SCUGOG HYDRO ENERGY CORPORATION

T2 and CT23 RETURNS

FOR THE PERIOD

07-01-2005 TO 08-08-2005

INCLUDING FINANCIAL STATEMENTS
FOR PERIOD ENDED AUGUST 8, 2005

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

200

055 Do not use this area

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporate return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the *T2 Corporation – Income Tax Guide* (T4012).

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, refer to the Guide under the heading "Before you start."

Identification

Business Number (BN) 001 87051 7182 RC0001

Corporation's name

002 SCUGOG HYDRO ENERGY CORPORATION

Has the corporation changed its name since the last time we were notified? 003 1 Yes [ ] 2 No [X]

If *Yes*, do you have a copy of the articles of amendment? . . 004 1 Yes [ ] 2 No [ ]

Address of head office

Has the address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]

011 55 TAUNTON ROAD EAST

012

City: 015 AJAX

Province, territory, or state: 016 ON

Country (other than Canada): 017

Postal code/ZIP code: 018 L1T 3V3

Mailing address (if different from head office address)

Has the address changed since the last time we were notified? . . . . 020 1 Yes [ ] 2 No [X]

021 c/o

022

023

City: 025

Province, territory, or state: 026

Country (other than Canada): 027

Postal code/ZIP code: 028

Location of books and records

Has the location of books and records changed since the last time we were notified? . . . . 030 1 Yes [ ] 2 No [X]

031 SAME AS ABOVE

032

City: 035

Province, territory, or state: 036

Country (other than Canada): 037

Postal code/ZIP code: 038

040 Type of corporation at the end of the taxation year

1 [X] Canadian-controlled private corporation (CCPC)

2 [ ] Other private corporation

3 [ ] Public corporation

4 [ ] Corporation controlled by a public corporation

5 [ ] Other corporation (specify, below)

If the type of corporation changed during the taxation year, provide the effective date of the change . . . . 043 ______ YYYY MM DD

To which taxation year does this return apply?

Taxation year start: 060 2005-07-01 (YYYY MM DD)

Taxation year end: 061 2005-08-08 (YYYY MM DD)

Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes [ ] 2 No [X]

If *Yes*, provide the date control was acquired . . . . 065 ______ YYYY MM DD

Is the corporation a professional corporation that is a member of a partnership? . . . . 067 1 Yes [ ] 2 No [X]

Is this the first year of filing after:

Incorporation? . . . . 070 1 Yes [ ] 2 No [X]

Amalgamation? . . . . 071 1 Yes [ ] 2 No [X]

If *Yes*, complete lines 030 to 038 and attach Schedule 24.

Has there been a windup of a subsidiary under section 88 during the current taxation year? . . . . 072 1 Yes [ ] 2 No [X]

If *Yes*, complete and attach Schedule 24.

Is this the final taxation year before amalgamation? . . . . 076 1 Yes [ ] 2 No [X]

Is this the final return up to dissolution? . . . . 078 1 Yes [ ] 2 No [X]

Is the corporation a resident of Canada?

080 1 Yes [X] 2 No [ ] If *No*, give the country of residence on line 081 and complete and attach Schedule 97.

081

Is the non-resident corporation claiming an exemption under an income tax treaty? . . . . 082 1 Yes [ ] 2 No [X]

If *Yes*, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

085

1 [ ] Exempt under paragraph 149(1)(e) or (l)

2 [ ] Exempt under paragraph 149(1)(j)

3 [ ] Exempt under paragraph 149(1)(t)

4 [ ] Exempt under other paragraphs of section 149

Do not use this area

091 092 093 094 095 096

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each *Yes* response, attach to the T2 return the schedule that applies.

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Does the corporation have any non-resident shareholders?	151		19
Is the corporation an associated Canadian-controlled private corporation?	160	X	23
Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161		49
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered *Yes* to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168		22
Did the corporation have any foreign affiliates during the year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*?	170		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202		2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210		10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming reserves of any kind?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26 *
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the corporation subject to gross Part I.3 tax?	233	X	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236	X	36
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax?	255		92 *

* We do not print this schedule.

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256		T1134-A
Did the corporation have any controlled foreign affiliates?	258		T1134-B
Did the corporation own specified foreign property in the year with a cost amount over $100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174

Additional information

Is the corporation inactive?	280	1 Yes	2 No X
Has the major business activity changed since the last return was filed? (enter *Yes* for first-time filers)	281	1 Yes	2 No X

What is the corporation's major business activity? **282**
(Only complete if *Yes* was entered at line 281.)

If the major business activity involves the resale of goods, show whether it is wholesale or retail **283** 1 Wholesale ☐ 2 Retail ☐

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	ELECTRIC POWER DISTRIBUTOR	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the taxation year?	291	1 Yes	2 No X
Did the corporation emigrate from Canada during the taxation year?	292	1 Yes	2 No X

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		11,134	A
Deduct: Charitable donations from Schedule 2	311			
Gifts to Canada, a province, or a territory from Schedule 2	312			
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction from Schedule 43 *	325			
Non-capital losses of preceding taxation years from Schedule 4	331	11,134		
Net capital losses of preceding taxation years from Schedule 4	332			
Restricted farm losses of preceding taxation years from Schedule 4	333			
Farm losses of preceding taxation years from Schedule 4	334			
Limited partnership losses of preceding taxation years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Subtotal		11,134 ▶	11,134	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360			
Income exempt under paragraph 149(1)(t)	370			
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)				Z

* This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the taxation year

Income from active business carried on in Canada from Schedule 7 . . . . . **400** 11,134 A

Taxable income from line 360 on page 3, **minus** 10/3 of the amount on line 632* on page 7, **minus** 3 times the amount on line 636** on page 7, and **minus** any amount that, because of federal law, is exempt form Part I tax . . . . . **405** ______ B

Calculation of the business limit:

For all CCPCs, calculate the amount at line 4 below.

225,000	x	Number of days in the taxation year in 2003 / Number of days in the taxation year	/ 39	=	______ 1
250,000	x	Number of days in the taxation year in 2004 / Number of days in the taxation year	/ 39	=	______ 2
300,000	x	Number of days in the taxation year after 2004 / Number of days in the taxation year	39 / 39	=	300,000 3
			Add amounts at lines 1, 2, and 3		300,000 4

Business limit (see notes 1 and 2 below) . . . . . **410** ______ C

Notes: 1. For CCPCs that are not associated, enter the amount from line 4 at line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of days in the taxation year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered at line 410.

Business limit reduction:

Amount C ______ x **415** *** ______ D / 11,250 = ... ______ E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") . . . . . **425** ______ F

Small business deduction – 16.00 % of whichever amount is the least: A, B, C, or F . . . . . **430** ______ G

(enter amount G on line 9 of page 7)

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

*** **Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada **minus** $10,000,000).
- If the corporation is not associated with any corporations in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporations in the current taxation year, but was associated in the preceding taxation year, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction

Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction

Reduced business limit (amount from line 425) . . . . . ______ x 300,000 / line 4 above = ______ A

Net active business income (amount from line 400) * . . . . . 11,134 B

Taxable income from line 360 on page 3, **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I Tax ______ C

Deduct:

Aggregate investment income (amount from line 440 of page 6) . . . . . ______ D

Amount C **minus** amount D (if negative, enter "0") . . . . . ______ ► ______ E

Amount A, B, or E above, whichever is less . . . . . ______ F

Amount Z from Part 9 of Schedule 27 . . . . . ______ x 100 / 7 = ______ G

Amount QQ from Part 13 of Schedule 27 . . . . . ______ H

Taxable resource income from line 435 above . . . . . ______ I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) ______ J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less ______ K

Total of amounts G, H, I, J, and K . . . . . ______ ► ______ L

Amount F **minus** amount L (if negative, enter "0") . . . . . ______ M

Accelerated tax reduction – 7.00 % of amount M (enter amount N on line 637 of page 7) . . . . . ______ N

* If the amount at line 450 of Schedule 7 is positive, members of partnerships need to use Schedule 70 to calculate net active business income.

** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)] . . . . 435 ________ A

Amount A	________	x	Number of days in the taxation year in 2004 / Number of days in the taxation year	___ / 39	x 2 % =	________	B
Amount A	________	x	Number of days in the taxation year in 2005 / Number of days in the taxation year	39 / 39	x 3 % =	________	C
Amount A	________	x	Number of days in the taxation year in 2006 / Number of days in the taxation year	___ / 39	x 5 % =	________	D
Amount A	________	x	Number of days in the taxation year after 2006 / Number of days in the taxation year	___ / 39	x 7 % =	________	E

Resource deduction – total of amounts B, C, D, and E . . . . 438 ________ F
(enter amount F on line 10 of page 7)

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 on page 3 . . . . ________ A

Amount Z from Part 9 of Schedule 27 . . . . ________ x 100 / 7 =	________	B	
Amount QQ from Part 13 of Schedule 27	________	C	
Taxable resource income from line 435 above	________	D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	________	E	
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least	________	F	
Aggregate investment income from line 440 of page 6	________	G	
Amount used to calculate the accelerated tax reduction (amount M of page 4)	________	H	
Total of amounts B, C, D, E, F, G, and H	________	▶	________ I

Amount A **minus** amount I (if negative, enter "0") . . . . ________ J

Amount J	________	x	Number of days in the taxation year after 2003 / Number of days in the taxation year	39 / 39	x 7 % =	________	K

General tax reduction for Canadian-controlled private corporations – amount K . . . . ________ L
(enter amount L on line 638 of page 7)

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation

Taxable income from line 360 on page 3 . . . . ________ M

Amount Z from Part 9 of Schedule 27 . . . . ________ x 100 / 7 =	________	N	
Amount QQ from Part 13 of Schedule 27	________	O	
Taxable resource income from line 435 above	________	P	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	________	Q	
Total of amounts N, O, P, and Q	________	▶	________ R

