Transportation Investment Corporation

2014/15
ANNUAL SERVICE PLAN REPORT

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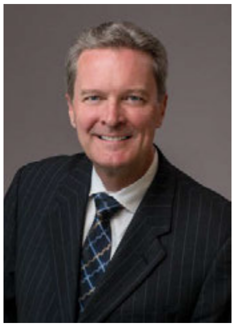
Visit the TReO website at:
http://www.treo.ca

Board Chair's Message and Accountability Statement



On behalf of the Board of Directors I am presenting Transportation Investment Corporation's (TI Corp) Annual Service Plan Report for 2014/15.

TI Corp is well advanced in the delivery of its mandate of completing construction of the Port Mann/Highway 1 improvements, delivering significant time savings for drivers and ensuring the project is paid for within the timeframe set by government.

Drivers are benefiting from a safer and more reliable corridor and saving up to an hour a day by using the new Port Mann Bridge and widened Highway 1. At the end of the fiscal year the bridge had seen four consecutive months of year-over-year traffic growth as drivers increasingly took advantage of the faster, more efficient corridor.

Following a longer-than-expected period of traffic volume fluctuation after the introduction of tolls, TI Corp updated its traffic and revenue forecasts in 2014/15, confirming its ability to repay the project debt within the prescribed timeframe without any taxpayer subsidies.

Construction along the corridor is substantially complete with final finishing work remaining to open the bridge to its final 10-lane width. As construction concludes, TI Corp continues its transition from project delivery to tolling operations with the organization's focus placed squarely on delivering first class, customer-focused service.

The Board welcomes Irene Kerr as TI Corp's President and Chief Executive Officer. Irene brings experience, enthusiasm and the support of the staff to her new position which means the organization is well positioned to deliver on its service and financial commitments. The Board looks forward to working with Irene who is a strong fit for TI Corp's vision and long term strategy and the right choice to lead the organization in its evolving role.

To expand value for its customers through the highly-automated TReO toll system, TI Corp has developed innovative efficiencies such as "combined billing" with the Golden Ears Bridge, allowing payment for both bridges through one single, unified bill, providing value and ease for toll-paying customers across the region.

To ensure that the organization is meeting the high standards expected of a Crown agency and delivering superior service, TI Corp is working with the Ministry of Transportation and Infrastructure to incorporate the Taxpayer Accountability Principles into its operations to further provide value for taxpayers and toll-paying customers.

The Port Mann/Highway 1 Improvement Project is nearing completion and I would like to thank drivers and residents for their patience during construction. The time saving improvements and the subsequent return of traffic to the Port Mann Bridge, when accompanied by the operational and customer service efficiencies implemented this year, have set TI Corp for stable and reliable future performance.

TI Corp's *2014/15 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2014/15 - 2016/17 Service Plan.* I am accountable for those results as reported.

Colin Hansen
Chair, Board of Directors

Table of Contents

Purpose of Organization

TI Corp was established to build the new Port Mann Bridge and improve 37 kilometres of Highway 1, relieving the worst traffic bottleneck in British Columbia. Created in 2008 under the *Transportation Investment Act*, TI Corp is the public Crown corporation responsible for funding the construction, operations, maintenance and project repayment through tolling using TReO, the automated and all-electronic toll system on the Port Mann Bridge.

Strategic Direction and Context

Strategic Direction

TI Corp's mandate, as defined in its **2014/15 Government Letter of Expectations,** is to manage and ensure delivery of the Port Mann/Highway 1 Improvement (PMH1) Project and recover the capital, operating and maintenance costs of the project through tolling. TI Corp is also responsible for overseeing the efficient operation of TReO, the all-electronic toll system. TI Corp works closely with the Ministry of Transportation and Infrastructure (the Ministry) to ensure financial targets and reporting requirements are met.

In alignment with government direction, TI Corp has adopted the Government of British Columbia's **Taxpayer Accountability Principles (TAP)** including an updated **Code of Conduct** that has been approved and accepted by the Board of Directors. The organization's policies, processes and values align with the principles of cost consciousness, accountability, appropriate compensation, service, respect and integrity.

Strategic Context

The new Port Mann Bridge and improvements to the Highway 1 corridor are saving drivers up to an hour a day compared to conditions before construction. As expected, the introduction of tolling and the expiry of an introductory toll rate resulted in traffic fluctuation as drivers adjusted to the changes and tried alternate routes, such as the new Highway 17 (South Fraser Perimeter Road).

Through the 2014 calendar year, traffic volumes on the bridge stabilized then began to grow in the first three months of 2015. As drivers increasingly return to the Port Mann Bridge to take advantage of its significant time savings, updated traffic forecasts confirmed TI Corp's ability to repay the project debt in the timeframe laid out in the Concession Agreement with the Province.

To ensure the TReO toll system is increasingly efficient and cost-conscious, TI Corp launched initiatives in 2014/15 to reduce administrative costs and improve on its commitment to customer service. A sustained initiative to sign customers up for e-billing has helped reduce mailing and administrative costs. As well, improving TReO online functionality has provided customers with more options for managing their toll accounts online as well as through the TReO contact centre or customer service centres. Most significantly, the introduction of "combined billing" between the Port Mann and Golden Ears bridges added a new level of efficiency, adding convenience both for TI Corp and for drivers across the Metro Vancouver region.

Report on Performance

TI Corp continues to work towards and meet the accountabilities laid out in its Government Letter of Expectations. This includes completing construction, operating the TReO toll system and working with the Ministry of Transportation and Infrastructure to ensure operations are efficient and cost-effective. TI Corp also continues to work with the Ministry to develop an evaluation plan to measure the organization's performance against the Taxpayers Accountability Principles, as well as on a strategic engagement plan to hold TI Corp accountable for the outcomes and measurements identified by the Ministry.

Goals, Strategies, Measures and Targets

TI Corp's goals are tracked with best-in-class performance measures used by similar tolled bridges and roadways. These measures include safe and reliable corridor operation, financial efficiency and stability, and superior customer service – all supported by a driven, engaged workforce. TI Corp's goals are continually being refined. When the organization completes bridge and highway construction during 2015/16, the goals will continue to be updated as TI Corp transitions fully to dedicated tolling operations.

During 2014/15 TI Corp updated its traffic and revenue forecasts based on observed traffic volumes and its updated forecast was approved by government. The updated trend in traffic and revenue indicates that TI Corp will meet all of its financial obligations and pay off the project debt by 2050.

Where updated targets differ from the 2014/15 Service Plan both amounts have been reported in the tables below.

Goal 1: Deliver the Port Mann/Highway 1 Improvement Project On Time and On Budget

Strategies

In alignment with the Taxpayer Accountability Principles of cost consciousness and accountability, the majority of the PMH1 Improvement Project is being delivered through a design-build agreement between TI Corp and the contractor, Kiewit/Flatiron General Partnership. Under this structure, the contractor is required to meet specific dates for the delivery of certain elements of the project, which helps ensure the project remains on time and on budget.

To achieve these goals, TI Corp has set completion targets by fiscal year and measures progress against these targets. The design-build agreement structure places responsibility for construction-related cost overruns with the contractor for those activities under its direct control. Similar responsibilities apply to other contractors.

Specific financial targets have been set for all areas of construction by fiscal year and TI Corp measures and reports progress against these targets.

