment in WELP	61,121	33,669
Total (cumulative) investment in WELP	**94,790**	**33,669**

Summarized financial information of WELP is included in the following table. S ummary financial information has been adjusted to conform with accounting policies adopted by CPC and CPC Waneta. The fair value of the investment in WELP is not available.

On Mar 31, 2011 and 2012, CPC Waneta's accumulated contribution does not equal 32.5% of WELP's total partner equity due to the timing of contribution payments from other partners.

($ in thousands)	2012	2011
Current assets	26,276	15,628
Non-current assets	362,356	197,817
Total assets	388,632	213,445
Current liabilities	37,100	57,290
Non-current liabilities	45,161	42,750
Partner equity	306,371	113,405
Total liabilities and partner equity	388,632	213,445

6. Description of equity accounted joint arrangements:

CPC has a 50 percent interest in the following jointly controlled operations:

- Brilliant Power Corporation (BPC);
- Brilliant Expansion Power Corporation (BEPC); and
- Arrow Lakes Power Corporation (ALPC).

For BPC and ALPC, which have issued project bonds, CPC's access to its investment is secondary to the bondholders' claims on the assets of BPC and ALPC.

CPC has a 58% percent interest (2011 – 58% percent interest, 2010 – 50% interest) in the Waneta Expansion Power Corporation (WEPC). The change in ownership interest in WEPC in fiscal 2011 (see note 6(d)) has not affected control over WEPC. CPC and CBT Energy Inc. continue to share control over decision-making on a 50/50 basis. As such, CPC continues to account for WEPC as an investment in an equity accounted joint arrangement (see note 7 - Summary financial information for equity accounted joint arrangements).

(a) Brilliant Power Corporation:

Brilliant Power Corporation (BPC) is jointly owned, on a 50/50 basis, by CPC and CBT Power. The Shareholders direct BPC's activities through a Board of Directors, with an equal number of directors appointed by each Shareholder. All decisions of the Board of Directors require the unanimous approval of the directors.

The purpose of BPC is to operate the Brilliant Dam and Generating Station (Brilliant Power Facility) and Brilliant Terminal Station (BTS). The Brilliant Power Facility is located on the Kootenay River, 3 kilometers upstream of the confluence with the Columbia River. The original 125-megawatt (MW) facility was purchased from Cominco Ltd. (now Teck Resources Ltd.) in 1996. Between 2000 and 2003, a significant upgrade and life extension program was conducted on the facility, resulting in an additional 20 MW of capacity, 120 gigawatt-hours of additional energy and modernization of all equipment. The BTS is a 230-Kilovolt switchyard which interconnects the Arrow Lakes Generating Station, the Brilliant Expansion and Brilliant Power Facility to the integrated BC transmission system.

BPC entered into the Canal Plant Agreement (CPA) with British Columbia Hydro and Power Authority (BC Hydro, a Crown Corporation of the Province), FortisBC Inc. (FortisBC, a regulated utility operating in British Columbia), Teck Resources Ltd. (Teck,), Brilliant Expansion Power Corporation and Waneta Expansion Power Corporation that provides for the coordination of hydro facilities on the lower Kootenay and Pend d'Oreille Rivers. The CPA represents a joint venture in the form of jointly controlled assets and is recorded as such in the financial statements of BPC.

Under the CPA, BC Hydro coordinates the operations of the power facilities and receives all of the resulting electrical power. In return, BC Hydro provides BPC with a fixed amount of capacity and energy from the BC Hydro system (Brilliant Entitlement).

6. Description of equity accounted joint arrangements (continued):

(a) Brilliant Power Corporation (continued):

The Brilliant Entitlement is sold to FortisBC under the Brilliant Power Purchase Agreement (BPPA), excluding a 60 gigawatt-hour portion attributable to the regulated flows through the upgraded turbines. The term of the BPPA is 60 years. In the first 30 years, the power is sold on a "take or pay" basis with the price payable by FortisBC composed of an operation and maintenance cost charge and a return on capital charge. In the second 30 years of the BPPA, the price is subject to an annual market-related price test. BTS operating and capital costs are recovered from FortisBC through operations and maintenance and return on capital charges under the Facilities Interconnection and Investment Agreement (FIIA). The BPPA and FIIA are accounted for as finance leases of the Brilliant Power Facility and the BTS.

BPC has also entered into the Powerex Backstop Agreement, an arrangement with Powerex Ltd. (Powerex), (a subsidiary of BC Hydro) to purchase the Brilliant entitlement, excluding the portion attributable to the regulated flows through the upgraded turbines, if BPC terminates the BPPA by reason of default by FortisBC.

FortisBC operates and manages the Brilliant Power Facility and BTS on behalf of BPC. The management agreements provide for a Management Committee with an equal number of members from BPC and FortisBC who must unanimously approve all expenditures. The management fee and other amounts payable under the Agreements form part of the operation and maintenance cost component in the BPPA. The term of the management agreements is coincident with the term of the BPPA.

(b) Brilliant Expansion Power Corporation:

Brilliant Expansion Power Corporation (BEPC) is jointly owned, on a 50/50 basis, by CPC and CBT Brilliant Expansion Power Corporation, a subsidiary of CBT Energy. The Shareholders direct BEPC's activities through a Board of Directors, with an equal number of directors appointed by each Shareholder. All decisions of the Board of Directors require the unanimous approval of the directors.

The purpose of the corporation is to construct and operate the Brilliant Expansion Project (Brilliant Expansion), a 120 MW power generation development adjacent to the Brilliant Dam at Castlegar, British Columbia.

BEPC is party to the CPA. Under the agreement, BEPC is entitled to a fixed amount of capacity and energy (Brilliant Expansion Entitlement).

In 2003, BEPC entered into the Green Power Generation Electricity Purchase Agreement (GPG EPA) with BC Hydro obtaining the right and obligation to provide 23.12 average annual megawatts from the Brilliant Expansion to BC Hydro for a 20-year period starting with commercial operation of the Brilliant Expansion.

In 2006, BEPC entered into the Electricity Purchase Agreement 2006 (EPA 2006) with BC Hydro obtaining the right and obligation to provide 25.75 average annual megawatts from the Brilliant Expansion to BC Hydro for a 20-year period starting not later than February 1, 2010.

6. Description of equity accounted joint arrangements (continued):

(b) Brilliant Expansion Power Corporation (continued):

Upon commencement of commercial operation of the Brilliant Expansion under the Confirmation of Sale of Unit Commitment Service agreement, regulated upgrade energy is sold from BPC to BEPC, on a market basis.

Under a Services Agreement, Fortis Pacific (the unregulated parent of FortisBC) operates and maintains the Brilliant Expansion on behalf of BEPC.

(c) Arrow Lakes Power Corporation:

Arrow Lakes Power Corporation (ALPC) is jointly owned, on a 50/50 basis, by CPC and CBT Arrow Lakes Power Development Corp., (CBT Arrow Lakes), a subsidiary of CBT Energy. The Shareholders direct ALPC's activities through a Board of Directors, with an equal number of directors appointed by each Shareholder. All decisions of the Board of Directors require the unanimous approval of the directors.

The purpose of the corporation is to construct and operate the 185 MW Arrow Lakes Generating Station (ALH) adjacent to the Hugh Keenleyside Dam at Castlegar, British Columbia and a 48-kilometre transmission line from the power plant to BC Hydro's Selkirk substation.