Amount M **minus** amount R (if negative, enter "0") . . . . ________ S

Amount S	________	x	Number of days in the taxation year after 2003 / Number of days in the taxation year	39 / 39	x 7 % =	________	T

General tax reduction – amount T . . . . ________ U
(enter amount U on line 639 of page 7)

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income (amount P from Part 1 of Schedule 7) ..... **440** ______ x 26 2 / 3 % = ______ A

Foreign non-business income tax credit from line 632 on page 7 ...... ______

Deduct:

Foreign investment income (amount O from Part 1 of Schedule 7) .... **445** ______ x 9 1 / 3 % = ______ (if negative, enter "0") ______ ▶ ______ B

Amount A **minus** amount B (if negative, enter "0") ...... ______ C

Taxable income from line 360 on page 3 ...... ______

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is the least ...... ______

Foreign non-business income tax credit from line 632 of page 7 ______ x 25 / 9 = ______

Foreign business income tax credit from line 636 of page 7 ______ x 3 = ______

______ ▶ ______

x 26 2 / 3 % = ______ D

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 of page 8) ______

Deduct: Corporate surtax from line 600 of page 7 ...... ______

Net amount ...... ______ ▶ ______ E

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least ...... **450** ______ F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year **460** ______

Deduct: Dividend refund for the previous taxation year ...... **465** ______

______ ▶ ______ G

Add the total of:

Refundable portion of Part I tax from line 450 above ...... ______

Total Part IV tax payable from line 360 of Schedule 3 ...... ______

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation ... **480** ______

______ ▶ ______ H

Refundable dividend tax on hand at the end of the taxation year – Amount G **plus** amount H ...... **485** ______

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the taxation year

Taxable dividends paid in the taxation year from line 460 of Schedule 3 ...... ______ x 1 / 3 ______ I

Refundable dividend tax on hand at the end of the taxation year from line 485 above ...... ______ J

Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 of page 8) ...... ______

Part I tax

Base amount of Part I tax – 38.00 % of taxable income (line 360 or amount Z, whichever applies) from page 3 ..... 550 ______ A

Corporate surtax calculation

Base amount from line A above ..... ______ 1

Deduct:

10 % of taxable income (line 360 or amount Z, whichever applies) from page 3 ..... ______ 2

Investment corporation deduction from line 620 below ..... ______ 3

Federal logging tax credit from line 640 below ..... ______ 4

Federal qualifying environmental trust tax credit from line 648 below ..... ______ 5

For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is the least:

28.00 % of taxable income from line 360 of page 3 ..... ______ a

28.00 % of taxed capital gains ..... ______ b

Part I tax otherwise payable ..... ______ c

(line A **plus** lines C and D **minus** line F) ______ 6

Total of lines 2 to 6 ..... ______ 7

Net amount (line 1 **minus** line 7) ..... ______ 8

Corporate surtax – 4.00 % of the amount on line 8 ..... 600 ______ B

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 ..... 602 ______ C

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the taxation year)

Aggregate investment income from line 440 on page 6 ..... ______ i

Taxable income from line 360 on page 3 ..... ______

Deduct:

Amount on line 400, 405, 410, or 425 of page 4, whichever is the least ..... ______

Net amount ..... ______ ► ______ ii

Refundable tax on CCPC's investment income – 6 2 / 3 % of whichever is less: amount i or ii ..... 604 ______ D

Subtotal (add lines A, B, C, and D) ______ E

Deduct:

Small business deduction from line 430 of page 4 ..... ______ 9

Federal tax abatement ..... 608 ______

Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 ..... 616 ______

Investment corporation deduction ..... 620 ______

(taxed capital gains 624 ______)

Additional deduction – credit unions from Schedule 17 ..... 628 ______

Federal foreign non-business income tax credit from Schedule 21 ..... 632 ______

Federal foreign business income tax credit from Schedule 21 ..... 636 ______

Accelerated tax reduction from amount N on page 4 ..... 637 ______

Resource deduction from line 438 on page 5 ..... ______ 10

General tax reduction for CCPCs from amount R on page 5 ..... 638 ______

General tax reduction from amount U on page 5 ..... 639 ______

Federal logging tax credit from Schedule 21 ..... 640 ______

Federal political contribution tax credit ..... 644 ______

Federal political contributions 646 ______

Federal qualifying environmental trust tax credit ..... 648 ______

Investment tax credit from Schedule 31 ..... 652 ______

Subtotal ______ ► ______ F

Part I tax payable – Line E **minus** line F (enter amount G on line 700 of page 8) ..... ______ G

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	
Part I.3 tax payable from Schedule 33, 34, or 35	704	410
Part II surtax payable from Schedule 46	708	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		410

Add provincial or territorial tax:

Provincial or territorial jurisdiction 750 Ontario

(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Quebec, Ontario, and Alberta)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	
Total tax payable	770	410 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Royalties deductible under Syncrude Remission Order	815	
Tax remitted under Syncrude Remission Order	816	
Tax instalments paid	840	
Total credits	890	B

Refund code 894 ___ Overpayment ___

Balance (line A minus line B) 410

If the result is negative, you have an **overpayment**.
If the result is positive, you have a **balance unpaid**.
Enter the amount on whichever line applies.
Generally, we do not charge or refund a difference of $2 or less.

Balance unpaid 410

Enclosed payment 898 410

Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information 910 ___ Branch number

914 ___ Institution number 918 ___ Account number

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due? 896 1 Yes ☐ 2 No X

Certification

I, 950 CLARK (Last name) 951 DAVID (First name) 954 TREASURER (Position, office, or rank)

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2006-02-08 (Date (yyyy/mm/dd)) ___ Signature of the authorized signing officer of the corporation 956 (905) 427-9870 (Telephone number)

Is the contact person the same as the authorized signing officer? If *No*, complete the information below 957 1 Yes X 2 No ☐

958 ___ Name 959 ___ Telephone number

Language of correspondence – Langue de correspondance

990 Indicate the language in which you would like to receive correspondence.
Indiquer la langue de correspondance de votre choix.
1 English / Anglais X 2 Français / French ___

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Taxation year end Year Month Day
SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	2005-08-08

Identification of the imported corporation from the GIFI file

Name of the corporation . . .

Balance Sheet

Account	Description	GIFI		Amount	Prior year
	Assets				
	Total current assets	1599	+	1,332,734	1,311,862
	Total tangible capital assets	2008	+	3,748,075	3,748,075
	Total accumulated amortization of tangible capital assets	2009	–	2,287,377	2,275,150
	Total intangible capital assets	2178	+	294,290	294,290
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+		
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	3,087,722	3,079,077
	Liabilities				
	Total current liabilities	3139	+	844,452	844,452
	Total long-term liabilities	3450	+	51,389	51,389
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	895,841	895,841
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	2,191,881	2,183,236
	Total liabilities and shareholder equity	3640	=	3,087,722	3,079,077
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	-339,875	-348,520

* Generic item

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GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Taxation year end Year Month Day
SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	2005-08-08

Income Statement

Description GIFI

Operating name 0001
Description of the operation . . 0002
Sequence Number 0003 01

Account	Description	GIFI		Amount	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	341,454	2,276,862
	Cost of sales	8518	–	341,454	1,924,931
	Gross profit/loss	8519	=		351,931
	Cost of sales	8518	+	341,454	1,924,931
	Total operating expenses	9367	+	66,374	395,068
	Total expenses (mandatory field)	9368	=	407,828	2,319,999
	Total revenue (mandatory field)	8299	+	416,473	2,329,483
	Total expenses (mandatory field)	9368	–	407,828	2,319,999
	Net non-farming income	9369	=	8,645	9,484
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	8,645	9,484
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–		
	Deferred income tax provision	9995	–		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	8,645	9,484

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SCHEDULE 141

NOTES CHECKLIST

Corporation's name	Business Number	Taxation year end Year Month Day
SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	2005-08-08

- This schedule should be completed from the perspective of the person who prepared or reported on the **financial statements**. This person is referred to as the "accounting practitioner", in this schedule.
- For more information, see RC4088, *Guide to the General Index of Financial Information (GIFI) for Corporations* and T4012, *T2 Corporation – Income Tax Guide.*
- Attach a copy of this schedule, along with any Notes to the financial statements, to the GIFI.

Part 1 – Accounting practitioner information

Does the accounting practitioner have a professional designation? . . . . . **095** 1 Yes [X] 2 No [ ]

Is the accounting practitioner connected* with the corporation? . . . . . **097** 1 Yes [X] 2 No [ ]

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note
If the accounting practitioner does not have a professional designation **or** is connected with the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4.