Performance Measure 1: Achieve percentage of completion target for design and build construction

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Original Target	2014/15 Updated Forecast	2014/15 Actual	2015/16 Target
Achieve percentage of completion target for design and build construction[1]	74%	91%	96%	100%	99%	99%	100%

Performance Measure 2: Remain within the approved $3,319 Capital Budget

Performance Measure ($millions)	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Original Target	2014/15 Updated Forecast	2014/15 Actual	2015/16 Target	2016/17 Target
Remain within the approved $3,319 Capital Budget[2]	$2,457	$2,997	$3,199	$3,319	$3,294	$3,275	$3,310	$3,319

Discussion

The Port Mann/Highway 1 Improvement Project is on time and on budget. The bridge was opened to five lanes westbound, and the final 10 lane configuration and all Highway 1 connections are on track to be completed in 2015/16 as per the design-build agreement. The completion target was revised to 99% in 2014/15 to reflect an updated construction schedule due to weather dependant finishing work that will continue until the summer of 2015. This accounts for the variance to the original 2014/15 target and the lower-than expected progress billings from the design-build contractor. Completion targets and the construction schedule have been updated during the project and all milestones for the opening of the bridge and highway improvements have been met on time.

The remaining off-corridor elements of the project are being delivered separately outside of the design-build agreement, but remain part of the $3,319 million capital budget. This work primarily consists of the Golden Ears Connector and ongoing environmental monitoring work. This work will be completed in 2016/17.

[1] This performance measure tracks all on-corridor Bridge and Highway 1 improvements included in the design-build agreement.
[2] Construction spending reflects the schedule and the completion date in the design-build agreement and other related construction work.

Goal 2: Ensure the Safe and Reliable Movement of Traffic and Goods along the Port Mann/Highway 1 Corridor

Key goals of the PMH1 Project are improved travel times and safety along the project corridor. Additionally, the project has expanded transit service, the high occupancy vehicle network and accessibility for cyclists and pedestrians. TI Corp is accountable to ensure these service delivery goals are consistently provided along the PMH1 corridor.

Strategies

TI Corp's strategies to implement these benefits along the new PMH1 corridor include:

- Managing corridor reliability and travel time predictability
- Ensuring corridor efficiency and minimizing disruptions to traffic flow

Performance Measure 3: Corridor Travel Time Savings

To benchmark this performance measure, sample routes, noted below, were driven in the 2012/13 reporting period before the new Port Mann/Highway 1 improvements were opened to traffic.

Performance Measures	2012/13 Baseline Pre-construction Roundtrip Actual[3]	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Route 1[4] 152 St to/from United Boulevard	23 minutes	9 minutes 60% savings	40-50% savings	9 minutes 61% savings	50% savings	50% savings
Route 2[5] 200 St to/from Grandview Highway	1 hour 47 minutes	49 minutes 54% savings	40-50% savings	58 minutes 46% savings	50% savings	50% savings
Route 3[6] 176 St to/from Brunette Avenue	52 minutes	23 minutes 55% savings	40-50% savings	25 minutes 52% savings	50% savings	50% savings

[3] Round trip travel times are based on westbound AM and eastbound PM total travel times.
[4] Route 1: 152 Street at 108 Avenue, Surrey to/from United Boulevard at Lougheed Highway, Coquitlam.
[5] Route 2: 200 Street at 80 Avenue, Langley to/from Boundary Road at Grandview Highway, Vancouver.
[6] Route 3: 176 Street at 96 Avenue, Surrey to/from Brunette Avenue at Lougheed Highway, Coquitlam.

Discussion

Travel times were measured in prevailing conditions by an independent traffic engineering firm. Routes were traveled several times to estimate the average travel time. Travel times will continue to be monitored on an ongoing basis.

TI Corp met and exceeded its forecasts on all measured routes, delivering on its commitment to provide time savings even as traffic volumes grow on the corridor. Although traffic volumes have increased due to the improvements to Highway 1, commute times have been cut nearly in half for drivers travelling the length of the corridor (between 200 Street in Langley and Grandview Highway in Vancouver), saving drivers who travel this route close to an hour a day. Drivers travelling shorter distances, directly between interchanges on either side of the Port Mann Bridge, are experiencing even more dramatic time savings – more than a 60% reduction in travel time compared to before improvements.

Performance Measure 4: Corridor Incident Prevention

A key objective of the Port Mann/Highway 1 Improvement Project is to improve the safety and efficiency of the highway corridor. With the project now substantially complete, improved interchanges, new merging lanes, dedicated on and off-ramps and an overall reduction in congestion all contribute to a safe, reliable and efficient corridor.

To compare collision data from the improved Highway 1 corridor to data from the original corridor, information was gathered from the British Columbia Ministry of Transportation and Infrastructure's Collision Information System[7]. The data used to develop the baseline is from the five years prior to the commencement of Port Mann/Highway 1 construction; 2004/05 to 2008/09.

Performance Measure	2004/05 - 2008/09 Preconstruction Baseline	2013/14 Actual	2014/15 Target	2014/15 Actual[8]	2015/16 Target	2016/17 Target
Vehicle collisions on the PMH1 corridor	680 collisions	390 collisions 43% reduction	25% reduction from baseline	TBD	25% reduction from baseline	25% reduction from baseline

Discussion

This is first year data has been available for this performance measure. The 2013/14 results indicate a dramatic 43% reduction in collisions and a significantly safer and more reliable corridor for the movement of people and goods by Port Mann/Highway 1 users. These results well exceed the 2013/14 targeted reduction of 20%. This was a conservative target developed in 2013/14 based on

[7] The Collision Information System database is populated by collision information gathered by police incident reports on the provincial roadways and received from ICBC.

[8] Collision Information System reports on an annual basis. The 2013/14 results are available (a year after its collection). Data for 2014/15 was unavailable at time of this report. 2014/15 results will be reported in the 2015/16 Annual Service Plan Report.

incident statistics experienced in other jurisdictions, forecasts developed by independent traffic engineering firms and performance on completed sections of the corridor.

It is anticipated that projections may change over time as TI Corp reviews observed data on comparable corridors as well as on the completed Port Mann/Highway 1 corridor.

Goal 3: Operate a Self-Sustaining and Financially Stable Organization

The Port Mann/Highway 1 Improvement Project is a self-funding project using all-electronic, open road tolling technology. The Concession Agreement between the Province and TI Corp requires the corporation to repay the Port Mann/Highway 1 Improvement Project debt by 2050 as well as fund the operations, maintenance and rehabilitation, and any necessary future improvements.

Using observed traffic data on the new Port Mann Bridge, TI Corp updated its forecasts in 2014/15 and these new targets have been included in the *2015/16 – 2017/18 Service Plan*. Drivers are adjusting to the new improved Port Mann Bridge and Highway 1 and increasingly taking advantage of its time savings. At the end of 2014/15 this resulted in four consecutive months of traffic growth.

The trend in traffic and revenue indicates that TI Corp will meet all of its financial obligations and pay off the project debt by 2050.

TI Corp has ensured it remains financially stable by implementing operational efficiencies, controlling administrative costs and achieving deficit targets approved during 2014/15.

As a public Crown corporation and as part of the Government of British Columbia's Public Sector Employer's Council (PSEC), TI Corp operates under PSEC's best practices for transparent and full disclosure of public sector executive compensation.