ALPC entered into an agreement with BC Hydro that provides for the coordination of the Hugh Keenleyside Dam (owned by BC Hydro) and ALH. The Keenleyside Entitlement Agreement represents a joint venture in the form of jointly controlled assets and is recorded as such in the financial statements of ALPC.

Under the agreement, BC Hydro coordinates the operations of ALH and receives all of the resulting electrical power. In return, BC Hydro provides ALPC with a fixed amount of capacity and energy from the BC Hydro system (Arrow Lakes Entitlement).

In 1997, CPC and CBT Arrow Lakes acquired the right and obligation to provide up to 86 average megawatts to BC Hydro during the period January 2003 to December 2014, which is accounted for as an intangible asset, Power Sales Rights. ALPC uses the Arrow Lakes Entitlement to meet its obligations under the contract.

Fortis Pacific Holdings Inc. (Fortis Pacific, an unregulated parent company of FortisBC) operates and manages ALH on behalf of ALPC.

6. Description of equity accounted joint arrangements (continued):

(d) Power Project Planning Joint Venture/ Waneta Expansion Power Corporation:

In 1996, CPC and CBT Power Corp. (CBT Power), a subsidiary of CBT Energy Inc. (CBT Energy), a subsidiary of the Columbia Basin Trust (CBT), entered into the Power Project Planning Joint Venture (PPPJV) Agreement (the Agreement). Under this Agreement, the parties formed an unincorporated joint venture called PPPJV, primarily for the purpose of assessing and determining the feasibility of power projects pursuant to the Agreement between CPC and CBT (the Venturers). The Agreement provided for the Venturers to conduct work on specific power projects up to the date that an existing project is acquired, construction had commenced on a new project, or a project was no longer feasible or was abandoned. Prior to a project's acquisition or commencement of construction, approval had to be received from the Directors of both CPC and CBT. The project was also required to meet financial viability tests consistent with those of a commercial lender. When a project was acquired, or project construction was commenced, the project was transferred to a separate joint venture entity. This process was followed for the Arrow Lakes and Brilliant Expansion projects.

At the transition date of April 1, 2010, PPPJV's assets were legally held by Waneta Expansion Power Corporation (WEPC) which at that time was jointly owned, on a 50/50 basis by CPC and CBT Energy Inc. Although WEPC held legal title of Power Project Planning Joint Venture's (PPPJV) assets at the transition date, WEPC did not prepare audited financial statements as PPPJV had held beneficial interest in a development project until a project either proceeded or was terminated. In October 2010, CPC Waneta Holdings Ltd. (32.5% interest) (see note 5), CBT Waneta Expansion Power Corp. (16.5% interest), and Fortis Inc. (51% interest) formed a limited liability partnership called the Waneta Expansion Limited Partnership (WELP). On October 1, 2010, all property, plant and equipment (development costs) and intangibles (expansion rights) related to the Waneta Expansion Project were transferred to WELP in exchange for a $72 million non-interest bearing Promissory note to WEPC. Subsequently, CPC agreed to pay CBT Energy Inc. (CBT Energy) $5.76 million to increase its interest in WEPC to 58% and reduce CBT Energy's interest to 42% to reflect their relative interests in WELP. $5.76 million was accrued in CPC's Accounts Payable and Accrued Liabilities account as at March 31, 2011. The transaction was considered to be technically subject to the Province's approval. The Province approved the transaction on March 15, 2012 and the $5.76 million was paid to CBT Energy prior to March 31, 2012.

7. Summary financial information for equity accounted joint arrangements:

CPC's share of profit in its equity accounted joint arrangements for the year was $16,302 thousand (2011: $18,376 thousand) as follows:

($ in thousands)		31-Mar-12	31-Mar-11
BPC	50%	9,638	9,366
ALPC	50%	(2,066)	7,877
BEPC	50%	7,786	10,131
PPPJV/WEPC	58%	944	(8,997)
		16,302	**18,376**

7. Summary financial information for equity accounted joint arrangements (continued):

In 2012, CPC received $158,064 thousand in dividends from its investments in equity accounted joint arrangements (2011: $22,068 thousand) as follows:

($ in thousands)		**31-Mar-12**	**31-Mar-11**
BPC		5,900	3,250
ALPC		142,812	6,853
BEPC		9,352	11,965
PPPJV/WEPC		-	-
		158,064	**22,068**

7. Summary financial information for equity accounted joint arrangements (continued):

The following information has **not been adjusted** for the percentage ownership held by CPC:

($ in thousands)	Ownership	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets	Total Income	Expenses	Profit (Loss) and Other Comprehensive Income (Loss)
01-Apr-10											
BPC	50%	13,082	300,271	313,353	10,827	137,916	148,743	164,610			
ALPC	50%	16,378	266,287	282,665	10,750	44,409	55,159	227,506			
BEPC	50%	10,481	246,079	256,560	33,310	-	33,310	223,250			
PPPJV/WEPC	50%	598	53,574	54,172	1,350	-	1,350	52,822			
		40,539	866,211	906,750	56,237	182,325	238,562	668,188			
31-Mar-11											
BPC	50%	15,349	305,754	321,103	11,130	133,132	144,262	176,841	40,585	(21,854)	18,731
ALPC	50%	16,541	260,132	276,673	47,120	-	47,120	229,553	34,773	(19,020)	15,753
BEPC	50%	12,563	241,669	254,232	34,651	-	34,651	219,581	34,190	(13,929)	20,261
PPPJV/WEPC	58%	878	42,750	43,628	878	-	878	42,750	1,157	(14,470)	(13,313)
		45,331	850,305	895,636	93,779	133,132	226,911	668,725	110,705	(69,273)	41,432
31-Mar-12											
BPC	50%	14,135	309,494	323,629	11,324	127,988	139,312	184,317	41,132	(21,856)	19,276
ALPC	50%	16,621	280,533	297,154	10,084	347,271	357,355	(60,201)	36,157	(40,288)	(4,131)
BEPC	50%	13,309	237,421	250,730	1,086	-	1,086	249,644	30,478	(14,907)	15,571
WEPC	58%	0	45,161	45,161	-	-	-	45,161	2,411	-	2,411
		44,065	872,609	916,674	22,494	475,259	497,753	418,921	110,178	(77,051)	33,127

7. Summary financial information for equity accounted joint arrangements (continued):

The following information has **not been adjusted** for the percentage ownership held by CPC:

($ in thousands)	Ownership	Cash and Cash Equivalents	Current Financial Liabilities	Non-current Financial Liabilities	Depreciation and Amortization	Interest Income	Interest Expense
01-Apr-10							
BPC	50%	11,425	4,666	137,916			
ALPC	50%	1,620	8,896	44,409			
BEPC	50%	3,593	32,505	-			
PPPJV/WEPC	50%	590	-	-			
		17,228	46,067	182,325			
31-Mar-11							
BPC	50%	12,058	5,020	133,132	(66)	28,658	(11,144)
ALPC	50%	5,775	44,768	-	(7,418)	92	(2,974)
BEPC	50%	6,154	32,818	-	(4,976)	78	(338)
PPPJV/WEPC	58%	2	-	-	-	1,157	-
		23,989	82,606	133,132	(12,460)	29,985	(14,456)
31-Mar-12							
BPC	50%	12,240	5,402	127,988	-	29,177	(10,815)
ALPC	50%	38,333		347,271	(7,431)	534	(23,084)
BEPC	50%	6,548	-	-	(5,000)	118	(406)
WEPC	58%	-	-	-	-	2,411	-
		57,121	5,402	475,259	(12,431)	32,240	(34,305)

7. Summary financial information for equity accounted joint arrangements (continued):

The following table shows a reconciliation from net assets of equity accounted joint arrangements to the investment in equity accounted joint arrangements.