Part 2 – Type of involvement

Choose the option that represents the highest level of involvement of the accounting practitioner: **198**

Completed an auditor's report . . . . . 1 [ ]

Completed a review engagement report . . . . . 2 [ ]

Conducted a compilation engagement . . . . . 3 [ ]

Part 3 – Reservations

If you selected option "1" or "2" under **Type of involvement** above, answer the following question:

Has the accounting practitioner expressed a reservation? . . . . . **099** 1 Yes [ ] 2 No [ ]

Part 4 – Other information

Were notes to the financial statements prepared? . . . . . **101** 1 Yes [ ] 2 No [X]

If *Yes*, complete lines 102 to 107 below:

Are any values presented at other than cost? . . . . . **102** 1 Yes [ ] 2 No [ ]

Has there been a change in accounting policies since the last return? . . . . . **103** 1 Yes [ ] 2 No [ ]

Are subsequent events mentioned in the notes? . . . . . **104** 1 Yes [ ] 2 No [ ]

Is re-evaluation of asset information mentioned in the notes? . . . . . **105** 1 Yes [ ] 2 No [ ]

Is contingent liability information mentioned in the notes? . . . . . **106** 1 Yes [ ] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . **107** 1 Yes [ ] 2 No [ ]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . . . **108** 1 Yes [ ] 2 No [X]

If *Yes*, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? . . . . . **109** 1 Yes [ ] 2 No [ ]

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SCHEDULE 1

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Corporation's name	Business Number	Taxation year end Year Month Day
SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	2005-08-08

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes.
- Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Net income (loss) after taxes and extraordinary items per financial statements			8,645 A
Add:			
Amortization of tangible assets	104	12,227	
Subtotal of additions		12,227	12,227
Other additions:			
Miscellaneous other additions:			
Subtotal of other additions	199	0	0
Total additions	500	12,227	12,227
Deduct:			
Capital cost allowance from Schedule 8	403	9,738	
Subtotal of deductions		9,738	9,738
Other deductions:			
Miscellaneous other deductions:			
Subtotal of other deductions	499	0	0
Total deductions	510	9,738	9,738
Net income (loss) for income tax purposes – enter on line 300 of the T2 return			11,134

T2 SCH 1 E (01)

Canada

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SCHEDULE 4

CORPORATION LOSS CONTINUITY AND APPLICATION

Name of corporation	Business Number	Taxation year end Year Month Day
SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	2005-08-08

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For information on these losses, see the *T2 Corporation Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes		11,134
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter as a positive amount)		
Taxable dividends deductible under sections 112, 113, or subsection 138(6)		
Amount of Part VI.1 tax deductible		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		
Subtotal (if positive, enter "0")		
Deduct: (increase a loss)		
Section 110.5 and/or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions		
Subtotal		
Add: (decrease a loss)		
Current-year farm loss		
Current-year non-capital loss (if positive, enter "0")		

Continuity of non-capital losses and request for a carryback

	Code		Code	
Non-capital loss at the end of preceding taxation year		219,628		
Deduct: Non-capital loss expired *	100			
Non-capital losses at beginning of taxation year	102	219,628		
Add: Non-capital losses transferred on an amalgamation or the windup of a subsidiary corporation	105			
Current-year non-capital loss (from calculation above)	110			219,628
Deduct:				
Amount applied against taxable income (enter on line 331 of the T2 return)	130	11,134		
Amount applied against taxable dividends subject to Part IV tax	135			
Section 80 – Adjustments for forgiven amounts	140			
Subsection 111(10) – Adjustments for fuel tax rebate				
Other adjustments	150			11,134
Subtotal				208,494
Deduct – Request to carry back non-capital loss to:				
First preceding taxation year to reduce taxable income	901			
Second preceding taxation year to reduce taxable income	902			
Third preceding taxation year to reduce taxable income	903			
First preceding taxation year to reduce taxable dividends subject to Part IV tax	911			
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	912			
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	913			
Non-capital losses – Closing balance			180	208,494

* A non-capital loss expires as follows:
- After 7 taxation years if it arose in a taxation year ending before March 23, 2004; or
- After 10 taxation years if it arose in a taxation year ending after March 22, 2004.

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator . . . 190 Yes ☐

Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding taxation year		200		
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation		205		
Current-year capital loss (from Schedule 6 calculation)		210		
Add:				
Allowable business investment loss expired as non-capital loss	× 4/3	220		
Deduct:			Subtotal	
Amount applied against current-year capital gain (see Note 1)		225		
Section 80 – Adjustments for forgiven amounts		240		
Other adjustments		250		
			Subtotal	

Deduct – Request to carry back capital loss to: (see Note 2)

	Capital gain (100%)		Amount carried back (100%)	
First preceding taxation year		951		
Second preceding taxation year		952		
Third preceding taxation year		953		
Capital losses – Closing balance			280	

Note 1
On line 332 of the T2 return, enter the amount from line 225 multiplied by 50%.

Note 2
Enter on lines 225, 951, 952, or 953, whichever applies, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year			
Deduct: Farm loss expired after 10 taxation years	300		
Farm losses at beginning of taxation year	302		
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation	305		
Current-year farm loss	310		
Deduct:			
Amount applied against taxable income (enter on line 334 of the T2 return)	330		
Amount applied against taxable dividends subject to Part IV tax	335		
Section 80 – Adjustments for forgiven amounts	340		
Other adjustments	350		
		Subtotal	
Deduct – Request to carry back farm loss to:			
First preceding taxation year to reduce taxable income	921		
Second preceding taxation year to reduce taxable income	922		
Third preceding taxation year to reduce taxable income	923		
First preceding taxation year to reduce taxable dividends subject to Part IV tax	931		
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	932		
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	933		
Farm losses – Closing balance		380	

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business		485		A
Minus the deductible farm loss:				
$2,500 plus B or C, whichever is less		$ 2,500		
(Amount A above ______ – $2,500) divided by 2 =		B		
	$ 6,250	C	2,500	
Current-year restricted farm loss (enter this amount on line 410 of page 3)				

Part 4 – Restricted farm losses (continued)

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year			
Deduct: Restricted farm loss expired after 10 taxation years	400		
Restricted farm losses at beginning of taxation year	402		
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation	405		
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410		
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return)	430		
Section 80 – Adjustments for forgiven amounts	440		
Other adjustments	450		
Subtotal			
Deduct – Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income	941		
Second preceding taxation year to reduce farming income	942		
Third preceding taxation year to reduce farming income	943		
Restricted farm losses – Closing balance		480	

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year			
Deduct: Listed personal property loss expired after seven taxation years		500	
Listed personal property losses at beginning of taxation year		502	
Add: Current-year listed personal property loss (from Schedule 6)		510	
Subtotal			
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530		
Other adjustments	550		
Subtotal			
Deduct – Request to carry back listed personal property loss to:			
First preceding taxation year to reduce listed personal property gains	961		
Second preceding taxation year to reduce listed personal property gains	962		
Third preceding taxation year to reduce listed personal property gains	963		
Listed personal property losses – Closing balance		580	

Part 7 – Limited partnership losses

Current-year limited partnership losses

1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 **minus** column 5 If negative, enter "0".	Current-year limited partnership losses Column 3 - 6
600	602	604	606	608		620

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from prior taxation years that may be applied in the current year

1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at end of preceding taxation year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 **minus** column 5 If negative, enter "0".	Limited partnership losses that may be applied in the year The lesser of columns 3 and 6
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future taxation years

Partnership identifier	Limited partnership losses at end of preceding taxation year	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary	Current-year limited partnership losses (from column 620)	Limited partnership losses applied (cannot exceed column 650)	Limited partnership losses closing balance (662 + 664 + 670 - 675)
660	662	664	670	675	680

Total (enter this amount on line 335 of the T2 return)

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce: Taxable income	Applied to reduce: Part IV tax	Balance at end of year
Current	N/A				N/A		
2005	22,528	N/A		N/A			22,528
2004		N/A		N/A			
2003	73,336	N/A		N/A			73,336
2002	123,764	N/A		N/A	11,134		112,630
2001		N/A		N/A			
2000		N/A		N/A			
1999		N/A		N/A			*
Total	219,628				11,134		208,494

Farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce: Taxable income	Applied to reduce: Part IV tax	Balance at end of year
Current	N/A				N/A		
2005		N/A		N/A			
2004		N/A		N/A			
2003		N/A		N/A			
2002		N/A		N/A			
2001		N/A		N/A			
2000		N/A		N/A			
1999		N/A		N/A			
1998		N/A		N/A			
1997		N/A		N/A			
1996		N/A		N/A			*
Total							

Restricted farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce: Taxable income	Applied to reduce: Part IV tax	Balance at end of year
Current	N/A				N/A	N/A	
2005		N/A		N/A		N/A	
2004		N/A		N/A		N/A	
2003		N/A		N/A		N/A	
2002		N/A		N/A		N/A	
2001		N/A		N/A		N/A	
2000		N/A		N/A		N/A	
1999		N/A		N/A		N/A	
1998		N/A		N/A		N/A	
1997		N/A		N/A		N/A	
1996		N/A		N/A		N/A	*
Total						N/A	

* This balance expires this year and will not be available next year.

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SCHEDULE 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Taxation year end Year Month Day
SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	2005-08-08

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes [ ] 2 No [X]

	1 Class number	2 Undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the year*	4 Net adjustments	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 **plus** column 3 **plus** or **minus** column 4 **minus** column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)**	8 Reduced undepreciated capital cost (column 6 **minus** column 7)	9 CCA rate %	10 Recapture of capital cost allowance (amount on line 107 of Schedule 1)	11 Terminal loss (amount on line 404 of Schedule 1)	12 Capital cost allowance (column 8 **multiplied** by column 9; or a lower amount) (amount on line 403 of Schedule 1)***	13 Undepreciated capital cost at the end of the year (column 6 **minus** column 12)
	200	201	203	205	207		211		212	213	215	217	220
1	1	840,809			0	840,809		840,809	4	0	0	3,594	837,215
2	8	64,526			0	64,526		64,526	20	0	0	1,379	63,147
3	2	722,332			0	722,332		722,332	6	0	0	4,631	717,701
4	12	1,254			0	1,254		1,254	100	0	0	134	1,120
	Total	1,628,921				1,628,921		1,628,921				9,738	1,619,183

* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

** The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

*** If the taxation year is shorter than 365 days, prorate the CCA claim.
See the *T2 Corporation Income Tax Guide* for more information.

T2 SCH 8 (99)

Canada

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Taxation year end Year Month Day
SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	2005-08-08

This schedule is to be completed by a corporation having one or more of the following:
- related corporation(s)
- associated corporations(s)

	Name	Country of residence (if other than Canada)	Business Number (Canadian corporation only) (see note 1)	Relationship code (see note 2)	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of preferred shares owned	Book value of capital stock
	100	200	300	400	500	550	600	650	700
1.	Veridian Connections Inc.		88628 2920 RC0001	1					
2.	Veridian Corporation		86697 3076 RC0001	3					
3.	Veridian Energy Inc.		87098 3186 RC0001	3					

Note 1: Enter "NR" if a corporation is not registered.
Note 2: Enter the code number of the relationship that applies from the following order: 1 – Parent 2 – Subsidiary 3 – Associated 4 – Related, but not associated.