Strategies

TI Corp's strategies to operate a self-sustaining and financially stable organization include:

- Repay the Port Mann/Highway 1 Improvement Project debt within the prescribed time period
- Implement operational efficiencies and control administrative costs to keep costs low for TI Corp and tolls low for customers

($ Millions)[9]	2013/14 Actual	2014/15 Original Target	2014/15 Updated Forecast	2014/15 Actual	2015/16 Target	2016/17 Target
Revenue	94	144	120	122	128	137
Administration Expenses[10]	10	9	8	9	8	8
Operating Profit/ (Loss)[11]	51	104	87	88	N/A	N/A

9 All figures have been rounded to millions of dollars ($M).

10 Administration expenses include salaries, facilities administration and other costs (please refer to departmental operating expenses by type in the Financial Report section).

11 This was a measure in the 2014/15 Service Plan and will be updated in future reporting. This measure excludes depreciation and borrowing costs and does not tie directly with the Statement of Operations in the financial statements. In future Service Plans, the measure will include depreciation and borrowing costs and will better align with financial reporting.

Annual revenue targets have been set that show a year over year increase in revenues that correspond with increasing traffic volumes on the Port Mann Bridge. At the same time, through careful financial management, administrative and operational expenses have been reduced to keep costs as low as possible. Highway operations and maintenance expenses are expected to increase as the new infrastructure, the bridge's final lanes and its approaches, is opened to traffic over the next fiscal year.

Performance Measure 5: Operational Efficiency

A key measure of operational efficiency for an open road tolling system is the number of registered customers and the percentage of customers with registered accounts. Registered accounts with windshield decals and payment mechanisms on file are most efficient and cost effective because they are more accurate and payment and invoicing is fully automated, substantially reducing administrative and overhead costs.

Performance Measure	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Per cent of regular users with registered accounts	83%	80-85%	84%	80-85%	80-85%

Discussion

TI Corp continues to meet its goal of having 80-85% of regular users registered. This target is consistent with best-in-class industry standards. With over 15,000 new accounts registered in any given month, priority will be to maintain and increase this number in order to improve operational efficiency and remain a best-in class tolling system.

TI Corp launched "combined billing" with the Golden Ears Bridge in summer 2014 and will continue to promote email invoices and customer self-service online to ensure costs remain low while providing superior customer service.

Goal 4: Provide Superior Customer Service

Delivering customer service with respect, integrity and accountability is a key priority for TI Corp. TI Corp's customer satisfaction survey measures customer attitudes towards the toll system and TReO, as well as construction and corridor improvements.

Even with a number of convenient online options for customers, the TReO Customer Service Centres receive thousands of customer contacts every month; more than 40,000 phone calls, 4,900 walk-in centre visits and approximately 3,000 customer emails and letters. Customer satisfaction is measured using regular monthly surveys, to ensure the toll operator maintains a satisfactory level of responsiveness, respect and customer service, and drivers have a satisfactory experience on the corridor.

Strategies

TI Corp's strategies to provide continued superior customer service include:

- Operate a toll system that is easy, electronic and efficient for customers

- Ensure customers receive superior service through meeting established performance measures

Performance Measure 6: Overall level of satisfaction with the toll system and customer service

Performance Measures[12]	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Overall level of satisfaction with the toll system and customer service	88.1%	85%	81%[13]	85%	85%
Percentage of phone calls answered in 20 seconds	79.1%	80%	79.1%[14]	N/A[15]	N/A
Number of customer service complaints as a share of Port Mann crossings	0.26/10,000	1/10,000	0.36/10,000	N/A	N/A
Overall level of satisfaction with the Port Mann/Highway 1 improvements	89%	85%	83%	85%	85%

Discussion

TI Corp is committed to delivering superior customer service and conducts regular surveys of TReO customers to inform these performance measures.

The overall satisfaction level of 81% is a best-in-class score when compared to measures set by toll industry contact centres. TI Corp sets high targets in recognition that customer service is a priority and so that the organization continually aspires to improve.

Initiatives to improve TReO online functionality have provided customers with greater options for managing their toll accounts online, more quickly and more conveniently than over the phone. These initiatives will have the added benefit of improving the time in which calls are answered in the Coquitlam contact centre.

As construction concludes and customers increasingly realize the benefits of a safer and faster Port Mann Bridge and Highway 1 corridor, the measure for satisfaction with corridor improvements is expected to grow in future years.

[12] Specific customer service performance targets from past service plans have been refined for 2015/16 – 2017/18 to capture overall levels of customer satisfaction. Future Annual Reports will reflect these redefined measures.
[13] TI Corp has updated the method in which this number is calculated based on a weighted average across all customer contact channels. This methodology is consistent with industry standards for tolling industry contact centres.
[14] This measure was updated for the 2014/15 fiscal to percentage of phone calls answered within 60 seconds, which is a standard benchmark used by the tolling industry.
[15] In its 2015/16 – 2017/18 Service Plan, TI Corp updated these performance targets to capture overall levels of customer satisfaction.

Goal 5: Engage a Workforce that Drives Operational Success

TI Corp requires a highly qualified, diverse and flexible workforce in order to provide reliable, customer-oriented service for commuters and stakeholders that rely on TReO and the Port Mann/Highway 1 corridor.

Strategies

TI Corp's strategies to engage its workforce and drive operational success include:

- Supporting and investing in its employees
- Fostering a culture of fiscal responsibility, teamwork and innovation

Performance Measure 7: Employee satisfaction with TI Corp as an employer of choice that invests in and supports its employees

TI Corp measures success in leading an engaged workforce through its annual employee survey, which covers a broad range of attributes including performance management and employee engagement.

Specific initiatives to foster greater engagement included the creation of departmentally diverse and collaborative working groups such as the Community Engagement Working Group. Regular departmental meetings and monthly all-staff gatherings also create opportunities for inter-departmental engagement.

Performance Measure	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Employee satisfaction with TI Corp as an employer of choice that invests in and supports its employees	72%	74%	71%	73%	(Previous result +2%)

Discussion

Feedback from the organization's annual employee engagement survey showed an enviable score of 71%, though down slightly from 72% in 2013/14. TI Corp has set an ambitious employee satisfaction target, and the appointment of a new CEO at the end of 2014/15 is expected to help stabilize and improve this score in future.

Gains were made in the areas identified as priorities for improvements in 2013/14, notably in Vision, Mission and Goals. This reflects the successful efforts made on a company-wide level to collaboratively develop the corporate values and mission as TI Corp transitions away from construction and into full-time toll operations. Over the coming year TI Corp will focus on improving its score in the areas identified by employees in the latest engagement survey.

Financial Report

Management Discussion and Analysis

Traffic on the Port Mann Bridge stabilized through 2014/15 and began to grow in the last quarter of the fiscal year. As drivers increasingly took advantage of the time savings on the new crossing, TI Corp continued to refine its traffic and revenue outlook.

Because of a longer-than-expected period of traffic fluctuation and ongoing construction on the Highway 1 corridor after the start of tolling, TI Corp recognized it would not achieve its budgeted revenues and updated its forecasts to reflect both reduced revenues and reduced expenses. Based on actual, observed traffic volumes on the Port Mann Bridge since the start of toll operations in December 2012, TI Corp updated its forecast with new revenue projections, including the impact on annual deficit which was subsequently approved by Treasury Board in late 2014.