($ in thousands)	**BPC**	**ALPC**	**BEPC**	**WEPC**	**Total**
Net assets of equity accounted joint arrangements at April 1, 2010	**164,610**	**227,506**	**223,250**	**52,822**	**668,188**
CPC's share	50%	50%	50%	50%	
	82,305	113,753	111,625	26,411	334,094
Less: elimination entry		(48)			(48)
Investment in equity accounted joint arrangements April 1, 2010	**82,305**	**113,705**	**111,625**	**26,411**	**334,046**
Contributions				3,241	3,241
Dividends paid	(6,500)	(13,706)	(23,930)		(44,136)
Profit/loss	18,731	15,753	20,261	(13,313)	41,432
Net assets of equity accounted joint arrangements at March 31, 2011	**176,841**	**229,553**	**219,581**	**42,750**	**668,725**
CPC's share	50%	50%	50%	58%	
	88,421	114,777	109,791	24,795	337,783
Less: elimination entry		(48)			(48)
Investment in equity accounted joint arrangements March 31, 2011	**88,421**	**114,729**	**109,791**	**24,795**	**337,735**
Contributions	-	-	33,196	-	33,196
Dividends paid	(11,800)	(285,623)	(18,704)		(316,127)
Profit/loss	19,276	(4,131)	15,571	2,411	33,127
Net assets of equity accounted joint arrangements at March 31, 2012	**184,317**	**(60,201)**	**249,644**	**45,161**	**418,921**
CPC's share	50%	50%	50%	58%	
	92,159	(30,101)	124,822	26,193	213,073
Less: elimination entries		(48)		(454)	(502)
Investment in equity accounted joint arrangements March 31, 2012	**92,159**	**(30,149)**	**124,822**	**25,739**	**212,571**

Notes:

1. The ongoing elimination entry for $48 thousand represents interest charged by CPC to ALPC on funding provided by CPC for the construction of the Arrow Lakes Generating Station and Transmission line.
2. The elimination entry of $454 thousand for fiscal 2012 represents the elimination of CPC's portion of interest earned on the promissory note held by WEPC.

8. Revenue

($ in thousands)		
For the year ended March 31	2012	2011
Management fees	290	2,186
Recovery of costs incurred on behalf of WELP	1,543	733
	1,833	2,919

9. Finance income

($ in thousands)		
For the year ended March 31	2012	2011
Interest earned on loan to investee	379	313
Interest on bank accounts	13	-
Interest on other investments	1,590	207
	1,982	520

10. Finance costs

($ in thousands)		
For the year ended March 31	2012	2011
Bank fees	2	2
Financing costs	5	-
Interest on loans and borrowings	1,123	-
	1,130	2

11. Other expenses:

($ in thousands)		
For the year ended March 31	2012	2011
Development costs expensed	196	131
Insurance	9	11
Administration and management	2,949	3,319
Community sponsorship	84	82
Grants-in-lieu of property taxes	460	407
	3,698	3,950

12. Accounts receivable:

($ in thousands)	31-Mar-12	31-Mar-11	01-Apr-10
Accounts receivable from related parties	6,428	1,435	1,286
Other accounts receivable	77	1,149	73
	6,505	2,584	1,359

CPC's exposure to credit risks and impairment losses related to accounts receivable and other receivables is disclosed in note 21.

13. Employee benefits:

CPC and its employees contribute to the Public Service Pension Plan (PSPP) in accordance with the Public Sector Pension Plan Act. The British Columbia Pension Corporation administers PSPP, including payment of pension benefits to employees to whom the act applies. PSPP is a multi-employer defined benefit pension plan. PSPP is accounted for as a defined contribution plan as sufficient information is not available to use defined benefit accounting.

Under joint trusteeship, the risk and reward associated with PSPP's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in future contributions. The latest actuarial valuation, conducted in March 2011, determined that PSPP has assets of $17.8 billion as compared to liabilities of $18.0 billion. As a result, there will be a relatively small contribution rate increase to the PSPP for both the employers and plan members. The PSPP Board of Trustees was required to implement a contribution rate increase of 0.40% of salary each, for plan members and employers to meet the funding requirements of the Pension Benefits Standards Act. The increases will be effective April 1, 2012. Contributions to PSPP by CPC in fiscal 2012 were $283 (2011 - $268 thousand).

Employees of CPC are eligible for the same post retirement healthcare benefits as other members of the PSPP. No provision, other than CPC's required employer pension contributions, has been made in the accounts of CPC for this liability.

CPC maintains an executive pension benefit plan (EPBP). Pension payments from the EPBP commenced in January 2006 upon retirement of CPC's former President. CPC valued the pension liability at March 31, 2012 as $185 thousand (2011 - $183 thousand) on a discounted cash flow basis at a 5.5% discount rate.

14. Due from joint venture investee:

($ in thousands)	
	Loan to related party
Balance at April 1, 2010	32,505
Accrued interest	313
Balance at March 31, 2011	32,818
Balance at April 1, 2011	32,818
Accrued interest	379
Loan repayment	(33,197)
Balance at March 31, 2012	-

In fiscals 2008 and 2009, CPC advanced cash reserves to BEPC to allow the venturers' equity to be transferred for development purposes from BEPC to the former Power Project Planning Joint Venture, an unincorporated joint venture of CPC and CBT Power Corporation, an indirect subsidiary of the Columbia Basin Trust. The loan was repayable on demand with the expectation that it would be repaid when funds became available. The rate used to accrue interest on the loan reflected short term money market rates that would have been charged on a similar type of loan from the Province of BC. As such, management has determined that the interest rate on this short term loan is equivalent to one that would prevail in an arm's length transaction. At the time of repayment in March 2012, the loan included $1,776 thousand in accrued interest.

15. Property, plant and equipment:

($ in thousands)	Leasehold Improvements	Furniture and equipment	Automobile	Computers and Software	Total
Cost					
Balance at April 1, 2010	1,798	1,063	211	1,171	4,243
Additions	49	50		238	337
Disposals	586	229			815
Balance at March 31, 2011	1,261	884	211	1,409	3,765
Balance at April 1, 2011	1,261	884	211	1,409	3,765
Additions				73	73
Disposals		78	26	463	567
Balance at March 31, 2012	1,261	806	185	1,019	3,271
Depreciation					
Balance at April 1, 2010	702	386	155	558	1,801
Depreciation for the year	116	145	24	300	585
Disposals	586	229			815
Balance at March 31, 2011	232	302	179	858	1,571
Balance at April 1, 2011	232	302	179	858	1,571
Depreciation for the year	116	164	14	309	603
Disposals			26	463	489
Balance at March 31, 2012	348	466	167	704	1,685
Carrying amounts					
At April 1, 2010	1,096	677	56	613	2,442
At March 31, 2011	1,029	582	32	551	2,194
At March 31, 2012	913	340	18	315	1,586

16. Capital and other components of equity:

At March 31, 2012, March 31, 2011, and April 1, 2010 CPC has 6 common shares authorized and issued with no par value.