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SCHEDULE 23

AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one taxation year ending in a calendar year, is required to file an agreement for each taxation year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act*, not to be associated for purposes of the small business deduction.

Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the code that applies to each corporation:
1 - associated for purposes of allocating the business limit (unless association code 5 applies)
2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
3 - non-CCPC that is a "third corporation" as defined in subsection 256(2)
4 - associated non-CCPC
5 - associated CCPC that is not associated for purposes of allocating the business limit because of a subsection 256(2) election made by a "third corporation"

Column 4: Enter the business limit for the year of each corporation in the associated group that is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:
– from $200,001 to $225,000, if the calendar year to which this agreement applies is 2003;
– from $225,001 to $250,000, if the calendar year to which this agreement applies is 2004; or
– from $250,001 to $300,000, if the calendar year to which this agreement applies is 2005.
If the calendar year to which this agreement applies is after 2005, ensure that the total at line A does not exceed $300,000.

Allocation of the business limit

Date filed (do not use this area) . . . . 025 Year Month Day

Enter the calendar year to which the agreement applies . . . . 050 Year 2005

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . . . 075 1 Yes [ ] 2 No [X]

	1 Names of associated corporations 100	2 Business Number of associated corporations 200	3 Association code 300	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % 350	6 Business limit allocated* $ 400	
	SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	1	300,000			
1	Veridian Connections Inc.	88628 2920 RC0001	1	300,000	100.0000	300,000	
2	Veridian Corporation	86697 3076 RC0001	1	300,000			
3	Veridian Energy Inc.	87098 3186 RC0001	1	300,000			
				Total	100.0000	300,000	A

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return. If the corporation is a member of an associated group*** of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to 0.225% x (A - $10,000,000) where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

*Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's taxation year is less than 51 weeks, prorate the amount in column 6 by the number of days in the taxation year divided by 365, and enter the result on line 410 of the T2 return.

If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the business limit for the second (and subsequent) taxation year(s) will be equal to the business limit allocated for the first taxation year ending in the calendar year.

**"Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the *Income Tax Act*.

***The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

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SCHEDULE 33

PART I.3 TAX ON LARGE CORPORATIONS

Name of corporation	Business Number	Taxation year end Year Month Day
SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	2005-08-08

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before deducting surtax credits (line 820 in Part 5). You should also use and file this schedule if you calculate a **gross Part I.3 tax for the purposes of unused surtax credit** (line 821 in Part 6) and a **current-year unused surtax credit** (line 850 in Part 8).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part I.3 tax is payable for a taxation year by a corporation that was:
  1) a non-resident-owned investment corporation throughout the year;
  2) bankrupt [as defined by subsection 128(3)] at the end of the year;
  3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
  4) exempt from tax under section 149 throughout the year on all of its taxable income;
  5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
  6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the *T2 Corporation Income Tax Return* no later than six months from the end of the taxation year.
- This schedule may contain changes that had not yet become law at the time of printing.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

Part 1 – Capital

Add the following amounts at the end of the year:

	Line	Amount	Total
Reserves that have not been deducted in computing income for the year under Part I	101		
Capital stock (or members' contributions if incorporated without share capital)	103	2,531,756	
Retained earnings	104		
Contributed surplus	105		
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109		
Any dividends declared but not paid by the corporation before the end of the year	110		
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111		
Proportion of the amount, if any, by which the total of all amounts (see note below) for the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses	112		
Subtotal		2,531,756 ▶	2,531,756 A
Deduct the following amounts:			
Deferred tax debit balance at the end of the year	121		
Any deficit deducted in computing its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122	339,875	
Any amount deducted under subsection 135(1) in computing income under Part I for the year, to the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above	123		
The amount of deferred unrealized foreign exchange losses at the end of the year	124		
Subtotal		339,875 ▶	339,875 B
Capital for the year (amount A minus amount B) (if negative, enter "0")	190		2,191,881

Note:

Lines 101, 107, 108, 109, 111, and 112 are determined as follows:
- If the partnership is a member of another partnership (tiered partnerships), include the amounts of the partnership and tiered partnerships.
- Amounts for the partnership and tiered partnerships are those that would be determined under lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Amounts owing to the member or to other corporations that are members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend receivable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were other corporations (other than financial institutions) that were not exempt from tax under Part I.3 (other than by reason of paragraph 181.1(3)(d))	406	
An interest in a partnership (see note 1 below)	407	
Investment allowance for the year	490	

Notes:
1. Where the corporation has an interest in a partnership or tiered partnerships, consider the following:
   - the investment allowance of a partnership is deemed to be the amount calculated at line 490 above, at the end of its fiscal period, as if it was a corporation;
   - the total of the carrying value of each asset of the partnership described in the above lines is for its last fiscal period ending at or before the end of the corporation's taxation year; and
   - the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.
2. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 – Taxable capital

Capital for the year (line 190)		2,191,881	C
Deduct: Investment allowance for the year (line 490)			D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500	2,191,881	

Part 4 – Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500) 2,191,881 × (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 2,191,881

Notes:
1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a taxation year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada			701	
Deduct the following amounts:				
Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada	711			
Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada	712			
Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below)	713			
Total deductions (add lines 711, 712, and 713)		►		E
Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0")			790	

Notes: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation of gross Part 1.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies)			2,191,881	
Deduct: Capital deduction claimed for the year (enter $50,000,000 or, for related corporations, the amount allocated on Schedule 36)		801		
Excess of taxable capital employed in Canada over capital deduction		811	2,191,881	

Line 811 2,191,881 × Number of days in the taxation year before 2004 ___ / Number of days in the taxation year 39 × 0.00225000 = ______ F

Line 811 2,191,881 × Number of days in the taxation year in 2004 ___ / Number of days in the taxation year 39 × 0.00200000 = ______ G

Line 811 2,191,881 × Number of days in the taxation year in 2005 39 / Number of days in the taxation year 39 × 0.00175000 = 3,836 H

Line 811 2,191,881 × Number of days in the taxation year in 2006 ___ / Number of days in the taxation year 39 × 0.00125000 = ______ I

Line 811 2,191,881 × Number of days in the taxation year in 2007 ___ / Number of days in the taxation year 39 × 0.00062500 = ______ J

Note: The Part I.3 tax rate is reduced to 0% for the days in the taxation year that are after 2007.

Subtotal (add amounts F to J) 3,836 K

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax as follows:

Amount K 3,836 × Number of days in the year (39) / 365 = 410 L

Gross Part I.3 tax (amount K or L, whichever applies) 820 410

Part 6 – Calculation of gross Part I.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies) 2,191,881 M

Deduct: Line 801 above ______ × 1/5 = ______ N

Excess (amount M minus amount N) (if negative, enter "0") 2,191,881 O

Amount O 2,191,881 × 0.00225 = 4,932 P

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax for purposes of the unused surtax credit as follows:

Amount P 4,932 × Number of days in the year (39) / 365 = 527 Q

Gross Part I.3 tax for purposes of the unused surtax credit (amount P or Q, whichever applies) 821 527

Part 7 – Calculation of current-year surtax credit available

- Corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) of the Act when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

For a corporation that was a non-resident of Canada throughout the year, enter amount **a** or **b** at line R, whichever is less:

a) line 600 from the T2 return .... a
b) line 700 from the T2 return .... b ______ R

In any other case, enter amount **c** or **d** at line S, whichever is less:

c) line 600 from the T2 return ______ x line 690 of this schedule 2,191,881 / line 500 of this schedule 2,191,881 = ______ c

d) line 700 from the T2 return .... d ______ S

Current-year surtax credit available (amount R or S, whichever applies) .... 830 ______

Part 8 – Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830) .... ______
Less: Gross Part I.3 tax for purposes of the unused surtax credit (line 821) 527

Current-year unused surtax credit (if negative, enter "0") .... 850 ______
Enter this amount at line 600 on Schedule 37.

Part 9 – Calculation of net Part I.3 tax payable

Gross Part I.3 tax (line 820) .... 410 T
Deduct:
Current-year surtax credit applied (line 820 or 830, whichever is less) .... 861 ______
Unused surtax credit from previous years applied (amount from line 320 on Schedule 37) .... 862 ______
Subtotal (cannot be more than amount on line 820) ______ ► ______ U

Net Part I.3 tax payable (amount T minus amount U) 870 410
Enter this amount at line 704 of the T2 return.

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SCHEDULE 36

AGREEMENT AMONG RELATED CORPORATIONS – PART I.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of $50,000,000 among the members of the related group. **Do not file this agreement if no members of the related group have to pay Part I.3 tax.**
- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal *Income Tax Act*, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Agreement

Date filed (do not use this area) . . . . **010** Year Month Day ____

Is this an amended agreement? . . . . **020** 1 Yes [ ] 2 No [X]

Calendar year to which the agreement applies . . . . **030** Year 2005

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part 1.3 tax under subsection 181.1(3) does not have to be included.

	Names of all corporations which are members of the related group **200**	Business Number (if a corporation is not registered, enter "NR") **300**	Allocation of capital deduction for the year $ **400**	Taxation year end to which this agreement applies* (YYYY/MM/DD) **500**
	SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001		2005-08-08
1	Veridian Connections Inc.	88628 2920 RC0001	50,000,000	2005-08-08
2	Veridian Corporation	86697 3076 RC0001		
3	Veridian Energy Inc.	87098 3186 RC0001		2005-11-19

Total (cannot be more than $50,000,000) 50,000,000

* Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Taxation year end Year Month Day
SCUGOG HYDRO ENERGY CORPORATION	87051 7182 RC0001	2005-08-08

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

	Name of shareholder 100	Business Number (Notes 1 & 3) 200	Social Insurance Number (Note 2 & 3) 300	Percentage common shares 400	Percentage preferred shares 500
1	TOWNSHIP OF SCUGOG	NR		100.000	
2					
3					
4					
5					
6					
7					
8					
9					
10					

Note 1: If a corporate shareholder does not have a business number, "NR" must be entered to indicate the corporation is not registered.