This updated forecast confirms TI Corp's ability to meet all its financial obligations. TI Corp's Concession Agreement with the Province of British Columbia requires repayment of the Port Mann/Highway 1 Improvement Project debt by 2050. As such, TI Corp has taken a prudent, long-term approach to financial management.

TI Corp exceeded its $120 million revenue projection in the updated forecast for 2014/15 by $2 million as traffic volumes improved in the last quarter of the year. Revenue projections are forecast to increase year-over-year as more drivers take advantage of the faster and safer Port Mann corridor. Long term traffic growth is expected as a result of regional population growth and economic expansion, particularly in municipalities south of the Fraser River. Over the course of the Concession Agreement, revenue from traffic will exceed expenses and allow TI Corp to repay the entire project debt.

TI Corp minimizes risks from exposure to interest rates and benefits from predictable and affordable borrowing costs through a financing strategy that includes an appropriate mix of short and long term debt. TI Corp continues to review its future financing strategies to mitigate risk associated with interest rate volatility.

Financial Report Summary Table[16]

Performance Measure ($ Millions)[17]	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Original Budget[18]	2014/15 Updated Forecast	2014/15 Actual	2014/15 Variance to Budget	2014/15 Variance to Forecast	2015/16 Target	2016/17 Target
Total Revenue	**0**	**15**	**94**	**144**	**120**	**122**	**(22)**	**2**	**128**	**137**
Tolling and Customer Engagement	1	23	16	21	16	16	5	-	14	14
Highway Operations & Maintenance	5	8	10	11	10	10	1	-	12	12
Technical Services	8	6	10	2	1	2	-	(1)	2	-
Finance & Corporate Services	2	4	5	5	5	5	-	-	5	5
Departmental Operating Expenses[19]	**16**	**41**	**41**	**39**	**32**	**33**	**6**	**(1)**	**33**	**31**
Profit after Departmental Expenses	**(16)**	**(26)**	**53**	**106**	**88**	**89**	**(16)**	**1**	**95**	**106**
Allowance for Doubtful Accounts	0	1	2	2	1	1	1	-	1	1
Depreciation and amortization	0	8	34	52	44	44	8	-	50	51
Borrowing Costs	1	25	105	131	132	131	(1)	1	145	156
Other Operating Expenses	**1**	**34**	**141**	**185**	**177**	**176**	**8**	**1**	**196**	**208**
Other Expenses	-	-	-	-	-	2	(2)	(2)	-	-
Net Loss	**(17)**	**(60)**	**(88)**	**(79)**	**(89)**	**(89)**	**(10)**	**-**	**(101)**	**(102)**
Accumulated Deficit	(75)	(135)	(223)	(302)	(312)	(312)	(10)	-	(413)	(515)
Total Debt	1,977	2,794	3,434	3,608	3,554	3,544	64	10	3,596	3,632

[16] The above financial information was prepared based on the International Financial Reporting Standards (IFRS)
[17] All figures have been rounded to millions of dollars ($M).
[18] Original budget figures included as reference only.
[19] Given that TI Corp is transitioning to an operating entity, the operating expense categories have been restructured compared to prior years to better represent the organization.

Departmental Operating Expenses by Type:

Performance Measure ($ Millions)[20]	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Original Budget[21]	2014/15 Updated Forecast	2014/15 Actual	2014/15 Variance to Budget	2014/15 Variance to Forecast	2015/16 Budget	2016/17 Target
Contracted and Advisory Services	**11**	**35**	**31**	**30**	**24**	**24**	**6**	**-**	**25**	**23**
Administration Expenses										
Salaries	2	3	3	3	3	3	-	-	3	3
Administration & Other	1	1	5	4	3	4	-	(1)	3	4
Facilities	2	2	2	2	2	2	-	-	2	1
Total Administration Expenses	**5**	**6**	**10**	**9**	**8**	**9**	**-**	**(1)**	**8**	**8**
Departmental Operating Expenses[22]	**16**	**41**	**41**	**39**	**32**	**33**	**6**	**(1)**	**33**	**31**

Capital Plan

The capital budget for the Port Mann/Highway 1 Improvement Project is $3.319 billion.

Capital Spend ($millions)	Cumulative 2008/09 – 2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Budget	2014/15 Updated Forecast	2014/15 Actual	2014/15 Variance	2015/16 Target	2016/17 Target	Total
PMH1 Project	$2,457	$540	$202	$83	$95	$76	$19	$35	$9	$3,319

The new Port Mann Bridge opened to traffic in December 2012 and all remaining time saving improvements along the Highway 1 corridor were opened in January 2013. Final finishing work is underway on the bridge and its approaches to prepare for its final 10-lane configuration. As per the design-build agreement, that work and all improvements to the highway will be complete in 2015/16.

Off-corridor work to be completed in 2016/17 includes projects that are outside the design-build agreement but part of the overall Port Mann/Highway 1 Improvement Project. This work includes the Golden Ears Connector, environmental monitoring and habitat enhancement work.

[20] All figures have been rounded to millions of dollars ($M).
[21] Original budget figures included as reference only.
[22] Given that TI Corp is transitioning to an operating entity, the operating expense categories have been restructured compared to prior years to better represent the organization.

Auditor’s Report

Audited Financial Statements

AUDITED FINANCIAL STATEMENTS

At March 31, 2015

Transportation
Investment Corporation

May 13, 2015

Statement of Management Responsibility

Year ended March 31, 2015

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

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

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

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

Yours truly,

Irene Kerr
Chief Executive Officer

Pat Soanes
VP, Finance & Corporate Services

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Transportation Investment Corporation, which comprise the statement of financial position as at March 31, 2015 and the statement of operations and other comprehensive income or loss, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Transportation Investment Corporation as at March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Russ Jones

Victoria, British Columbia
May 13, 2015

Russ Jones, CPA, FCA
Deputy Auditor General

OFFICE OF THE
Auditor General
of British Columbia

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

	Notes	2015	2014
ASSETS			
Current Assets			
Cash		$ 15,585	$ 21,180
Trade and other receivables	6	31,101	23,585
Prepaids and deposits	7	334	270
		47,020	45,035
Long-Term Assets			
Property, plant and equipment, net	8	3,068,614	3,038,856
Intangible assets, net	9	122,394	120,238
Investment property, net	10	701	703
Restricted cash	11	1,500	10,500
		3,193,209	3,170,297
		$ 3,240,229	$ 3,215,332
LIABILITIES			
Current Liabilities			
Payables and accrued liabilites	12	$ 47,706	$ 56,129
Deferred revenue	13	1,577	977
Current indebtedness	14	991,262	867,237
Provision	16	4,618	16,073
		1,045,163	940,416
Long-Term Liabilities			
Long-term indebtedness	15	2,552,770	2,567,162
		3,597,933	3,507,578
SHAREHOLDER'S EQUITY			
Share capital and contributed surplus	19	150,000	150,000
Deficit		(311,698)	(222,829)
Accumulated other comprehensive loss	18	(196,006)	(219,417)
		(357,704)	(292,246)
		$ 3,240,229	$ 3,215,332