17. Dividends:

The following dividends were declared by CPC:

For the year ended March 31

($ in thousands)	2012	2011
$333 thousand per qualifying common share (2011: $666 thousand)	2,000	4,000

At March 31, 2012 there are $2 million in dividends payable (2011 - $2,000 million; 2010 - $0)

18. Contributed surplus:

Contributed surplus represents the contributions made by the Province to permit CPC to purchase hydroelectric power expansion rights and to fund power project costs.

19. Accounts payable and accrued liabilities

($ in thousands)	31-Mar-12	31-Mar-11	01-Apr-10
Accounts payable to related parties	5,126	6,210	200
Accrued interest to related party	551	-	-
Management bonuses	160	161	169
Other accounts payable	687	606	770
	6,524	6,977	1,139

CPC's exposure to liquidity risk related to trade and other payables is disclosed in note 21.

20. Loans and borrowings:

This note provides information about the contractual terms of CPC's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about CPC's exposure to interest rate and liquidity risk, see note 21.

($ in thousands)	31-Mar-12
Non-current liabilities	
Promissory note	20,000
Less: borrowing costs	(113)
	19,887

20. Loans and borrowings (continued):

On April 5, 2011, CBT Energy Inc. advanced $20 million cash to CPC in the form of a promissory note to assist CPC with cashflow requirements. The promissory note bears interest at 5.67% and has a 30 year term, similar to terms of the ALPC Series B bonds. Interest only is payable until April 5, 2016, after which the promissory note will be repayable in 50 semi-annual payments of principal and interest commencing on October 5, 2016. The promissory note is unsecured and may be prepaid in whole or in part at any time without notice, penalty or bonus.

($ in thousands)	Coupon rate	Effective rate	Year of maturity	31-Mar-12 Carrying Amount	31-Mar-11 Carrying Amount	01-Apr-11 Carrying Amount
Promissory note	5.67%	5.72%	2041	19,887	-	-

CPC is in compliance with all terms and conditions of the promissory note.

21. Financial instruments:

(a) Financial risk management:

CPC is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about CPC's exposure to each of the above risks, CPC's objectives, policies, and processes for measuring and managing risk, and CPC's management of capital.

(b) Credit risk:

Credit risks refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. CPC does not consider itself to be significantly exposed to credit risk since its loan receivable is due from BEPC, a related company jointly owned with CBT, also a Provincial Crown Corporation.

The percentage of accounts receivable balance older than 90 days is 0% (2011: 0%).

21. Financial instruments (continued):

(b) Credit risk (continued):

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amounts		
($ in thousands)	**31-Mar-12**	**31-Mar-11**	**01-Apr-10**
Cash and cash equivalents	40,576	14,178	2,033
Restricted cash	186	182	-
Accounts receivable	6,505	2,583	1,359
Other investments	100,051	779	31,947
Due from joint venture investee	-	32,818	32,505
	147,318	50,540	67,844

(c) Liquidity risk:

Liquidity risk refers to the risk that CPC will encounter difficulty in meeting obligations associated with financial liabilities. CPC regularly monitors its cash flows and balances and maintains a cash surplus which can be utilized by the joint ventures of CPC/CBT for short–term financing. CPC management does not believe that it will encounter difficulty in meeting its obligations associated with financial liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

($ in thousands)	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 - 12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
31-Mar-12							
Accounts payable and accrued liabilities	6,524	6,524	6,524				
Loans and borrowings	19,887	42,192	16	567	1,133	5,092	35,384
	26,411	48,716	6,540	567	1,133	5,092	35,384
31-Mar-11							
Accounts payable and accrued liabilities	6,977	6,977	1,217	5,760			
01-Apr-10							
Accounts payable and accrued liabilities	1,139	1,139	1,139				

21. Financial instruments (continued):

(d) Market risks:

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Mar ket risk comprises three types of risk: exchange rate risk, interest rate risk and price risk. CPC does not have any exposure to price risk and it does not use derivative products to manage the remaining risks.

(i) Exchange rate risk:

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

(ii) Interest rate risk:

Interest rate risk refers to the risk that the fair value or future cash flows of a f inancial instrument will fluctuate because of changes in market interest rates. A lthough the coupon rate on CPC's loan from CBT is fixed, the fair value of the loan is affected by interest rate changes. In addition, interest earned on its other investments and the loan to the joint venture investee will fluctuate with short term interest rates. Therefore CPC is exposed to interest rate risk.

Sensitivity analysis:

An increase of 100 basis points in the interest rate will incite a $2.1 million decrease in the fair value of the loan and a $1.4 million increase in finance income, and vice versa for a decrease in interest rates. For fiscal 2011, an increase of 100 basis points in the interest rate would have incited a $569 thousand increase in finance income.

(e) Capital management:

CPC's capital management objectives are to:

- Target a l ong-term capital structure with sufficient debt to finance the proposed Waneta Expansion project;
- Finance the debt portion of the capital structure with fixed rate, longer term debt approximately matching the term of relevant power sales agreements in its equity accounted investments; and
- Maintain investment grade credit ratings to support continued access to cost effective capital.

CPC's capital consists of shareholder's equity plus loans and borrowings.

Neither CPC, nor any of its equity accounted investments, are subject to externally imposed capital requirements.

21. Financial instruments (continued):

(f) Fair values:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31-Mar-12		31-Mar-11		01-Apr-10	
($ in thousands)	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost						
Accounts receivable	6,505	6,505	2,583	2,583	1,359	1,359
Due from joint venture investee	-	-	32,818	32,818	32,505	32,505
	6,505	6,505	35,401	35,401	33,864	33,864
Liabilities carried at amortized cost						
Accounts payable and accruals	6,525	6,525	6,978	6,978	1,139	1,139
Loans and borrowings	19,887	22,461	-	-	-	-
	26,412	28,986	6,978	6,978	1,139	1,139

Given that the loan from CPC to an equity accounted joint arrangement (see note 14) accrues interest at a rate that management believes reflects a rate that would prevail in an arm's length transaction, management has determined that the carrying amount of the loan should be the same as its fair value. The interest rate on this loan approximates market rates charged by the Province of BC on short term borrowings.

An interest rate of 4.5% used to discount estimated cash flows on the promissory note outstanding at March 31, 2012 is based on the government yield curve at the reporting date plus an adequate credit spread.

21. Financial instruments (continued):

(f) Fair values (continued):

CPC's financial instruments carried at fair value, by valuation method are classified into different levels which are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

($ in thousands)		**Level 1**	**Level 2**	**Level 3**	**Total**
31-Mar-12					
Financial assets held for trading		100,051			100,051
31-Mar-11					
Financial assets held for trading		779			779
01-Apr-10					
Financial assets held for trading		31,947			31,947

22. Operating leases:

CPC has entered into an operating lease for office premises that provides for minimum annual lease payments totaling up to a maximum of $167,000 per year. The initial lease term was for 10 years (8 years remaining as at March 31, 2012). The lease has a renewal period of 10 years at fair market rents at the option of CPC.

The office premise lease was entered into as a c ombined lease of land and building. It was determined that substantially all the risks and rewards of the building are with the landlord. As such, CPC determined that the lease is an operating lease.

22. Operating leases (continued):

During the year ended March 31, 2012, an amount of $191 thousand (2011: $192 thousand) was recognized as an expense in profit or loss in respect of operating leases. These expenditures are considered related party transactions and included in “Purchases from related party” in note 25.