Note 2: If an individual shareholder does not have a social insurance number, "NA" must be entered to indicate the SIN is not available.

Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

T2 SCH 50 (05)

Canada

Ontario Ministry of Finance
Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

2004/ 2005 CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2002

Corporations Tax Act – Ministry of Finance (MOF)
Corporations Information Act – Ministry of Consumer and Business Services (MCBS)

This form is a combination of the Ministry of Finance (MOF) **CT23 Corporations Tax Return** and the Ministry of Consumer and Business Services (MCBS) **Annual Return**. Page 1 is a common page required for both Returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return** on pages 3-17. Corporations that **do not** meet the EFF criteria but **do** meet the Short-Form criteria, may request and file the **CT23 Short-Form Return** (see page 2).

The **Annual Return** (common page 1 and MCBS Schedule A on pages 18 and 19, and Schedule K on page 20) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

Ministry Use

MCBS Annual Return Required? *(Not required if already filed or Annual Return exempt. Refer to Guide)* [X] Yes [ ] No

Corporation's Legal Name *(including punctuation)*
SCUGOG HYDRO ENERGY CORPORATION

Ontario Corporations Tax Account No. (MOF): 1800289

Mailing Address
55 TAUNTON ROAD EAST
AJAX
ON CA L1T 3V3

This Return covers the Taxation Year
Start (year month day): 2005-07-01
End (year month day): 2005-08-08

Has the mailing address changed since last filed CT23 Return? [ ] Yes Date of Change (year month day):

Date of Incorporation or Amalgamation (year month day): 1999-11-01

Registered/Head Office Address
55 TAUNTON ROAD EAST
AJAX
ON CA L1T 3V3

Ontario Corporation No. (MCBS): 1382155

Location of Books and Records
SAME AS ABOVE
CA

Canada Customs and Revenue Agency Business No.
If applicable, enter: 87051 7182 RC0001

Name of person to contact regarding this CT23 Return: DAVID CLARK
Telephone No.: (905) 427-9870
Fax No.:

Jurisdiction Incorporated: Ontario

Address of Principal Office in Ontario *(Extra-Provincial Corporations only)* (MCBS)
Ontario Canada

If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:
Commenced (year month day):
Ceased (year month day):
[X] *Not Applicable*

Former Corporation Name *(Extra-Provincial Corporations only)* [X] *Not Applicable* (MCBS)

Preferred Language / *Langue de préférence*
[X] English *anglais* [ ] French *français*

Ministry Use

Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). ▶ No. of Schedule(s):

If there is **no change** to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please check (X) this box. Schedule(s) A and K are not required (MCBS). ▶ [X] No Change

Certification (MCBS)

I certify that all information set out in the **Annual Return** is true, correct and complete.

Name of Authorized Person *(Print clearly or type in full)*
DAVID CLARK

Title: D [X] Director O [X] Officer P [ ] Other individuals having knowledge of the Corporation's business activities

Note: Sections 13 and 14 of the *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please check (X) box(es) if applicable in sections 1 & 2

1

1 [X] Canadian-controlled Private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))

2 [ ] Other Private

3 [ ] Public

4 [ ] Non-share Capital

5 [ ] Other (specify)

Share Capital with full voting rights owned by Canadian Residents (nearest percent) ____ %

Ontario Retail Sales Tax Vendor Permit No. (Use Head Office no.)

If applicable, enter

Ontario Employer Health Tax Account No. (Use Head Office no.)

If applicable, enter

Specify major business activity

2

1 [ ] Family Farm Corporation s.1 (2)

2 [ ] Family Fishing Corporation s.1 (2)

3 [ ] Mortgage Investment Corporation s.47

4 [ ] Credit Union s.51

5 [ ] Bank Mortgage Subsidiary s.61 (4)

6 [ ] Bank s.1 (2)

7 [ ] Loan and Trust Corporation s.61 (4)

8 [ ] Non-resident Corporation s.2(2)(a) or (b)

9 [ ] Non-resident Corporation s.2(2)(c)

10 [ ] Mutual Fund Corporation s.48

11 [ ] Non-resident owned investment Corporation s.49

12 [ ] Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)

14 [ ] Bare Trustee Corporation

15 [ ] Branch of Non-resident s.63(1)

16 [ ] Financial institution prescribed by Regulation only

17 [ ] Investment Dealer

18 [ ] Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale

19 [ ] Hydro successor, Municipal Electrical Utility or subsidiary of either

20 [ ] Producer and seller of steam for uses other than for the generation of electricity

21 [ ] Insurance Exchange s.74.4

22 [ ] Farm Feeder Finance Co-operative Corporation

23 [ ] Professional Corporation (incorporated professionals only)

Please check (X) box(es) if applicable

[ ] First Year of Filing

[ ] Amended Return

[X] Taxation Year End has changed – Canada Customs and Revenue Agency approval required

[ ] Final Taxation Year up to Dissolution (wind-up) *(Note: For discontinued businesses, see Guide.)*

[ ] Final Taxation Year before Amalgamation

[ ] Floating Fiscal Year End

[ ] Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanent establishment outside Ontario

[ ] Acquisition of Control fed s. 249(4)

Date Control was acquired

year	month	day

	Yes	No
Was the corporation inactive throughout the taxation year?		X
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	X	
Are you requesting a refund due to: the Carry-back of a Loss?		X
an Overpayment?		X
a Specified Refundable Tax Credit?		X
Are you a Member of a Partnership or Joint Venture?		X

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction to that jurisdiction (s.39) (Int.B. 3008).

DOLLARS ONLY

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From 690	11,134
Subtract: Charitable donations	–	1	
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property *(Attach schedule 2)*	–	2	
Subtract: Taxable dividends deductible, per federal Schedule 3	–	3	
Subtract: Ontario political contributions *(Attach Schedule 2A)* (Int.B. 3002R)	–	4	
Subtract: Federal Part VI.1 tax ______ x 3	–	5	
Subtract: Prior years' losses applied – Non-capital losses	–	From 704	11,134
Net capital losses (page 16) From 715 ______ x inclusion rate 50.000000 % =	–	714	
Farm losses	–	From 724	
Restricted farm losses	–	From 734	
Limited partnership losses	–	From 754	
Taxable Income (Non-capital loss)	=	10	

Addition to taxable income for unused foreign tax deduction for federal purposes	+	11	
Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11)	=	20	

Taxable Income

Number of Days in Taxation Year

From 10 (or 20 if applicable) ______	x 30 100.0000 % Ontario Allocation	x 12.5 %	x Days after Dec. 31, 2002 and before Jan. 1, 2004: 33 ______	÷ Total Days: 73 39	= + 29	
From 10 (or 20 if applicable) ______	x 30 100.0000 % Ontario Allocation	x 14 %	x Days after Dec. 31, 2003: 34 39	÷ Total Days: 73 39	= + 32	

Income Tax Payable (before deduction of tax credits) 29 + 32 = 40

Incentive Deduction for Small Business Corporations (IDSBC) (s.41)

If this section is not completed, the IDSBC will be denied.

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (X) Yes [ ] No [X]

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))				50
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+	51		
Add: Losses of other years deducted for federal purposes (fed.s.111)	+	52		
Subtract: Losses of other years deducted for Ontario purposes (s.34)	–	53		
	=		►	54
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)		55		

Ontario Business Limit Calculation

320,000	x Days after Dec. 31, 2002 and before Jan 1, 2004: 31 ______	÷ ** 365	= + 46		
400,000	x Days after Dec 31, 2003: 34 39	÷ ** 365	= + 47	42,740	
Business Limit for Ontario purposes	46 + 47		= 44	42,740	x 48 ______ % = 45

Percentage of federal Business limit (from T2 Schedule 23). Enter 100% if not associated.

Income eligible for the IDSBC From 30 100.0000 % ***Ontario Allocation x 56 ______ (Least of 50, 54 or 45) = 60

* *Note: Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refer to Guide.)*

** *Note: Adjust accordingly for a floating taxation year and use 366 for a leap year.*

*** *Note: Ontario Allocation for IDSBC purposes may differ from* 30 *if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).*

continued on Page 5

Income Tax *continued from Page 4*

Number of Days in Taxation Year

	Rate		Days		Total Days		Line	Amount
Calculation of IDSBC Rate	7 %	x	31 (Days after Dec 31, 2002 and before Jan 1, 2004)	÷	73 39	= +	89	
	8.5 %	x	34 39 (Days after Dec 31, 2003)	÷	73 39	= +	90	8.5000
IDSBC Rate for Taxation Year 89 + 90						=	78	8.5000
Claim	From 60	x	From 78 8.5000 %			=	70	

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount 400,000 in 114 below.

Surtax on Canadian-controlled Private Corporations (s.41.1)

Applies if you have claimed the Incentive Deduction for Small Business Corporations.

Associated Corporation - The Taxable Income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

***Taxable income of the corporation** - From 10 (or 20 if applicable) + 80

If you are a member of an associated group (X) 81 (Yes)

Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Taxable income (if loss, enter nil)
Veridian Connections Inc.	1800328	2005-08-08	+ 82
Veridian Corporation	7861179	2004-12-31	+ 83
Veridian Energy Inc.	1800332	2004-12-31	+ 84
Aggregate Taxable Income 80 + 82 + 83 + 84, etc.			= 85

Number of Days in Taxation Year

		Days		Total Days		Line	Amount
320,000	x	31 (Days after Dec 31, 2002 and before Jan 1, 2004)	÷	73 39	= +	115	
400,000	x	34 39 (Days after Dec. 31, 2003)	÷	73 39	= +	116	400,000
		115 + 116			=		400,000 → − 114 400,000
(If negative, enter nil)					=	86	

Number of Days in Taxation Year

	Rate		Days after Dec 31, 2002		Total Days		Line	Amount
Calculation of Specified Rate for Surtax	4.6670 %	x	38 39	÷	73 39	= +	97	4.6670

From 86 ______ x From 97 4.6670 % = 87

From 87 ______ x From 60 ______ ÷ From 114 400,000 = 88

Surtax Lesser of 70 or 88 = 100

** Note: Short Taxation Years* – Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

continued on Page 6

DOLLARS ONLY

Additional Deduction for Credit Unions (s.51(4)) *(Attach schedule 17)* - - - - - - - - - - - - - 110

Manufacturing and Processing Profits Credit (M&P) (s.43)

Applies to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of Ontario schedule 27.