Subsequent events 31

Approved on behalf of the Board of Directors on May 13, 2015

Colin Hansen, Chair

Don Fairbairn, Director

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

Transportation Investment Corporation
Statement of Operations and Other Comprehensive Income (Loss)
For the year ended March 31
(In $000's)

	Notes	2015	2014
REVENUES			
Tolling and related revenues	21	$ 121,222	$ 93,518
Other revenues		751	452
		121,973	93,970
DEPARTMENTAL OPERATING EXPENSES			
Tolling and customer engagement		16,095	15,666
Highway operations and maintenance		9,670	10,271
Technical services		2,498	9,929
Finance and corporate services		4,571	4,837
		32,834	40,703
INCOME AFTER DEPARTMENTAL OPERATING EXPENSES		89,139	53,267
OTHER OPERATING EXPENSES			
Borrowing costs	22	130,573	105,046
Depreciation and amortization	23	43,602	34,000
Doubtful accounts		1,218	2,062
		175,393	141,108
NET LOSS FROM OPERATIONS		(86,254)	(87,841)
Write down of assets	8	2,615	-
NET LOSS		(88,869)	(87,841)
OTHER COMPREHENSIVE INCOME			
Realized effective hedging gain	17,18	-	8,420
COMPREHENSIVE LOSS FOR THE YEAR		$ (88,869)	$ (79,421)

Related party transactions	20
Wages and benefits	24
Comparative Figures	3b

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

Transportation Investment Corporation
Statement of Cash Flows
For the year ended March 31
(In $000's)

	Notes	2015	2014
OPERATING			
Net loss		$ (88,869)	$ (87,841)
Items not affecting cash:			
Depreciation and amortization	23	43,602	34,000
Borrowing costs	22	130,573	105,046
Write down of assets	8	2,615	-
Changes in operating working capital:			
Increase in trade and other receivables		(9,189)	(9,881)
(Increase) Decrease in prepaids and deposits		(64)	1,511
Increase (Decrease) in payables and accrued liabilities		(4,708)	5,959
Increase in deferred revenue		600	848
Decrease in provision	16	(11,455)	(19,411)
		63,105	30,231
FINANCING			
Proceeds from short-term debt, net of repayments		123,425	102,303
Proceeds from long-term debt, net of repayments		-	550,949
Interest paid on debt		(121,624)	(111,726)
Settlement of derivative financial instruments		-	(64,075)
		1,801	477,451
INVESTING			
Intangible assets	9	(4,251)	1,033
Property, plant and equipment	8	(73,878)	(203,463)
Rehabilitation	8	-	(7)
Interest capitalized during construction		664	21,757
Changes in investing working capital:			
Decrease (Increase) in trade and other receivables		1,672	(602)
Decrease in payables and accrued liabilities		(3,708)	(366,373)
		(79,501)	(547,655)
Change in cash during the period		(14,595)	(39,973)
Cash, start of the period		31,680	71,653
Cash, end of the period		$ 17,085	$ 31,680
Cash consists of:			
Cash in bank		$ 15,585	$ 21,180
Restricted cash		1,500	10,500
Total cash		$ 17,085	$ 31,680

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

Transportation Investment Corporation

Statement of Changes in Shareholder's Equity

For the year ended March 31

(In $000's)

	Notes		2015		2014
SHARE CAPITAL AND CONTRIBUTED SURPLUS					
Beginning of the year	19	$	150,000	$	150,000
End of the year		$	150,000	$	150,000
DEFICIT					
Beginning of the year		$	(222,829)	$	(134,988)
Net loss			(88,869)		(87,841)
End of the year		$	(311,698)	$	(222,829)
ACCUMULATED OTHER COMPREHENSIVE LOSS					
Beginning of the year		$	(219,417)	$	(249,633)
Other comprehensive gain for the period	18		-		8,420
Amortization on cash flow hedge reserves	18,22		23,411		21,796
End of the year		$	(196,006)	$	(219,417)
TOTAL SHAREHOLDER'S EQUITY		$	(357,704)	$	(292,246)

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

Transportation Investment Corporation
Notes to the Financial Statements
For the year ended March 31, 2015

1. GENERAL BUSINESS DESCRIPTION

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

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

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

In December 2012, the Port Mann Bridge, in the eight lane configuration, was officially opened to traffic and toll collection activities commenced in accordance with the CA. In December 2013, all lanes on the remainder of the Highway 1 corridor opened for use by all traffic. In March 2015, all westbound lanes on the bridge were opened for use. The remaining work on the Port Mann Bridge continues with substantial completion expected in the summer of 2015.

The BC Ministry of Finance is the fiscal agent for the Transportation Investment Corporation.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared on a going concern basis and are in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and include International Accounting Standards ("IAS"), interpretations issued by the IFRS Interpretations Committee and the former Standing Interpretations Committee.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) *Basis of Measurement*

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

b) Basis of Presentation and Comparative Figures

The functional and presentation currency of the Corporation is Canadian dollars. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year to reflect the organizational structure of the Company. The comparatives on the Statement of Operations and Comprehensive Income presented for the fiscal 2014 year have been reclassified to combine the communications expense with the tolling expense to reflect the organizational structure of the company. Also, the doubtful accounts has been segregated from finance and corporate services.

c) *Revenue Measurement and Recognition*

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

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

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

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

d) Cash

All cash is held with major financial institutions.

e) *Impairment of Receivables*

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

f) *Property, Plant and Equipment*

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

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

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

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

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

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

g) *Intangible Assets*

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

h) Investment Property

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

i) *Impairment of Non-financial Assets*

Non-financial assets such as property, plant and equipment or intangible assets are evaluated for impairment indicators at the end of each reporting period and if an indicator exists, the asset is tested for impairment. The recoverable amount is the higher of the asset's fair value less cost to sell or its value in use.

j) *Borrowing Costs and Interest Capitalization*

Short-term debt borrowing costs include transaction fees and interest expense.

Long-term debt borrowing costs include transaction fees, applicable premiums or discounts and interest expense. These costs are amortized over the life of the specific debt instrument, using the effective interest rate method.

All borrowing costs are segregated between operating and capital costs based on the available-for-use rates and the total projected expenditure for the asset, compared to the current total actual expenditure for the asset.

k) *Pension Benefits*

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

l) *Provisions*

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

m) *Financial Instruments*

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

Financial Instrument	**Classification**	**Subsequent Measurement**	**Recognition**
Cash, restricted cash	Fair value through profit or loss	Fair value	Interest income and the effects of foreign currency translation are recognized in the current year's income and expenses.
Trade and other receivables	Loans and receivables	Amortized cost, using the effective interest rate method	Interest income and impairment write downs are recognized in the current year's income and expenses.
Derivatives, where hedge accounting is applied	Derivative instruments in a qualified hedge relationship	Fair value, re-measured at each reporting period	The effective portion of the derivative relationship is recognized in the current year's other comprehensive income. The ineffective portion of a derivative is recognized in the current year's income and expenses.
Payables	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the current year's

			income and expenses.
Short-term and Long-term indebtedness	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the current year's income and expenses.

n) Leases

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

o) *Foreign Currency Translation*

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

p) Income Taxes

TI Corp is exempt from corporate income taxes.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Valuation of Assets under Construction

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

Valuation of Assets Available for Use

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

Depreciation

The Corporation is required to make significant estimates involved in the calculation of depreciation. The estimates include the useful life of the assets, the depreciation method, the expected traffic over the life of the CA, the componentization of the assets and the percentage of completion described above. The determination of these estimates can have a significant impact to the Corporation's Statement of Operations and Other Comprehensive Income (Loss).