Non-cancellable minimum operating lease rentals are payable as follows:

$ in thousands		31-Mar-12	31-Mar-11	01-Apr-10
Less than 1 year		148	148	133
Between 1 and 5 years		778	762	751
More than 5 years		167	331	491
		1,093	1,241	1,374

Note: the difference between the annual operating lease expense and the minimum operating lease payments is due to maintenance costs charged by the lessor as per terms of the operating lease agreement.

23. Commitments:

CPC has provided a payment guarantee to the Waneta Expansion Design-Build contractor, SNC Lavalin.

Under the Limited Partnership Agreement, CPC Waneta has committed to fund its 32.5% share of the Partnership’s obligation to carry out the Waneta Expansion project.

24. Contingencies:

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

25. Related parties and related party transactions:

(a) Parent company:

CPC is related through common ownership to its joint ventures with CBT. CPC is also related through indirect common ownership to all Province of British Columbia ministries, agencies, Crown Corporations and public sector organizations that are included in the provincial government reporting entity.

These consolidated financial statements include amounts receivable from, amounts payable to and transactions with BC Hydro; CBT and its affiliates; the Province; the joint ventures; and WELP. All related party transactions are at market rates, except for certain transactions with the joint ventures and WELP which are determined on a cost recovery basis. The subsidiary and joint ventures stated in notes 4, 5 and 6 are related parties to CPC. All intercompany balances and transactions between CPC and its subsidiary have been eliminated on consolidation and not shown in this note. Intercompany transactions between CPC and equity accounted investees are eliminated only to the extent that one of the parties includes the amount in assets. Details of transactions between CPC and related parties which have not been eliminated are summarized in the following table:

(b) Due from and sales to related parties:

($ in thousands)		2012		2011		2010
		Due from related party	Sales to related party	Due from related party	Sales to related party	Due from related party
BC Hydro		4,776	-	-	-	-
BEPC		172	-	235	715	222
ALPC		148	-	249	527	144
BPC		94	-	57	195	121
WELP		1,238	1,833	18	837	-
WEPC		-	-	876	645	799
		6,428	1,833	1,435	2,919	1,286

The Due from Related Party of $6,428 thousand at March 31, 2012 (2011 - $1,435 thousand; 2010 - $1,286 thousand) is included in the “Accounts receivable” line item in the Consolidated Statement of Financial Position. The Sales to Related Party of $1,833 thousand for the year ended 2012 (year ended 2011 - $2,919 thousand) are included in the “Revenue” line item on the Consolidated Statement of Comprehensive Income.

During the year, CPC as the manager charged its joint ventures amounts on a cost recovery basis for staff compensation, office space and project overhead. The total amount recovered for fiscal 2012 of $3,826 thousand (2011 - $2,698 thousand) has been included in the “Administration and management” line item in note 11 – Other expenses.

25. Related parties and related party transactions (continued):

(c) Due to and purchases from related parties:

($ in thousands)		2012		2011		2010
		Due to related party	Purchases from related party	Due to related party	Purchases from related party	Due to related party
CBT and affiliates		716	1,810	6,027	914	-
Province		-	242	-	165	-
BC Pension Corp		185	304	183	268	200
BC Hydro		4,776	-	-	-	-
		5,677	2,356	6,210	1,347	200

The Due to Related Party of $5,677 thousand at March 31, 2012 (2011 - $6,210 thousand; 2010 - $200) is included in the "Accounts payable" line item in the Consolidated Statement of Financial Position. Purchases from Related Party of $2,356 thousand for the year ended 2012 (year ended 2011 - $1,347 thousand) are included in the "Administration and management" line item in Other expenses – note 11.

(d) Pension Plan

CPC has a pension plan which is a related party by virtue of IAS 24 (Related Party Disclosures). Refer to note 13 for detailed information on the transactions with the pension plan.

(e) Due from joint venture investee

CPC had a loan receivable outstanding from BEPC at March 31, 2011 and April 1, 2010. The loan was repaid in fiscal 2012. Details of the loan receivable are provided in note 14.

(f) Loan from related party

At March 31, 2012, CPC has a promissory note outstanding payable to CBT Energy Inc. Details of this promissory note are provided in note 20.

25. Related parties and related party transactions (continued):

(g) Executive management personnel and Board compensation:

(i) Executive Management

CPC is organized into business units and support functions. The managers of these units report to the corporate management, which comprises the President and Chief Executive Officer, the Chief Operating Officer, the Vice President, Capital Projects, the Chief Technical Officer, the Vice President, Human Resources & Corporate Services, the Director, Finance, and the Corporate Secretary.

Each of the members of the corporate management has a bonus scheme which can give them an annual payment of up to 10% of base salary. The bonus is paid on the basis of achieving corporate and individually specified objectives. Bonuses accrued at the end of each fiscal year and paid in the subsequent year are shown in note 19.

In addition to their salaries, CPC provides non-cash benefits to directors and executive officers, and contributes to the PSPP on behalf of executives (see note 13). In accordance with the terms of the plan, executive officers are entitled to receive annual payments equivalent to 2 percent of their highest 5 year average salary times their number of years of service from the date of retirement until death.

Upon resignation at CPC's request, they are entitled to termination benefits up to 18 months' gross salary, depending on the number of years of service.

Pension and other benefits paid on behalf of executive management by CPC are as follows:

Pension and Other Benefits		
For the year ending	**2012**	**2011**
Public Service Superannuation Plan	$ 62,047	$ 60,796
Standard Benefits	45,908	29,888
	$ 107,955	$ 90,683

There have been no loans or pledges granted to executive management or family members. The total salaries and other benefits paid to executive management for the year ending March 31, 2012 amounted to $1,300 thousand (March 31, 2011 - $1,205 thousand) as follows:

Year ending March 31, 2012						
Remuneration paid - Executive management						
Name	**Position**	**Salary**	**Bonus**	**Other**	**Expenses**	**Total**
Bird, Jane	President & CEO	$ 229,164	$ -	$ 27,500	$ 64,617	321,281
Wszelaki, Frank	Chief Operating Officer	99,944	-	10,000	28,487	138,431
Ambrosone, Giulio	VP, Capital Projects	186,302	15,034	19,557	3,125	224,018
Jmaeff, Victor	Chief Technical Officer	186,302	14,872	23,068	20,938	245,180
Martin, Debbie	VP, Human Resources & Corporate Services	124,667	12,459	6,692	11,273	155,091
de Git, David	Director, Finance	139,581	11,290	16,466	11,600	178,936
Rose, Don	Corporate Secretary	35,782	-	-	1,134	36,916
Total		1,001,742	53,655	103,283	141,174	1,299,853

25. Related parties and related party transactions (continued):

(g) Executive management personnel and Board compensation (continued):

(i) Executive Management (continued):

Year ending March 31, 2011						
Remuneration paid - Executive management						
Name	**Position**	**Salary**	**Bonus**	**Other**	**Expenses**	**Total**
Bird, Jane	President & CEO	$ 116,667	$ -	$ 16,570	$ 32,186	$ 165,423
Gerry Duffy	Advisor to the Board	115,500	-	9,240		124,740
Wszelaki, Frank	Chief Operating Officer	-	-	-	-	-
Ambrosone, Giulio	VP, Capital Projects	179,402	16,377	16,617	4,102	216,498
Jmaeff, Victor	Chief Technical Officer	179,402	14,713	34,406	66,617	295,138
Martin, Debbie	VP, Human Resources & Corporate Services	152,503	12,463	7,175	13,789	185,930
de Git, David	Director, Finance	130,524	10,651	12,063	21,787	175,026
Rose, Don	Corporate Secretary	40,661	-	1,627		42,288
Total		914,660	54,204	97,699	138,481	1,205,043