The whole of the active business income qualifies as Eligible Canadian Profits if: **a)** your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing is 20% or less of the total active business income and **b)** the total active business income is $250,000 or less.

Eligible Canadian Profits - + 120

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - - - - - - - - − From 56

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 ÷ From 30 100.0000 % ÷ From 78 8.5000 % = 121
*Ontario Allocation

Lesser of 56 or 121 - + 122

120 − 56 + 122 - = 130

Taxable Income - + From 10

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - - - - - - - - − From 56

Add: Adjustments for Surtax on Canadian-controlled private corporations - - - - - - - - - - - - - - - + From 122

Subtract: Taxable Income 10 X Allocation % to jurisdictions outside Canada ______ % - - − 140

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses - - - - - - - - − 141

10 − 56 + 122 − 140 − 141 - = 142

Claim

Number of Days in Taxation Year

143 (Lesser of 130 or 142) X From 30 100.0000 % (Ontario Allocation) X 1.5 % X 33 (Days after Dec. 31, 2002 and before Jan 1, 2004) ÷ 73 39 (Total Days) = + 154

143 (Lesser of 130 or 142) X From 30 100.0000 % (Ontario Allocation) X 2 % X 34 39 (Days after Dec. 31, 2003) ÷ 73 39 (Total Days) = + 156

M&P claim for taxation year 154 + 156 - = 160

* **Note:** *Ontario Allocation for M&P Credit purposes may differ from* 30 *if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1))*

Manufacturing and Processing Profits Credit for Electrical Generating Corporations. = 161

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity - - - - - - - - - - - - = 162

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). *(Attach schedule).* - 170

Credit for Investment in Small Business Development Corporations (SBDC)

Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former *Small Business Development Corporations Act*)

Eligible Credit 175 Credit Claimed 180

Subtotal of Income Tax 40 − 70 + 100 − 110 − 160 − 161 − 162 − 170 − 180 - - - - = 190

continued on Page 7

Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

Ontario Innovation Tax Credit (OITC) (s.43.3) *Applies* to scientific research and experimental development in Ontario.
Eligible Credit From 5620 OITC Claim Form *(Attach original Claim Form)* + 191

Co-operative Education Tax Credit (CETC) (s.43.4) *Applies* to employment of eligible students.
Eligible Credit From 5798 CT23 Schedule 113 *(Attach Schedule 113)* + 192

Ontario Film & Television Tax Credit (OFTTC) (s.43.5)
Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. Name of Production 204
Eligible Credit From 5850 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* + 193

Graduate Transitions Tax Credit (GTTC) (s.43.6) No. of Graduates From 6596 194
Applies to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.
Eligible Credit From 6598 CT23 Schedule 115 *(Attach Schedule 115)* + 195

Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)
Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.
Eligible Credit From 6900 OBPTC Claim Form *(Attach **both** the original Claim Form and the Certificate of Eligibility)* + 196

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)
Applies to labour relating to computer animation and special effects on an eligible production.
Eligible Credit From 6700 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* + 197

Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)
Applies to qualifying R&D expenditures under an eligible research institute contract.
Eligible Credit From 7100 OBRITC Claim Form *(Attach original Claim Form)* + 198

Ontario Production Services Tax Credit (OPSTC) (s.43.10)
Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.
Eligible Credit From 7300 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* + 199

Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)
Applies to qualifying labour expenditures of eligible products for the taxation year.
Eligible Credit From 7400 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* + 200

Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)
Applies to qualifying expenditures in respect of eligible Canadian sound recordings.
Eligible Credit From 7500 OSRTC Claim Form *(Attach **both** the original Claim Form and the Certificate of Eligibility)* + 201

Apprenticeship Training Tax Credit (ATTC) (s.43.13) No. of Apprentices From 5896 202
Applies to employment of eligible apprentices
Eligible Credit From 5898 CT23 Schedule 114 *(Attach Schedule 114)* + 203

Other (specify) + 203.1

Total Specified Tax Credits 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 + 203.1 = 220

Specified Tax Credits ***Applied to reduce Income Tax*** = 225

Income Tax 190 − 225 **OR Enter NIL if reporting Non-Capital Loss** *(amount cannot be negative)* = 230

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8.** If CMT is not applicable, transfer amount in 230 to Income Tax in **Summary** section on **Page 17.**

OR

If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8.**

Corporate Minimum Tax (CMT)

DOLLARS ONLY

Total Assets of the corporation - - - - - + 240 3,087,722
Total Revenue of the corporation - - - - - + 241 3,897,760

The above amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.

If you are a member of an associated group (X) 242 (Yes)

Name of associated corporation (Canadian & foreign) *(if insufficient space, attach schedule)*	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets	Total Revenue
			+ 243	+ 244
			+ 245	+ 246
			+ 247	+ 248

Aggregate Total Assets 240 + 243 + 245 + 247, etc. - - - - - = 249 3,087,722
Aggregate Total Revenue 241 + 244 + 246 + 248, etc. - - - - - = 250 3,897,760

Determination of Applicability

Applies if *either* Total Assets 249 exceeds $5,000,000 *or* Total Revenue 250 exceeds $10,000,000.

Short Taxation Years – Special rules apply for determining total revenue where the taxation year of the corporation or any associated corporation or any fiscal period of any partnership(s) / joint venture(s) of which the corporation or associated corporation is a member, is less than 51 weeks.

Associated Corporation – The total assets or total revenue of associated corporations is the total assets or total revenue for the taxation year ending on or before the date of the claiming corporation's taxation year end.

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedule 101.**

Calculation: CMT *(Attach Schedule 101.)*

Gross CMT Payable - - CMT Base From Schedule 101 2136 (If negative, enter zero) X From 30 100.0000 % X 4 % (Ontario Allocation) = 276

Subtract: Foreign Tax Credit for CMT purposes *(Attach Schedule)* - - - - - − 277
Subtract: Income Tax - - - - - − From 190

Net CMT Payable (If negative, enter Nil on Page 17.) - - - - - = 280

If 280 is less than zero and you do not have a CMT credit carryover, transfer 230 from **Page 7** to **Income Tax Summary, on Page 17.**

If 280 is less than zero and you have a CMT credit carryover A & B below.

If 280 is greater than or equal to zero, transfer 230 to **Page 17** and transfer 280 to **Page 17, and to Part 4 of Schedule 101: Continuity of CMT Credit Carryovers.**

CMT Credit Carryover available From Schedule 101 - - - - - From 2333

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) - - - - - + From 190
Gross CMT Payable - - - - - + From 276
Subtract: Foreign Tax Credit for CMT purposes - - - - - − From 277
If 276 − 277 is negative, enter NIL in 290 = − 290
Income Tax eligible for CMT Credit - - - - - = 300

B. Income Tax (after deduction of specified credits) - - - - - + From 230
Subtract: CMT credit used to reduce income taxes - - - - - − 310
Income Tax - - - - - = 320

Transfer to page 17

If A & B apply, 310 *cannot exceed the lesser of* 230, 300 *and your CMT credit carryover available* 2333.

If only B applies, 310 *cannot exceed the lesser of* 230 *and your CMT credit carryover available* 2333.

Capital Tax *(Refer to Guide and Int.B. 3011R)*

If your corporation is a Financial Institution (s.58(2)), complete lines 480 and 430 on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and the Gross Revenue and Total Assets as calculated on page 10 in 480 and 430 are both $3,000,000 or less, your corporation is exempt from Capital Tax for the taxation year, except for a branch of a non-resident corporation. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If Investment Allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Int.B. 3017R).

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital.

Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

Paid-up Capital of Non-resident: Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s.2(a) or (b), and whose **business is not carried on solely in Canada** is deemed to be the **greater** of (1) taxable Income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B. 3010).

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	+	350	2,531,756
Retained earnings (if deficit, deduct) (Int.B. 3012R)	±	351	-339,875
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	+	352	
Loans and advances *(Attach schedule)* (Int.B. 3013R)	+	353	
Bank loans (Int.B. 3013R)	+	354	
Bankers acceptances (Int.B. 3013R)	+	355	
Bonds and debentures payable (Int.B. 3013R)	+	356	
Mortgages payable (Int.B. 3013R)	+	357	
Lien notes payable (Int.B. 3013R)	+	358	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	+	359	
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	+	360	
Other reserves not allowed as deductions for income tax purposes *(Attach schedule)* (Int.B. 3012R)	+	361	21,295
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))* (Int.B. 3017R)	+	362	
Subtotal	=	370	2,213,176
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)* (Int.B. 3012R)	–	371	
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	–	372	
Total Paid-up Capital	=	380	2,213,176
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	–	381	
Electrical Generating Corporations Only – All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the *Corporations Tax Act*, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	–	382	
Net Paid-up Capital	=	390	2,213,176

Eligible Investment *(Refer to Guide and Int.B. 3015R)*

Attach computations and list of corporation names and investment amounts. Short-term investments (bankers acceptances, commercial paper, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	+	402	
Mortgages due from other corporations	+	403	
Shares in other corporations (certain restrictions apply) *(Refer to Guide)*	+	404	
Loans and advances to unrelated corporations	+	405	
Eligible loans and advances to related corporations (certain restrictions apply) *(Refer to Guide)*	+	406	
Share of partnership(s) or joint venture(s) eligible investments *(Attach schedule)*	+	407	
Total Eligible Investments	=	410	

continued on Page 10

Total Assets (Int.B. 3015R) DOLLARS ONLY

Total Assets per balance sheet	+	420	3,087,722
Mortgages or other liabilities deducted from assets	+	421	
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	+	422	
Subtract: Investment in partnership(s)/joint venture(s)	–	423	
Total Assets as adjusted	=	430	3,087,722
Amounts in 360 and 361 (if deducted from assets)	+	440	
Subtract: Amounts in 371, 372 and 381	–	441	
Subtract: Appraisal surplus if booked	–	442	
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	
Total Assets	=	450	3,087,722

Investment Allowance (410 ÷ 450) x 390 Not to exceed 410	=	460	
Taxable Capital 390 – 460	=	470	2,213,176

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	480	416,473
Total Assets (as adjusted)	From 430	3,087,722

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: *This version (2004/2005) of the CT23 may only be used for a taxation year that commenced after December 31, 2002.*

Financial Institutions use calculations on page 13.