Accounts Receivable

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

Provisions

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

Impairment

The Corporation evaluates all assets for impairment indicators at the end of each reporting period and if an indicator exists, the asset is tested for impairment. When assessing for impairment indicators, the Corporation considers many factors including market and economic conditions, utilizes judgment and any valuation estimations provided by contractors. As all impairment charges are recognized in the Statement of Operations and Other Comprehensive Income (Loss), impairment charges may have a significant impact on the results of the Corporation.

5. RECENT ACCOUNTING PRONOUNCEMENTS

i. IFRS 9 – Financial Instruments: This standard replaces the current *IAS 39 – Financial Instruments Recognition and Measurement*. The standard introduces new requirements for classifying and measuring financial assets and liabilities. This section is effective for fiscal periods beginning on or after January 1, 2018. Early adoption is permitted. TI Corp does not expect a significant financial impact as a result of this change.

ii. IFRS 15 – Revenue from Contracts with Customers. This standard replaces *IAS 11 – Construction Contracts, IAS – 18 Revenue and IFRIC 13 – Customer Loyalty Programs*. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. This section is effective for fiscal periods beginning on or after January 1, 2018. Early adoption is permitted. TI Corp does not expect a significant financial impact as a result of this change.

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

6. TRADE AND OTHER RECEIVABLES

Receivables ($000's)	**March 31, 2015**	**March 31, 2014**
Tolling related receivables	$ 33,462	$ 23,833
Allowance for doubtful accounts	(3,829)	(2,817)
Net tolling accounts receivable	29,633	21,016
Related party trade accounts receivable (Note 20)	508	135
Other receivables	960	2,434
	$ 31,101	$ 23,585

Allowance for Doubtful Accounts ($000's)	**March 31, 2015**	**March 31, 2014**
Beginning balance	$ 2,817	$ 1,169
Additions	1,012	1,648
	$ 3,829	$ 2,817

7. PREPAIDS AND DEPOSITS

Prepaids and Deposits ($000's)	**March 31, 2015**	**March 31, 2014**
Prepaids	$ 304	$ 227
Security deposits	30	43
	$ 334	$ 270

Transportation Investment Corporation
Notes to the Financial Statements
For the year ended March 31, 2015

8. PROPERTY, PLANT AND EQUIPMENT

The costs and accumulated depreciation amounts for the Corporation's property, plant and equipment at March 31, 2015 are as follows ($000's):

Cost	**Highway Infrastructure**	**Port Mann Bridge**	**Tolling and Traffic Systems**	**Office and Leasehold Assets**	**Assets Under Construction**	**Total**
Beginning balance	$ 1,897,168	$ 1,064,762	$ 42,651	$ 2,378	$ 72,265	$ 3,079,224
Additions	-	-	-	-	73,878	73,878
Reclassifications	17,103	-	74,002	-	(91,105)	-
Disposals / Write downs	-	-	-	-	(2,615)	(2,615)
Total	1,914,271	1,064,762	116,653	2,378	52,423	3,150,487
Accumulated Depreciation						
Beginning balance	26,006	8,759	4,623	980	-	40,368
Additions	27,963	7,823	5,496	223	-	41,505
Total	53,969	16,582	10,119	1,203	-	81,873
Net book value	$ 1,860,302	$ 1,048,180	$ 106,534	$ 1,175	$ 52,423	$ 3,068,614

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

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

Certain assets were constructed on behalf of third parties and transferred upon completion. During Fiscal 2015, costs of one asset exceeded agreed upon value and the residual amount was written down accordingly.

During Fiscal 2015, capitalized borrowing costs of $0.7 million (2014 – $21.8 million) were included as additions to assets under construction. The weighted average effective capitalized interest rate relating to the borrowing cost, including hedge amortization, in Fiscal 2015 was 3.62% (2014 – 3.74%).

9. INTANGIBLE ASSETS

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

Land Rights (at cost) ($000's)	**March 31, 2015**	**March 31, 2014**
Beginning balance	$ 120,238	$ 122,880
Additions	4,251	3,474
Credits received for surplus lands	-	(4,507)
Amortization (note 23)	(2,095)	(1,609)
	$ 122,394	$ 120,238

10. INVESTMENT PROPERTY

TI Corp has purchased a small property on a temporary basis to facilitate construction activities. No portion of the investment property is for the use of TI Corp. This property will be sold upon the completion of the project.

The assessed value for 2015 property tax purposes as determined by the British Columbia Assessment Authority was estimated to be $805,500. Given the assessed value, the current net book value does not require any impairment adjustment.

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

Investment Property (at cost) ($000's)	**March 31, 2015**	**March 31, 2014**
Beginning balance	$ 703	$ 705
Depreciation (note 23)	(2)	(2)
	$ 701	$ 703

Included in above is land valued at $619,000 and is not depreciated.

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

Rental Operations ($000's)	**March 31, 2015**	**March 31, 2014**
Rental revenue	$ 6	$ 6
Rental expenses		
Utilities	1	1
Depreciation	2	2
Total rental expenses	3	3
Net rental income	$ 3	$ 3

11. RESTRICTED CASH

Restricted cash of $1.5 million is held as collateral for a standby letter of credit issued by the Canadian Imperial Bank of Commerce (CIBC) in favor of the Receiver General for Canada on behalf of Fisheries and Oceans Canada (the beneficiary), to ensure TI Corp's compliance with their authorization for work or undertakings affecting fish habitat. TI Corp receives interest on this amount at a variable interest rate. During the year, the Corporation received correspondence from the Receiver General for Canada on behalf of Fisheries and Oceans Canada that authorized the reduction of the standby letter of credit by $9 million, from $10.5 million to $1.5 million.

The standby letter of credit expires on June 29, 2015 and will be renewed annually until the letter of credit is rescinded or reduced as instructed by the beneficiary. If required, the standby letter of credit will also be automatically reduced by the amount of each drawing paid by CIBC to the beneficiary.

12. PAYABLES AND ACCRUED LIABILITIES

Payables ($000's)	**March 31, 2015**	**March 31, 2014**
Design/Build contractor	$ 3,280	$ 3,505
Related party payables and accruals (Note 20)	36,238	43,853
Other trade payables and accruals	8,188	8,771
	$ 47,706	$ 56,129

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

13. DEFERRED REVENUE

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

14. CURRENT INDEBTEDNESS

TI Corp funds its construction and operations with a blend of long-term and short-term debt. Current indebtedness includes accrued interest and the principal value of the short-term debt. Short-term debt is commercial paper debt assumed by TI Corp that typically matures within 30 to 365 days. TI Corp has been authorized by the BC Ministry of Finance to acquire up to a limit of $1.6 billion (2014 – $1.3 billion) in short-term debt from the Province of British Columbia. The fair values of the commercial paper debt instruments approximate their stated values. At March 31, 2015, the Corporation had short-term debt totaling $991.3 million (2014 – $867.2 million) with annual interest rates ranging from 0.53% to 1.02% (2014 – 0.87% to 1.16%) and maturity dates ranging from Apr 8, 2015 to Oct 20, 2015 (2014 – Apr 8, 2014 to Nov 18, 2014).