(ii) Board Compensation:

The Board has no remuneration agreements other than the director's fee and remuneration for participating in committee work, nor have any loans or pledges been granted to Directors of the Board or their family members. Total compensation to the Board for the year ending March 31, 2012 was $82 thousand (year ending March 31, 2011 - $102 thousand) as follows:

Year ending March 31, 2012					
Members of the Board of Directors					
Name	**Position**	**Retainers**	**Meeting Fees**	**Expenses**	**Total**
DONEY, LEE	Chair, Board	$ 15,000	$ 3,750	$ 5,244	$ 23,994
DECK, GREGORY	Member, Board	9,000	3,750	3,107	15,857
MILES, RON	Member, Board	7,500	3,250	1,659	12,409
STANLEY, TIM	Member, Board	9,500	3,250	1,286	14,036
WHITE, LILLIAN	Member, Board	10,500	3,250	1,809	15,559
		$ 51,500	$ 17,250	$ 13,105	$ 81,855

Year ending March 31, 2011					
Members of the Board of Directors					
Name	**Position**	**Retainers**	**Meeting Fees**	**Expenses**	**Total**
DONEY, LEE	Chair, Board	$ 15,000	$ 5,000	$ 3,158	$ 23,158
DECK, GREGORY	Member, Board	7,500	5,000	4,488	16,988
DUFFY, GERRY	Member, Board	4,750	2,250	9,161	16,161
MILES, RON	Member, Board	7,500	5,000	2,583	15,083
STANLEY, TIM	Member, Board	9,500	4,250	185	13,935
WHITE, LILLIAN	Member, Board	10,500	5,250	688	16,438
Total		$ 54,750	$ 26,750	$ 20,263	$ 101,763

26. Explanation of transition to IFRSs:

As stated in note 2(a), these are CPC's first consolidated financial statements prepared in accordance with IFRSs.

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended March 31, 2012, the comparative information presented in these consolidated financial statements for the year ended March 31, 2011 and in the preparation of an opening IFRS consolidated statement of financial position at April 1, 2010 (the CPC's date of transition).

IFRS provides entities preparing their first IFRS compliant consolidated financial statements with several optional exemptions from full retrospective application of IFRS. CPC has not elected to apply any optional exemptions.

In preparing its opening IFRS consolidated statement of financial position, CPC has adjusted amounts reported previously in its consolidated financial statements prepared in accordance with previous Canadian Generally Accepted Accounting Principles (Canadian GAAP). An explanation of how the transition from previous Canadian GAAP to IFRSs has affected CPC's financial position, financial performance, and cash flows is set out in the following tables and the notes that accompany the tables.

26. Explanation of transition to IFRSs (continued):

Reconciliation of consolidated equity as at April 1, 2010

Table 1

(in thousands)	Canadian GAAP					IFRS
	2010	IFRS Adj 1	IFRS Adj 2	Reclass	Prior Period Adjustment	2010
ASSETS						
Current assets						
Cash and temporary investments	44,008	(10,028)		(33,980)		-
Accounts receivable and unbilled revenue	8,446	(7,734)		(712)		-
Prepaid expenses and deposits	2,251	(2,220)		(31)		-
Due from joint venture partner						
Cash and cash equivalents				2,033		2,033
Accounts receivable		647		712		1,359
Prepaid expenses				31		31
Other investments				31,947		31,947
Due from joint venture investee		32,505				32,505
Total current assets	54,705	13,170	-	-	-	67,875
Capital assets	343,660	(341,218)		(2,442)		-
Intangibles						
Expansion rights	25,082	(25,082)				-
Power sales right	5,028	(5,028)				-
	30,110	(30,110)				-
Other assets						
Due from joint venture partner	16,252	(16,252)				-
Deferred costs	19,084	(19,084)				-
Restricted cash	6,559	(6,559)				-
	41,895	(41,895)				-
Non-current assets						
Investments in equity accounted investees	-	297,673	36,373			334,046
Property, plant and equipment	-			2,442		2,442
Total non-current assets	-	297,673	36,373	2,442		336,488
TOTAL ASSETS	470,370	(102,381)	36,373	-		404,362
LIABILITIES AND SHAREHOLDER'S EQUITY						
Current liabilities						
Accounts payable and accrued liabilities	2,304	(1,335)			169	1,138
Interest payable on long term bonds	2,467	(2,467)				-
Current portion of long term bonds	6,781	(6,781)				-
Due to related parties	165	(165)				-
Deferred revenue	471	(471)				-
Total current liabilities	12,188	(11,219)			169	1,138
Long term bonds						
Project bonds	93,179	(93,179)				-
Financing costs	(2,017)	2,017				-
	91,162	(91,162)				-
Equity						
Share capital						
Contributed surplus	276,065					276,065
Retained earnings	90,955		36,373		(169)	127,159
Total equity	367,020	-	36,373		(169)	403,224
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	470,370	(102,381)	36,373	-	-	404,362

26. Explanation of transition to IFRSs (continued):

Reconciliation of consolidated equity as at March 31, 2011

Table 2

(in thousands)	Canadian GAAP						IFRS
	2011	IFRS Adj 3	IFRS Adj 4	IFRS Adj 5	Reclass	Prior Period Adjustments	2011
ASSETS							
Current assets							
Cash and temporary investments	26,909	(11,951)			(14,958)		0
Accounts receivable and unbilled revenue	9,904	(7,969)			(1,935)		0
Prepaid expenses and deposits	1,972	(1,958)			(14)		0
Due from joint venture partner	11,087	(11,087)					0
Cash and cash equivalents					14,178		14,178
Accounts receivable		648			1,936		2,584
Prepaid expenses					14		14
Other investments					779		779
Due from joint venture investee		32,818					32,818
Total current assets	49,872	501	-	-	-	-	50,373
Capital assets	337,868	(335,673)	-	-	(2,195)	-	-
Intangibles							
Expansion rights	12,052	(12,052)					-
Power sales right	4,066	(4,066)					-
	16,118	(16,118)	-	-	-	-	-
Other assets							
Deferred bond issue costs	396	(396)					-
Promissory note receivable	24,795	(24,795)					-
Investment in WELP	35,125			(131)	(34,994)		-
Restricted cash	6,767	(6,585)					182
	67,083	(31,776)	-	(131)	(34,994)	-	182
Non-current assets							
Investments in equity accounted investees	-	292,425	45,310				337,735
Investment in WELP					34,994		34,994
Property, plant and equipment	-				2,195		2,195
Total non-current assets	-	292,425	45,310	-	37,189	-	374,924
TOTAL ASSETS	470,941	(90,641)	45,310	(131)	-	-	425,479
LIABILITIES AND SHAREHOLDER'S EQUITY							
Current liabilities							
Accounts payable and accrued liabilities	2,476	4,340				161	6,977
Dividends payable	-	-				2,000	2,000
Interest payable on long term bonds	2,309	(2,309)					-
Current portion of long term bonds	25,286	(25,286)					-
Due to related parties	604	(604)					-
Deferred revenue	609	(609)					-
Total current liabilities	31,284	(24,468)	-	-	-	2,161	8,977
Long term bonds							
Project bonds	67,893	(67,893)					-
Financing costs	(1,720)	1,720					-
	66,173	(66,173)	-	-	-	-	-
Equity							
Share capital							
Contributed surplus	276,065						276,065
Retained earnings	97,419		45,310	(131)		(2,161)	140,437
Total equity	373,484	-	45,310	(131)	-	(2,161)	416,502
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	470,941	(90,641)	45,310	(131)	-	-	425,479