Important: If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.

OR If the corporation is **not** a member of an associated group and/or partnership, complete Section B below, then review only the Capital Tax calculations in Section C below, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.

OR If the corporation **is** a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the 2004/2005 CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution (Int.B. 3018).

Enter NIL in 550 on page 12 and complete the return from that point.

SECTION B

Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year

	Days		Total Days		
5,000,000 x	Days before Jan. 1, 2005: 35	÷ 73	39	= + 500	
7,500,000 x	Days after Dec. 31, 2004 and before Jan. 1, 2006: 36 39	÷ 73	39	= + 501	7,500,000
10,000,000 x	Days after Dec. 31, 2005 and before Jan 1, 2007: 37	÷ 73	39	= + 502	

Taxable Capital Deduction (TCD) 500 + 501 + 502 = 503 7,500,000

SECTION C

This section applies if the corporation is **not** a member of an associated group and/or partnership.

C1. If 430 and 480 on page 10 are both $3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.

C2. If Taxable Capital in 470 **is equal to or less than the TCD** in 503, enter NIL in 550 on page 12 and complete the return from that point.

C3. If Taxable Capital in 470 **exceeds the TCD** in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.

+ From 470
– From 503
= 471 x From 30 100.0000 % (Ontario Allocation) x 0.3 % x 555 39 / 365 (366 if leap year) (Days in taxation year) = + 523

If floating taxation year, refer to Guide.

Transfer to 543 on page 12 and complete the return from that point

continued on Page 11

Capital Tax Calculation *continued from Page 10*

SECTION D

This section applies ONLY to a corporation that is a member of an associated group (excluding Financial Institutions and corporations exempt from Capital Tax) and/or partnership. You must check either 509 or 524 and complete this section before you can calculate your Capital Tax Calculation under either Section E or Section F.

D1. [ ] 509 (X if applicable) — All corporations that you are associated with do **not** have a permanent establishment in Canada.

If Taxable Capital 470 on page 10 is equal to or less than the TCD 503 on page 10, enter NIL in 550 on page 12 and complete the return from that point.

If Taxable Capital 470 on page 10 exceeds the TCD 503 on page 10, proceed to **Section E**, enter the TCD amount in 542 in Section E, and complete Section E and the return from that point.

D2. [X] 524 (X if applicable) — One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

Calculation

Do **not** complete this calculation if ss.69(2.1) election is filed

Taxable Capital From 470 on page 10 . . . + From 470 2,213,176

Determine aggregate taxable capital of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership having a permanent establishment in Canada

Names of associated corporations (excluding Financial Institutions and corporations exempt from Capital Tax) having a permanent establishment in Canada *(if insufficient space, attach schedule)*	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End		Taxable Capital
Veridian Connections Inc.	1800328	2005-08-08	+ 531	146,912,922
Veridian Corporation	7861179	2004-12-31	+ 532	13,150,922
Veridian Energy Inc.	1800332	2004-12-31	+ 533	7,893,496
Aggregate Taxable Capital 470 + 531 + 532 + 533, etc.			= 540	170,170,516

If 540 above is equal to or less than the TCD 503 on page 10, the corporation's Capital Tax for the taxation year, is NIL.

Enter NIL in 523 in section E on page 12, as applicable.

If 540 above is greater than the TCD 503 on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E on page 12.

From 470 2,213,176 ÷ From 540 170,170,516 × From 503 7,500,000 = 541 97,542

Transfer to 542 *in Section E on page 12*

Ss.69(2.1) Election Filed

[ ] 591 (X if applicable) — **Election filed.** *Attach a copy of Schedule 591 with this CT23 Return.* Proceed to **Section F** on page 12.

continued on Page 12

DOLLARS ONLY

Capital Tax Calculation *continued from Page 11*

SECTION E

This section applies if the corporation is a member of an associated group and/or partnership whose total **aggregate** Taxable Capital 540 on page 11 exceeds the TCD 503 on page 10.

Complete the following calculation and transfer the amount from 523 to 543, and complete the return from that point.

+ From 470 2,213,176
− 542 97,542
= 471 2,115,634 x From 30 100.0000 % (Ontario Allocation) x 0.3 % x 555 39 (Days in taxation year) / * 365 (366 if leap year) = + 523 678 (Total Capital Tax for the taxation year)

Transfer to 543 and complete the return from that point

SECTION F

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

+ From 470 x From 30 100.0000 % (Ontario Allocation) x 0.3 % = + 561

− Capital tax deduction from 995 relating to **your corporation's** Capital Tax deduction, on Schedule 591 − From 995
= 562

Capital Tax 562 x 555 39 (Days in taxation year) / * 365 (366 if leap year) = 563 (Total Capital Tax for the taxation year)

Transfer to 543 and complete the return from that point

* *If floating taxation year, refer to Guide.*

Capital Tax before application of specified credits = 543 678
Subtract: Specified Tax Credits applied to reduce capital tax payable *(Refer to Guide)* − 546

Capital Tax 543 − 546 *(amount cannot be negative)* = 550 678

Transfer to page 17

continued on Page 13

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

1.1 Credit Unions only

For taxation years commencing **after May 4, 1999** enter NIL in 550 on page 12, and complete the return from that point.

1.2 Other than Credit Unions

(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)

565 ______ x 0.6 % x From 30 100.0000 % x 555 39 ÷ * 365 (366 if leap year) = + 569 ______

Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1 — Ontario Allocation — Days in taxation year

570 ______ x 571 ______ x From 30 100.0000 % x 555 39 ÷ * 365 (366 if leap year) = + 574 ______

Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount — Capital Tax Rate *(Refer to Guide)* — Ontario Allocation — Days in taxation year

Capital Tax for Financial Institutions – other than Credit Unions (before Section 2) 569 + 574 = 575 ______

** If floating taxation year, refer to Guide.*

2. Small Business Investment Tax Credit

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments – 585 ______

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (X) ____ Yes

Capital Tax - Financial Institutions 575 – 585 = 586 ______

Transfer to 543 *on page 12*

Premium Tax (s.74.2 & 74.3) *(Refer to Guide)*

(1) Uninsured Benefits Arrangements 587 ______ x 2 % = 588 ______

Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in 588.)

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

Deduct: Specified Tax Credits applied to reduce premium tax *(Refer to Guide)* – 589 ______

Premium Tax 588 – 589 = 590 ______

Transfer to page 17

DOLLARS ONLY

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1	± 600	11,134 (Transfer to page 15)

Add:

Federal capital cost allowance	+ 601	9,738
Federal cumulative eligible capital deduction	+ 602	
Ontario taxable capital gain	+ 603	
Federal non-allowable reserves. Balance beginning of year	+ 604	
Federal allowable reserves. Balance end of year	+ 605	
Ontario non-allowable reserves. Balance end of year	+ 606	
Ontario allowable reserves. Balance beginning of year	+ 607	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+ 608	
Federal resource allowance *(Refer to Guide)*	+ 609	
Federal depletion allowance	+ 610	
Federal foreign exploration and development expenses	+ 611	
Crown charges, royalties, rentals, etc. deducted for Federal purposes *(Refer to Guide)*	+ 617	

Management fees, rents, royalties and similar payments to non-arms' length non-residents

Number of Days in Taxation Year

612 ______ x 5 / 12.5 x	33 (Days after Dec. 31, 2002 and before Jan. 1, 2004) ______	÷ 73 Total Days 39	= + 633	
612 ______ x 5 / 14 x	34 (Days after Dec. 31, 2003) 39	÷ 73 Total Days 39	= + 634	

Total add-back amount for Management fees, etc. 633 + 634 =	+ 613	
Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661 excluding any negative amount in 473 from Ont. CT23 Schedule 161	+ 615	
Add any negative amount in 473 from Ont. CT23 Schedule 161	+ 616	
Federal allowable business investment loss	+ 620	
Total of other items not allowed by Ontario but allowed federally *(Attach schedule)*	+ 614	

Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614 = 9,738 ▶ 640 9,738 (Transfer to page 15)

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	+ 650	9,738
Ontario cumulative eligible capital deduction	+ 651	
Federal taxable capital gain	+ 652	
Ontario non-allowable reserves. Balance beginning of year	+ 653	
Ontario allowable reserves. Balance end of year	+ 654	
Federal non-allowable reserves. Balance end of year	+ 655	
Federal allowable reserves. Balance beginning of year	+ 656	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) *(Retain calculations. Do not submit.)*	+ 657	
Ontario depletion allowance	+ 658	
Ontario resource allowance *(Refer to Guide)*	+ 659	
Ontario current cost adjustment *(Attach schedule)*	+ 661	
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	+ 675	

Subtotal of deductions for this page 650 to 659 + 661 + 675 — 681 9,738 (Transfer to page 15)

continued on Page 15

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

continued from Page 14

Net income (loss) for federal income tax purposes, per federal Schedule 1		From ± 600	11,134
Total of Additions on page 14		From = 640	9,738
Sub Total of deductions on page 14	From = 681 9,738		

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up
(*Applies* only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying intellectual property deducted in the current taxation year 662 ______

ONTTI Gross-up deduction calculation:

Gross-up of CCA

From 662 ______ x 100 / From 30 100.0000 Ontario Allocation − From 662 ______ = 663 ______

