

TAB "A"

RESPONSE TO BOARD STAFF
INTERROGATORY
QUESTION #7

VERIDIAN CONNECTIONS INC.

T2 and CT23 RETURNS

FOR THE PERIOD

01-01-2005 TO 08-08-2005



Canada Revenue Agency
Agence du revenu
du Canada

T2 CORPORATION INCOME TAX RETURN

200

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 corporation 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. For more information on how to complete 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 tax year. For more information on when and how to file T2 returns, refer to the Guide under the heading "Before you start."

055 Do not use this area

Identification

Business Number (BN) 001 88628 2920 RC0001

Corporation's name

002 Veridian Connections Inc.

Has the corporation changed its name since the last time you filed your T2 return? 003 1 Yes ☐ 2 No ☒

If Yes, do you have a copy of the articles of amendment? (Do Not Submit) 004 1 Yes ☐ 2 No ☐

Address of head office

Has this address changed since the last time you filed your T2 return? 010 1 Yes ☐ 2 No ☒

(If Yes, complete lines 011 to 018)

011 55 Taunton Road East

012

City Province, territory, or state

015 Ajax

Country (other than Canada)

017

016 ON

Postal code/Zip code

018 L1T 3V3

Mailing address (If different from head office address)

Has this address changed since the last time you filed your T2 return? 020 1 Yes ☐ 2 No ☒

(If Yes, complete lines 021 to 028)

021 c/o

022

023

City Province, territory, or state

025 Ajax

Country (other than Canada)

027

026 ON

Postal code/Zip code

028 L1T 3V3

Location of books and records

Has the location of books and records changed since the last time you filed your T2 return? 030 1 Yes ☐ 2 No ☒

(If Yes, complete lines 031 to 038)

031 55 Taunton Road East

032

City Province, territory, or state

035 Ajax

Country (other than Canada)

037

036 ON

Postal code/Zip code

038 L1T 3V3

040 Type of corporation at the end of the tax year

1 ☒ Canadian-controlled private corporation (CCPC) 4 ☐ Corporation controlled by a public corporation

2 ☐ Other private corporation 5 ☐ Other corporation (specify, below)

3 ☐ Public corporation

If the type of corporation changed during the tax year, provide the effective date of the change 043

YYYY MM DD

To which tax year does this return apply?

Tax year start Tax year-end

060 2005-01-01

YYYY MM DD

061 2005-08-08

YYYY MM DD

Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year? 063 1 Yes ☐ 2 No ☒

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 ☒

Is this the first year of filing after:

Incorporation? 070 1 Yes ☐ 2 No ☒

Amalgamation? 071 1 Yes ☐ 2 No ☒

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

Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 24.

Is this the final tax year before amalgamation? 076 1 Yes ☒ 2 No ☐

Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

080 1 Yes ☒ 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 ☒

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)(l)

4 ☐ Exempt under other paragraphs of section 149

Do not use this area

091 092 093 094 095 096

100

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?	☒	9
Is the corporation an associated Canadian-controlled private corporation?	☒	23
Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	☐	49
Does the corporation have any non-resident shareholders?	☐	19
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	☐	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?	☐	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	☐	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	☐	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	☐	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	☐	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?	☐	22
Did the corporation have any foreign affiliates during the year?	☐	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	☐	29
Has the corporation had any non-arm's length transactions with a non-resident?	☐	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	☒	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	☐	
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	☒	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	☐	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	☐	3
Is the corporation claiming any type of losses?	☐	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	☐	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	☐	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?	☐	7
Does the corporation have any property that is eligible for capital cost allowance?	☒	8
Does the corporation have any property that is eligible capital property?	☒	10
Does the corporation have any resource-related deductions?	☐	12
Is the corporation claiming reserves of any kind?	☐	13
Is the corporation claiming a patronage dividend deduction?	☐	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	☐	17
Is the corporation an investment corporation or a mutual fund corporation?	☐	18
Was the corporation carrying on business in Canada as a non-resident corporation?	☐	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	☐	21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	☐	26*
Does the corporation have any Canadian manufacturing and processing profits?	☐	27
Is the corporation claiming an investment tax credit?	☒	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	☒	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	☒	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	☒	36
Is the corporation claiming a surtax credit?	☐	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	☐	38
Is the corporation claiming a Part I tax credit?	☐	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?	☐	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	☐	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	☐	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?	☐	39
Is the corporation claiming a Canadian film or video production tax credit refund?	☐	T1131
Is the corporation claiming a film or video production services tax credit refund?	☐	T1177
Is the corporation subject to Part XIII.1 tax?	☐	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 ☒
Has the major business activity changed since the last return was filed? (enter Yes for first-time filers)	281 1 Yes ☐ 2 No ☒
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 Electricity Dist 285 100.000 % 286 _____ 287 _____ % 288 _____ 289 _____ %
Did the corporation immigrate to Canada during the tax year?	291 1 Yes ☐ 2 No ☒
Did the corporation emigrate from Canada during the tax year?	292 1 Yes ☐ 2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300 5,532,930 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 tax years from Schedule 4	331 _____
Net capital losses of preceding tax years from Schedule 4	332 _____
Restricted farm losses of preceding tax years from Schedule 4	333 _____
Farm losses of preceding tax years from Schedule 4	334 _____
Limited partnership losses of preceding tax 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	355 5,532,930 B
Subtotal (amount A minus amount B) (if negative, enter "0")	360 5,532,930 C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	370 _____ D
Taxable income (amount C plus amount D)	370 5,532,930
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)	370 5,532,930 Z