26. Explanation of transition to IFRSs (continued):

Reconciliation of consolidated comprehensive income for the year ended March 31, 2011

Table 3

($ in thousands)		Canadian GAAP	IFRS Adj 6	IFRS Adj 7	IFRS Adj 8	Reclass	Effect of Transition to IFRS	IFRS
Sale of power	$	48,771	(48,771)				(48,771)	-
EcoEnergy grant		2,230	(2,230)				(2,230)	-
Transmission facility revenue		1,645	(1,645)				(1,645)	-
Interest		499	21			(520)	(499)	-
Management fee		1,146	1,040			(1,146)	(106)	1,040
Other		733				(733)	(733)	-
Revenue						1,879	1,879	1,879
Other income			6,732	11,645			18,377	18,377
								-
Water rentals		(6,154)	6,154				6,154	-
Amortization of capital assets in service		(8,409)	7,824			585	8,409	-
Amortization of rights		(1,293)	1,293				1,293	-
Property tax		(1,082)	1,082				1,082	-
Operations and maintenance		(3,190)	3,190				3,190	-
Administration and management		(4,260)	940			3,320	4,260	-
Insurance		(596)	585			11	596	-
Community sponsorship		(82)				82	82	-
Grants-in-lieu (Note 15)		(407)				407	407	-
US$ exchange loss		(25)	25				25	-
Expensed development costs		(13,994)	16,702	(2,708)			13,994	-
Depreciation expense						(585)	(585)	(585)
Amortization expense							-	-
Other expenses					(131)	(3,820)	(3,951)	(3,951)
Finance income						520	520	520
Interest expense		(6,762)	6,762				6,762	-
Financing costs		(298)	296				296	(2)
Total comprehensive Income for the year	$	8,472	-	8,937	(131)	-	8,806	17,278

26. Explanation of transition to IFRSs (continued):

Reconciliation of consolidated cash flows for the year ended March 31, 2011

Table 4

($ in thousands)		Canadian GAAP	IFRS Adj 6	IFRS Adj 7	IFRS Adj 8	Reclass	Effect of Transition to IFRS	Prior period adjustment	IFRS
Cash flows from Operating Activities									
Total comprehensive income for the year	$	8,472		8,937	(131)		8,806		17,278
Adjustments to reconcile cash flow from operations									
Amortization of capital assets in service		8,409	(7,824)			(585)	(8,409)		-
Depreciation of property, plant and equipment						585	585		585
Amortization of rights		1,293	(1,293)				(1,293)		-
Amortization of financing costs		297	(297)				(297)		-
Development costs expensed		13,994	(16,702)	2,708			(13,994)		-
Ineligible costs capitalized in WELP					131		131		131
Interest income						(351)	(351)		(351)
Interest expense						2	2		2
Other income			(6,732)	(11,645)			(18,377)		(18,377)
Net change in non-cash working capital balances									
Accounts receivable		(1,458)	235				235		(1,223)
Due from joint venture partner		(595)	282				282		(313)
Prepaid expense		279	(262)				(262)		17
Accounts payable and accrued liabilities		164	5,674				5,674		5,838
Dividends payable		-	-				-	2,000	2,000
Accounts payable to related parties		439	(439)				(439)		-
Accrued interest		(158)	158				158		-
Deferred revenue		138	(138)				(138)		-
Net cash from operating activities		31,274	(27,338)	-	-	(349)	(27,687)	2,000	5,587
Cash flows from financing activities									
Interest paid						(4)	(4)		(4)
Deferred bond issue costs		(396)	396				396		-
Dividends declared		(2,000)	-				-	(2,000)	(4,000)
Principal repayment of Project Bonds		(6,781)	6,781				6,781		-
		(9,177)	7,177	-		(4)	7,173	(2,000)	(4,004)
Cash flows from investing activities									
(Purchase)/sale of other investments						31,167	31,167		31,167
Interest received						350	350		350
Dividends received			22,068				22,068		22,068
Deferred costs		(1,245)	1,245				1,245		-
Investment prior to Limited Partnership						(1,325)	(1,325)		(1,325)
Investment in Limited Partnership		(35,125)				1,325	1,325		(33,800)
Investment in WEPC (PPPJV)			(7,381)				(7,381)		(7,381)
Additions to Brilliant power facility and terminal station		(1,722)	1,722				1,722		-
Additions to ALGS power facility		(258)	258				258		-
Additions to Brilliant Expansion		(287)	287				287		-
Purchase of furniture, equipment and vehicles		(351)	15			336	351		-
(Acquisition)/disposal of property, plant and equipment						(336)	(336)		(336)
		(38,988)	18,214	-	-	31,517	49,731		10,743
							-		
INCREASE (DECREASE) IN CASH AND EQUIVALENTS		(16,891)	(1,947)	-	-	31,164	29,217		12,326
CASH AND EQUIVALENTS - beginning of year		50,567	(16,587)			(31,947)	(48,534)		2,034
CASH AND EQUIVALENTS - end of year	$	33,676	(18,534)	-	-	(783)	(19,317)		14,360

26. Explanation of transition to IFRSs (continued):

Notes to the above reconciliations:

(a) Material adjustment to the presentation of the consolidated statement of comprehensive income:

CPC has made certain adjustments to the presentation of its consolidated statement of comprehensive income to comply with the requirements of IAS 1. IFRS requires that expenses recognized in profit or loss be analyzed either by nature or by function. CPC has elected to analyze its expenses by nature. This change has had a material impact on the presentation of the consolidated statement of comprehensive income which is set out in the "reclass" column of the transition schedules above.

(b) Reclassification

The "Reclass" column represents changes to account names to conform to the IFRS convention for naming accounts.

(c) Equity investment in joint ventures:

Under previous Canadian GAAP, CPC accounted for its investments in jointly controlled arrangements using the proportionate consolidated method. Under the proportionate consolidation method, the consolidated financial statements include CPC's proportionate share of the investees' assets, liabilities, revenue, and expenses with items of a similar nature on line-by-line basis, from the date that joint control commences until the date joint control ceases.

CPC has elected to early adopt the requirements of IFRS 11, which requires an entity to account for its investments in jointly controlled arrangements using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost and the carrying amount is increased or decreased to recognize the venturer's share of the profit or loss of the joint venture after the date of acquisition. The venturer's share of the profit or loss of the joint ventures is recognized in the venturer's profit or loss. In CPC, the profit or loss from equity accounted joint arrangements is included in the "Other income" item line in the Consolidated Statement of Comprehensive Income.

This change to the equity method from the proportionate consolidation method has a significant impact on the presentation of the consolidated financial statements. In the reconciliation tables above:

- IFRS adjusting entries 1 and 3 remove CPC's share of the joint ventures' assets and liabilities from the Consolidated Statement of Financial Position at April 1, 2010, and March 31, 2011 respectively and instead record CPC's investment in the joint ventures along with its proportionate share of the joint ventures' retained earnings.
- IFRS adjusting entries 2 and 4 show the change in the "Investment in equity accounted joint arrangements" line item on the Consolidated Statement of Financial Position due to changes in the joint venture net asset balances on transition to IFRS.