Workplace Child Care Tax Incentive (WCCT)
(*Applies* to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 665 ______ x 30 % x 100 / From 30 100.0000 Ontario allocation = 666 ______

Workplace Accessibility Tax Incentive (WATI)
(*Applies* to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 667 ______ x 100 % x 100 / From 30 100.0000 Ontario allocation = 668 ______

Number of Employees accommodated 669 ______

Ontario School Bus Safety Tax Incentive (OSBSTI)
(*Applies* to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) *(Refer to Guide)*

Qualifying expenditures: 670 ______ x 30 % x 100 / From 30 100.0000 Ontario allocation = 671 ______

Educational Technology Tax Incentive (ETTI)
(*Applies* to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 672 ______ x 15 % x 100 / From 30 100.0000 Ontario allocation = 673 ______

Ontario allowable business investment loss + 678 ______

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161 + 679 ______

Amount added to income federally for an amount that was negative on federal form T661, line 454 or 455 (if filed after June 30, 2003) + 677 ______

Total of other deductions allowed by Ontario *(Attach schedule)* + 664 ______

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 9,738 ▸ 680 9,738

Net income (loss) for Ontario Purposes 600 + 640 − 680 = 690 11,134
Transfer to page 4

DOLLARS ONLY

Continuity of Losses Carried Forward

		Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year		700 (2) 219,628	710 (2)	720 (2)	730	740	750
Add:	Current year's losses (7)	701	711	721	731	741	751
	Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal		703	713	723	733	743	753
Subtract:	Utilized during the year to reduce taxable income	704 (2) 11,134	715 (2) (4)	724 (2)	734 (2) (4)	744 (4)	754 (4)
	Expired during the year	705		725	735	745	
	Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17	716 (2) to Page 17	726 (2) to Page 17	736 (2) to Page 17	746	
Subtotal		707 11,134	717	727	737	747	757
Balance at End of Year		709 (8) 208,494	719	729	739	749	759

Analysis of Balance at End of Year by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year 1997-12-31	817 (9)	860 (9)		850	870
801 8th preceding taxation year 1998-12-31	818 (9)	861 (9)		851	871
802 7th preceding taxation year 1999-12-31	819 (9)	862 (9)		852	872
803 6th preceding taxation year 2000-12-31	820	830	840	853	873
804 5th preceding taxation year 2001-12-31	821	831	841	854	874
805 4th preceding taxation year 2002-12-31	822 112,630	832	842	855	875
806 3rd preceding taxation year 2003-12-31	823 73,336	833	843	856	876
807 2nd preceding taxation year 2004-12-31	824	834	844	857	877
808 1st preceding taxation year 2005-06-30	825 22,528	835	845	858	878
809 Current taxation year 2005-08-08	826	836	846	859	879
Total	829 208,494	839	849	869	889

Notes:

(1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.

(2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.

(3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.

(4) To the extent of applicable gains/income/at-risk amount only.

(5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.

(6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

(7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.

(8) Amount in 709 must equal total of 829 + 839.

(9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

Request for Loss Carry-Back (s.80(16))

Applies to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Ministry of Finance.**
- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  1) the first day of the taxation year after the loss year,
  2) the day on which the corporation's return for the loss year is delivered to the Minister, or
  3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

	Predecessor Ontario Corporation's Tax Account No. (MOF)	Taxation Year Ending year month day	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss			910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income						
i) 3rd preceding	901	2003-12-31	911	921	931	941
ii) 2nd preceding	902	2004-12-31	912	922	932	942
iii) 1st preceding	903	2005-06-30	913	923	933	943
Total loss to be carried back			From 706	From 716	From 726	From 736
Balance of loss available for carry-forward			919	929	939	949

Summary

Income Tax	+	From 230 or 320	
Corporate Minimum Tax	+	From 280	
Capital Tax	+	From 550	678
Premium Tax	+	From 590	
Total Tax Payable	=	950	678
Subtract: Payments	–	960	
Capital Gains Refund (s.48)	–	965	
Qualifying Environmental Trust Tax Credit *(Refer to Guide)*	–	985	
Specified Tax Credits *(Refer to Guide)*	–	955	
Other, specify	–		
Balance	=	970	678
If payment due	Enclosed*	990	678
If overpayment: Refund *(Refer to Guide)*	=	975	
Apply to (year month day)		980	*(includes credit interest)*

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. *(Refer to Guide for other payment methods.)*

Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name *(please print)*

DAVID CLARK

Title

TREASURER

Full Residence Address

Signature | Date

2006-02-08

Note: Section 76 of the *Corporations Tax Act* provides penalties for making false or misleading statements or omissions.

Non-Capital Loss Continuity Workchart – Ontario

Non-capital losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2005	22,528	N/A		N/A		22,528
2004		N/A		N/A		
2003	73,336	N/A		N/A		73,336
2002	123,764	N/A		N/A	11,134	112,630
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		*
Total	219,628				11,134	208,494

Farm losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2005		N/A		N/A		
2004		N/A		N/A		
2003		N/A		N/A		
2002		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		
1998		N/A		N/A		
1997		N/A		N/A		
1996		N/A		N/A		*
Total						

Restricted farm losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2005		N/A		N/A		
2004		N/A		N/A		
2003		N/A		N/A		
2002		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		
1998		N/A		N/A		
1997		N/A		N/A		
1996		N/A		N/A		*
Total						

* This balance expires this year and will not be available next year.

Ontario

Ministry of Finance
Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Ontario Capital Cost Allowance
Schedule 8

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SCUGOG HYDRO ENERGY CORPORATION	1800289	2005-08-08

Is the corporation electing under regulation 1101(5q)? 1 [ ] Yes 2 [X] No

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
1	840,809			0	840,809		840,809	4	0	0	3,594	837,215
8	64,526			0	64,526		64,526	20	0	0	1,379	63,147
2	722,332			0	722,332		722,332	6	0	0	4,631	717,701
12	1,254			0	1,254		1,254	100	0	0	134	1,120
Totals	1,628,921				1,628,921		1,628,921				9,738	1,619,183

Enter in boxes 650 . . . . 650 . . . . 650 on the CT23.

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the *Income Tax Act* (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.

Scugog Hydro Energy Corporation
Statement of Operations
Actual to August 8, 2005

	2005 Actual Aug 8, 2005 $
Standard Supply Service	
Revenues	
Revenue- Cost of Power	$341,454
Expenses	
Expenses- Cost of Power	341,454
Income(Loss)Standard Supply Service	**-**
Local Distribution Operations	
Revenues	
Other Revenue	
Distribution Revenues	75,019
Total Revenue	**75,019**
EXPENSES	
Metering Services Expense	
Energy Services Expense	
Operations & Maintenance	54,147
Administration, Building, IT & Finance	
Total Expenses	**54,147**
Depreciation	12,227
Financial Expense	
Interest on Promissory Note	
Allowance for funds used during construction	
Extraordinary Item	
Income (Loss) Distribution Operations	**8,645**
Net Income (Loss) Before Taxes	**8,645**
Payments in Lieu of Taxes	
Net Income (Loss) After Taxes	**8,645**
	0.0%

Scugog Hydro Energy Corporation

Balance Sheet

As at August 08, 2005

	2005 Aug 8, 2005
Assets	
Current Assets	
Cash & Bank	508,800
Inter-Company Accounts	
Customer Accounts Receivable	170,440
Unbilled Accounts Receivable	529,939
Other Current Assets	
Inventory	13,419
Curr Portion of Regulatory Assets	91,384
	1,313,982
Future Income Tax	
Non-Current Assets	
Due From Township of Scugog	140
Goodwill & Intangible Assets	
Other Assets	18,612
Long Term Receivable	
Regulatory Assets	294,290
Fixed Plant	3,748,075
-Accumulated Depreciation	(2,287,377)
Total Assets	**3,087,722**
Liabilities & Equity	
Current Liabilities	
Market Settlement	338,772
Note Payable to Veridian Corporate	
Note Payable to Veridian Energy	
Intercompany Payable	
Current Portion of Customer Deposits	56,447
Other Payables	449,233
	844,452
Long Term Liabilities	
Promissory Notes	
Long Term Debt	
Future Income Taxes	
Regulatory Liabilities	
Employee Future Benefits	
Customer Deposits - Capital Projects	
Customer Deposits - Electricity Purchases	51,389
	51,389
Total Liabilities	895,841
Share Capital	2,183,236
Net Income(Loss) Current Year	8,645
TOTAL LIABILITIES AND EQUITY	**3,087,722**

SCUGOG HYDRO ENERGY CORPORATION
Corp Tax Acct. No. : 1800289

	Year Ended:	**Attached Sch.** 8-Aug-2005
CCA - 2001	28,221	
AMORTIZATION - 2001	(26,889)	
CCA - 2002	119,632	
AMORTIZATION - 2002	(111,708)	
CCA - 2003	103,977	
AMORTIZATION - 2003	(110,360)	
CCA - 2004	100,508	
AMORTIZATION - 2004	(112,501)	
CCA - June 30, 2005	47,059	
AMORTIZATION - June 30, 2005	(56,745)	
CCA - August 8, 2005	9,738	
AMORTIZATION - August 8, 2005	(12,227)	
Total	(21,295)	

SCUGOG HYDRO ENERGY CORPORATION
Corp Tax Acct. No. : 1800289 **Year Ended:** **Attached Sch.** 8-Aug-2005

CCA - 2001	28,221
AMORTIZATION - 2001	(26,889)
CCA - 2002	119,632
AMORTIZATION - 2002	(111,708)
CCA - 2003	103,977
AMORTIZATION - 2003	(110,360)
CCA - 2004	100,508
AMORTIZATION - 2004	(112,501)
CCA - June 30, 2005	47,059
AMORTIZATION - June 30, 2005	(56,745)
CCA - August 8, 2005	9,738
AMORTIZATION - August 8, 2005	(12,227)
Total	(21,295)