15. LONG-TERM INDEBTEDNESS

Long-term debt consists of a series of bonds due to the Province of British Columbia. With the approval of the BC Ministry of Finance, sinking fund contribution payments have been temporarily suspended but will commence once sufficient cash flows from tolling have been generated to permit these contributions without the requirement to borrow additional funds. There is one debt maturity (BCCD-23) over the next five years. No long-term debt was issued during the current year (2014 – one issue: BCCD-23). It is the intention of TI Corp management to hold all long-term debt instruments until maturity.

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

At March 31, 2015, the Corporation had the following bond series outstanding ($000's):

					March 31, 2015		March 31, 2014	
Debt Series	**Maturity Date**	**Face Value**	**Coupon Rate**	**Effective Rate**	**Fair Value**	**Amortized Cost**	**Fair Value**	**Amortized Cost**
BCCP148	9-Jun-39	$ 78,188	4.99%	5.06%	$ 105,738	$ 77,443	$ 92,709	$ 77,428
BCCD-22	18-Jun-40	100,000	4.95%	4.76%	135,659	102,827	118,376	102,884
BCCD-19	18-Jun-31	150,000	5.00%	5.06%	191,224	149,012	171,993	148,974
BCCD-22	18-Jun-40	96,000	4.95%	5.34%	130,233	90,853	113,640	90,758
BCCD-W	19-Nov-27	235,600	6.15%	4.70%	328,252	267,862	302,409	269,683
BCCD-X	18-Jun-29	222,000	5.70%	4.70%	299,799	244,900	271,888	246,003
BCCD-X	18-Jun-29	591,833	5.70%	4.17%	799,239	688,275	724,831	693,132
BCCD-28	18-Dec-22	400,000	2.70%	2.92%	424,321	394,039	391,378	393,364
BCCD-23	18-Dec-19	500,000	4.10%	2.40%	567,527	537,559	552,826	544,936
		$ 2,373,621			$ 2,981,992	$ 2,552,770	$ 2,740,050	$ 2,567,162

16. PROVISION

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

Provision ($000's)	March 31, 2015	March 31, 2014
Beginning balance	$ 16,073	$ 35,484
Payments	(11,455)	(19,411)
	$ 4,618	$ 16,073

17. HEDGING AND DERIVATIVE FINANCIAL INSTRUMENTS

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

TI Corp recorded the following changes in its derivative financial instruments' value:

Derivative Liability ($000's)	March 31, 2015	March 31, 2014
Beginning balance	$ -	$ 72,495
Realized gain adjustment	-	(8,420)
Allocated to accumulated hedging losses	-	(64,075)
Ending balance	$ -	$ -

18. OTHER COMPREHENSIVE LOSS AND ACCUMULATED OTHER COMPREHENSIVE LOSS

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

During Fiscal 2015, TI Corp recorded the following changes in its accumulated hedging loss:

Accumulated Hedging Loss ($000's)	**March 31, 2015**	**March 31, 2014**
Beginning balance	$ 219,417	$ 177,138
Additions	-	64,075
Amortization	(23,411)	(21,796)
Ending balance	$ 196,006	$ 219,417

There was no hedge ineffectiveness loss, being the ineffective portion of fair value changes of the hedging instruments for Fiscal 2015 or Fiscal 2014. The realized effective hedging gain for Fiscal 2015 is $Nil (2014 – $8,420) (see note 17).

19. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	March 31, 2015	**March 31, 2014**
Share capital	$ 100	$ 100
Contributed surplus	149,999,900	149,999,900
	$ 150,000,000	$ 150,000,000

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

20. RELATED PARTY TRANSACTIONS

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

The following is a list of the related parties and the nature of transactions with TI Corp:

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

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

Related Party Transactions	Amount Transacted During		Oustanding Balance At	
($000's)	Fiscal 2015	Fiscal 2014	March 31, 2015	March 31, 2014
BC Ministry of Transportation and Infrastructure	$ 11,723	$ 20,896	$ 2,524	$ 10,024
BC Ministry of Finance	144	269	33,507	33,593
Insurance Corporation of BC	437	319	-	143
Partnerships BC	9	113	-	2
BC Transportation Financing Authority	4,959	4,446	200	59
BC Public Service Agency	39	116	5	7
BC Ministry of Justice	2	122	2	20
BC Hydro	134	172	-	5
Total payable transactions	$ 17,447	$ 26,453	$ 36,238	$ 43,853
BC Ministry of Transportation and Infrastructure	666	3,721	506	135
BC Transportation Financing Authority	11	5,032	2	-
Total receivable transactions	$ 677	$ 8,753	$ 508	$ 135
Net debt transactions with BC Ministry of Finance	$ 245,491	$ 764,980	$ 3,544,032	$ 3,434,399

21. TOLLING AND RELATED REVENUES

Tolling and Related Revenues ($000's)	March 31, 2015	March 31, 2014
Tolling revenue	$ 109,009	$ 83,925
License plate processing fees	9,255	11,837
Tolling related fees	2,985	-
Discounts	(27)	(2,244)
	$ 121,222	$ 93,518

Tolling related fees include such fees as refuse-to-issue (“RTI”), non-sufficient funds (“NSF”) and interest on overdue accounts.

22. BORROWING COSTS

	Capital Portion		Operating Portion	
Borrowing Costs ($000's)	**March 31, 2015**	**March 31, 2014**	**March 31, 2015**	**March 31, 2014**
Interest and fees	$ 620	$ 20,199	$ 121,600	$ 97,529
Premium/Discount amortization	(72)	(2,090)	(14,321)	(10,631)
Hedge amortization	116	3,648	23,294	18,148
	$ 664	$ 21,757	$ 130,573	$ 105,046

23. DEPRECIATION AND AMORTIZATION

Depreciation and Amortization ($000's)	**March 31, 2015**	**March 31, 2014**
Property, plant and equipment depreciation (note 8)	$ 41,505	$ 32,389
Intangible assets amortization (note 9)	2,095	1,609
Investment property depreciation (note 10)	2	2
	$ 43,602	$ 34,000

Certain assets are depreciated using the units-of-production method, which utilizes a traffic forecast. During the current fiscal year, the Company updated the traffic forecast such that the traffic forecast is less than the prior year. This update resulted in an overall increase to depreciation by $585,000.

24. WAGES AND BENEFITS

The total wages and benefits included in the Statement of Operations and Other Comprehensive Income (Loss) for Fiscal 2015 is $3.0 million (2014 – $3.0 million). Compensation to key management has decreased due to removal of one position during the year and is comprised of the following:

Key Management Personnel ($000's)	**March 31, 2015**	**March 31, 2014**
Executive and Board compensation	$ 507	$ 568
Executive short term benefits	22	28
Executive post-employment benefits	-	7
	$ 529	$ 603

25. EMPLOYEE BENEFIT PLAN

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

The Corporation does not account for its participation in the multi-employer plan as a defined benefit plan because the Corporation does not have access to information about the plan that would enable the Corporation to record its share of the obligations of the plan, plan assets and costs of the plan. In addition, the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual entities which participate in the plan. Accordingly, the participation in the plan is accounted for using defined contribution accounting requirements. The Corporation accrues expenses for contributions which are contractually due as at the reporting period date to the plan for past service based on the contribution funding schedule of the Plan. At March 31, 2015, the Corporation has approximately 30 employees contributing to the Plan which has approximately 100,000 active and retired plan members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest actuarial valuation, as at March 31, 2014, indicated the funding surplus amount is $194 million for basic pension benefits. The next valuation is due at March 31, 2017. The actuary does not attribute portions of any unfunded liability to individual employers. Total account contribution rates in effect for the year ended March 31, 2015, as a percent of salary, are as follows:

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

In Fiscal 2015, the employees of the TI Corp contributed $159,807 (2014 – $147,193) and the Corporation paid $188,598 (2014 – $173,576) in employer contributions to the Plan.