26. Explanation of transition to IFRSs (continued):

(c) Equity investment in joint ventures (continued):

- IFRS adjusting entry 5 removes the joint ventures' revenues and expenses from accounts on the Consolidated Statement of Comprehensive Income, and instead records CPC's share of the joint ventures' profit or loss.
- IFRS adjusting entry 6 shows the impact on t he "Other income" line item in the Consolidated Statement of Comprehensive Income due to changes in the joint ventures' profit or loss on transition to IFRS.

An explanation of how the transition from previous Canadian GAAP to IFRSs has affected CPC's "Investment in equity accounted joint arrangements" line item in the Consolidated Statement of Financial Position as at April 1, 2010 and March 31, 2011, and CPC's share of profit of equity accounted joint arrangements included in the "Other income' line item on t he Consolidated Statement of Comprehensive Income for the year ended March 31, 2011 are provided in notes 26 b(i), (ii), and (iii).

Under the proportionate consolidation method, CPC eliminated management fees and interest it had charged to the joint ventures to the extent of CPC's ownership interest. Some elimination entries related to management fees and interest that had been capitalized in the property, plant and equipment of the joint ventures (as described in notes 26c(i), (ii) and (iii)). On transition to IFRS, all management fees and some interest have been assessed as ineligible for capitalization in the joint ventures, and therefore written off. Consequently, CPC's prior year eliminating entries relating to property, plant and equipment need to be reversed given that the management fees and interest they relate to have been written off in the joint ventures. The impact of the reversal of prior year eliminating entries on the IFRS adjustments picked up from the joint ventures are shown in Table 5.

(i) Finance lease classification of the Brilliant Power:

The Brilliant Power Facility and the BTS are held by BPC. The Brilliant Entitlement associated with the assets is sold to FortisBC under the BPPA and FIIA (see note 6). As the BPPA and FIIA were entered into prior to (and not amended subsequent to) April 1, 2005 CPC was not required to assess the contract to determine if it contained a lease under EIC-150. CPC accounted for the arrangements as power sales arrangements, recognizing the assets in the Consolidated Statement of Financial Position, the sale of power as revenue and the costs incurred as operating expenses in the Consolidated Statement of Comprehensive Income.

Under IFRS, IFRIC-4 does not provide any exemptions on assessing contracts (as EIC-150 does). As such, on transition to IFRS, CPC assessed the BPPA and determined that the arrangement did contain a lease.

26. Explanation of transition to IFRSs (continued):

(c) Equity investment in joint ventures (continued):

(i) Finance lease classification of the Brilliant Power (continued):

BPC management assessed the BPPA and FIIA for appropriate lease classification. Management determined that the arrangements resulted in the risks and rewards incidental to ownership of the Brilliant Power Facility and BTS transferred from BPC to FortisBC. As a result, under IFRS, BPC accounts for the arrangements as finance leases. The net effect on BPC's equity of removing BPC's leased property, plant and equipment, related amortization, and sales revenue from its financial statements and setting up the finance leases receivable and finance income, and the impact on CPC is summarized in Table 5 below:

ii) Costs directly attributable to the construction of property, plant and equipment:

IFRS requires that property, plant and equipment cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed property, plant and equipment includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

On transition to IFRS, management determined that certain costs capitalized in ALPC, BEPC and WEPC did not meet the capitalization criteria under IFRS. The net effect on ALPC's, BEPC's and WEPC's equity from writing off ineligible costs included in self-constructed assets, and the impact on CPC is summarized in Table 5 below.

In addition, CPC Waneta has an investment in WELP that is accounted for according to the equity method. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. WELP uses generally accepted accounting principles for private enterprises to account for the investment in the Waneta Expansion project. WELP has capitalized all costs to date related to the project. Certain of these costs related to the project are considered ineligible for capitalization under IFRS. Management has identified certain administration and general overhead costs as well as other costs that would not be considered "directly attributable" that have been capitalized in WELP. The impact of writing off CPC Waneta's share of these ineligible costs is summarized as follows:

- IFRS adj 5 – represents the decrease in CPC Waneta's investment in WELP due to the net write off of ineligible interest revenue, and administration and general overhead type costs capitalized in WELP's asset under construction at March 31, 2011.
- IFRS adj 8 – represents the increase in other expenses in fiscal 2011 due to the net write off of ineligible interest revenue and administration and general overhead type costs that were capitalized in that year.

26. Explanation of transition to IFRSs (continued):

(c) Equity investment in joint ventures (continued):

iii) Major components of property, plant, and equipment:

IFRS requires that when parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

On transition to IFRS, management identified major components and estimated useful lives relating to self-constructed assets in ALPC and BEPC. The impact on ALPC's and BEPC's net equity of reallocating property, plant and equipment costs to major component categories and amortizing costs over the estimated useful lives of these categories, along with the impact on CPC is summarized in Table 5 below.

iv) Table 5

Impact of transition to IFRS on CPC's portion of net assets and profit or loss of equity accounted joint arrangements.

($ in thousands)	01-Apr-10	For the year ended 31-Mar-11	31-Mar-11
	IFRS Adj 2	IFRS Adj 7	IFRS Adj 4
BPC			
Effect of removing PP&E and setting up finance lease	44,140	3,587	47,726
Reversing management fee and interest eliminating entry	678		678
	44,818	3,587	48,404
ALPC			
Effect of writing off ineligible costs	(3,796)	(30)	(3,826)
Effect of componentization on accumulated depreciation	3,914	342	4,256
	118	313	430
Reversing management fee and interest eliminating entry	630		630
	748	313	1,060
BEPC			
Effect of writing off ineligible costs	(6,068)	(16)	(6,084)
Effect of componentization on accumulated depreciation	79	57	136
	(5,989)	41	(5,948)
Reversing management fee and interest eliminating entry	1,793		1,793
	(4,196)	41	(4,155)
WEPC			
Effect of writing off ineligible costs	(7,705)	7,705	-
Reversing management fee eliminating entry	2,708	(2,708)	
	(4,997)	4,997	
Total	30,564	11,645	42,209
	5,809	(2,708)	3,101
	36,373	8,937	45,310

27. Prior period adjustments

Management bonuses payable

During fiscal 2012, CPC management determined that management bonuses should be accrued and expensed in the year they are incurred. Previously, management bonuses were expensed when they were paid. As a result, an adjustment has been made to accrue bonuses of $169 thousand at April 1, 2010 (based on CPC's performance in fiscal 2010). This adjustment increased accounts payable and decreased retained earnings by the same amount.

At March 31, 2011, a management bonus of $161 thousand should have been accrued. The impact on the Consolidated Statement of Comprehensive Income caused by the reversal of the management fees accrued at April 1, 2010 of $169 thousand and the accrual March 31, 2011 of $161 thousand is a decrease in administrative and management expenses $8 thousand.

Dividends payable

Dividends of $2 million declared and not paid at March 31, 2011 were not accrued at March 31, 2011. Instead, these dividends were recorded in error as though they were declared in fiscal 2012. The impact of correcting this error in fiscal 2011 on the Consolidated Statement of Changes in Equity is to increase the “Dividends paid to equity holders” line item by $2 million to a balance of $4 million. In addition, the impact as at March 31, 2011 of correcting this error on the Consolidated Statement of Financial Position is an increase in “Dividends payable” to $2 million.