26. CONCESSION AGREEMENT

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

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

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

Province's obligations as described in the CA include:

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

BCTFA duties as defined under the CA include:

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

27. COMMITMENTS

Commitments (in millions)	Operating Leases	Operational Commitments	Capital Commitments
Fiscal 2016	$ 1	$ 27	$ 32
Fiscal 2017	1	17	12
Fiscal 2018	1	15	-
Fiscal 2019	1	15	-
Beyond	4	-	-
	$ 9	$ 74	$ 44

Included in operating leases is rental of office space and equipment. The office lease term is 10 years with a review of the rental rate at the end of Fiscal 2018. All office equipment leases expire prior to Fiscal 2018. Included in Fiscal 2016 is a commitment to Ministry, a related party, totaling $15 million ($4 million to operational and $11 million to capital). Although TI Corp has no additional significant contracts in effect at March 31, 2015, the Corporation may have a requirement to engage contractors in the future for continued operational purposes.

28. CAPITAL MANAGEMENT

There have been no major changes to TI Corp's approach to capital management during the year ended 31 March 2015. TI Corp defines capital as cash, cash equivalents, derivative contracts, contributed surplus, share capital and short-term and long-term debt.

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

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

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

29. FINANCIAL INSTRUMENT RISKS

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

Credit Risk

Credit risk is the risk to TI Corp that a counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation. TI Corp has entered into a derivative product transactions agreement with the BC

Ministry of Finance under which the Minister, as fiscal agent for the Corporation, may enter into derivative product transactions with third parties. Provincial Government policy is that derivative transactions are entered into only with counterparties, comprising Canadian Schedule A banks with a rating from Standard and Poor's and Moody's Investors Service Inc. of at least AA-/Aa3 or A+/A1. The Province also establishes limits on individual counterparty credit exposures and monitors these on a regular basis. At March 31, 2015 and 2014, TI Corp does not have significant counterparty credit risk on its derivatives as the fair value of the derivatives is $Nil.

In accordance with the Corporation's accounting policies, revenue is recognized when it is probable that economic benefits will flow to the organization. The main criteria include the ability to measure and apply the correct fees and to be able to successfully retrieve the customer's correct billing information. Credit risk arises with respect to the ability to bill customers and the rate of collection from these customers. An aging profile of customer accounts has been established and is monitored regularly with ongoing review of collection strategies. The current balances are as follows:

Tolling Related Receivables Aging Table (in millions)	**March 31, 2015**	**March 31, 2014**
Unbilled	$ 4	$ 4
Current	10	8
1-30 Days	3	2
31-60 Days	2	1
61-90 Days	2	1
Over 90 Days	13	8
	$ 34	$ 24

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

- An incentive mechanism under the Tolling Operator Agreement is designed to reduce the overall credit exposure;
- Application of additional fees when tolls are not paid according to applicable terms; and
- The enforced payment mechanism through the insurance renewal process and/or the license renewal process.

Additionally, given that cash is held at major banking institutions with strong credit worthiness, credit risk is further reduced.

Liquidity Risk

Liquidity risk is the risk that TI Corp will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. TI Corp has been provided approval of $3.9 billion of total debt, with funding provided through the Minister of Finance as TI Corp's fiscal agent. The Corporation has implemented a debt management plan and monitors its spending and debt through budgets, forecasts and effective management of its contracts.

Cash flows are regularly reviewed and updated to account for any significant impact on liquidity arising from traffic volatility or interest rate changes. As part of its long range forecast, TI Corp is projecting negative cash flows in the early years and the funding for this is within the approved debt limit above. Although negative cash flows are common in newly established organizations, positive cash flows are expected for TI Corp in the future and on this basis, the corporation considers the going concern assumption appropriate in the preparation of the financial statements.

Market Risk

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

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. At March 31, 2015 and 2014, TI Corp has no foreign currency debt.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate because of changes in market interest rates. TI Corp is exposed to cash flow interest rate risk as a result of its requirement to assume short-term and long-term debt over the period of its infrastructure development and early stages of operations. As short-term debt must be renewed on a frequent basis, interest rate increases will lead to higher interest costs. For the 2015 fiscal year, a change of 1% to the short-term interest rate would result in an estimated short-term interest cost change of $9.4 million (2014 – $8.3 million). TI Corp has instituted a hedging strategy to mitigate the risk of higher long-term interest rates as discussed in note 17. At March 31, 2015, all of the Corporation's long-term debt is fixed rate debt; accordingly, changes in interest rates do not impact interest payments but may impact the fair value of such long-term debt.

Other Price Risk

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

Fair Value Disclosure

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. As fair values are dependent on a range of inputs used in making the measurements, a fair value hierarchy has been developed to disclose the basis of measurements used. TI Corp has used the following fair value hierarchy to classify financial instruments recorded at fair value on the Corporation's Statement of Financial Position:

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

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

Financial Instrument ($000's)	March 31, 2015	March 31, 2014	Measurement Level
Cash	$ 15,585	$ 21,180	1
Trade and other receivables	$ 31,101	$ 23,585	1
Prepaids and deposits	$ 334	$ 270	1
Payables and accrued liabilites	$ 47,706	$ 56,129	1
Current indebtedness	$ 991,262	$ 867,237	1
Long-term indebtedness	$ 2,981,992	$ 2,740,050	2

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

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

30. CONTINGENCIES

The Corporation developed a Park & Ride Station known as the 202 Street Park & Ride Project. To develop the Project, TI Corp entered into an agreement with the Township of Langley (“Township”), which specifies that for a 15 year term, the Township is responsible to collect Specified Charges from any developer who develops Benefiting Parcels that connect the storm drainage system to the retention pond, which was built as part of the Project. Further, the Township is required to remit the Specified Charges collected to the Corporation at the beginning of the next calendar year and each calendar year thereafter, the Specified Charges collected from the previous year in respect of the development of Benefiting Parcels. Because the conditions outlined above are required to be met to collect the Specified Charges, the total amount to be received is considered conditional and unknown and, therefore, meets the definition of a contingent asset. At March 31, 2015, the Corporation has received $Nil.

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

31. SUBSEQUENT EVENTS

There are no subsequent events to report at May 13, 2015.

Appendices

Appendix A: Hyperlinks to Additional Information

Corporate Governance

Details of TI Corp's corporate governance, including Board of Directors, governance principles and key accountabilities are available online at www.pmh1project.com/about-the-project/about-ti-corp/Pages/corporate-governance.aspx

Organizational Overview

Details of TI Corp's enabling statute, mandate, vision and values is available online at www.pmh1project.com/about-the-project/about-ti-corp/Pages/default.aspx