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	5,532,930	A
Taxable income from line 360, minus 10/3 of the amount on line 632*, minus 3 times the amount on line 636**, and minus any amount that, because of federal law, is exempt from Part I tax	405	5,532,930	B

Calculation of the business limit:

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

250,000	x	Number of days in the tax year in 2004	=	1
		Number of days in the tax year	220	
300,000	x	Number of days in the tax year in 2005 and in 2006	220	300,000 2
		Number of days in the tax year	220	
400,000	x	Number of days in the tax year after 2006	=	3
		Number of days in the tax year	220	
Add amounts at lines 1, 2, and 3				300,000 4

Business limit (see notes 1 and 2 below)	410	180,822	C
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- Notes:**
- For CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate the amount from line 4 by the number of days in the tax year divided by 365, and enter the result on line 410.
 - For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C	180,822	x	415 ***	D	=	.....	E
				11,250			
Reduced business limit (amount C minus amount E) (if negative, enter "0")				425	180,822	F	

Small business deduction

Whichever amount is the least: A, B, C or F										180,822	G1
Amount G1	180,822	x	Number of days in the tax year before 2008	220	x	16 %	=	28,932	G2		
			Number of days in the tax year	220							
Amount G1	180,822	x	Number of days in the tax year in 2008		x	16.5 %	=		G3		
			Number of days in the tax year	220							
Amount G1	180,822	x	Number of days in the tax year after 2008		x	17 %	=		G4		
			Number of days in the tax year	220							

Small business deduction – total of amounts G2, G3, and G4 (enter amount G on line 9)	430	28,932	G
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* 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 on line 636 without reference to the corporate tax reductions under section 123.4.

*** Large corporations

- If the corporation is not associated with any corporations in both the current and the preceding tax years, the amount to be entered at line 415 is: (Total taxable capital employed in Canada for the prior year minus \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the preceding tax year, the amount to be entered at line 415 is: (Total taxable capital employed in Canada for the current year minus \$10,000,000) x 0.225%
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

Resource deduction

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]										435	H
Amount H		x	Number of days in the tax year in 2004		x	2 %	=		I		
			Number of days in the tax year	220							
Amount H		x	Number of days in the tax year in 2005		220 x	3 %	=		J		
			Number of days in the tax year	220							
Amount H		x	Number of days in the tax year in 2006		x	5 %	=		K		
			Number of days in the tax year	220							
Amount H		x	Number of days in the tax year after 2006		x	7 %	=		L		
			Number of days in the tax year	220							
Resource deduction – total of amounts I, J, K, and L (enter amount M on line 10)										438	M

Accelerated tax reduction

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

Reduced business limit (amount from line 425)	180,822	x	300,000	=	180,822	A
			line 4 above		5,532,930	B
Net active business income (amount from line 400) *						
Taxable income from line 360 minus 3 times the amount at line 636** on, and minus any amount that, because of federal law, is exempt from Part I Tax					5,532,930	C
Deduct:						
Aggregate investment income (amount from line 440)					5,532,930	D
Amount C minus amount D (if negative, enter "0")					5,532,930	E
Amount A, B, or E above, whichever is less					180,822	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 (amount from line 435)						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					180,822	K
Total of amounts G, H, I, J, and K					180,822	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)						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.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Canadian-controlled private corporations throughout the tax year										5,532,930	A							
Taxable income from line 360																		
Amount Z1 from Part 9 of Schedule 27											B							
Amount QQ from Part 13 of Schedule 27											C							
Taxable resource income from line 435											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, whichever is the least										180,822	F							
Aggregate investment income from line 440											G							
Amount used to calculate the accelerated tax reduction (amount M)											G1							
Total of amounts B, C, D, E, F, G, and G1										180,822	180,822	H						
Amount A minus amount H (if negative, enter "0")											5,352,108	I						
Amount I										5,352,108	x	Number of days in the tax year before 2008	220	x	7 %	=	374,648	J1
												Number of days in the tax year	220					
Amount I										5,352,108	x	Number of days in the tax year in 2008		x	7.5 %	=		J2
												Number of days in the tax year	220					
Amount I										5,352,108	x	Number of days in the tax year in 2009		x	8 %	=		J3
												Number of days in the tax year	220					
Amount I										5,352,108	x	Number of days in the tax year after 2009		x	9 %	=		J4
												Number of days in the tax year	220					
General tax reduction for Canadian-controlled private corporations – total of amounts J1, J2, J3, and J4																374,648	J	
(enter amount J on line 638)																		

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation. For tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the full tax rate.

Taxable income from line 360						M
Amount Z1 from Part 9 of Schedule 27						N
Amount QQ from Part 13 of Schedule 27						O
Taxable resource income from line 435						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

General tax reduction (continued)

Amount S	x	Number of days in the tax year before 2008	220	x	7 %	=	T1
		Number of days in the tax year	220				
Amount S	x	Number of days in the tax year in 2008		x	7.5 %	=	T2
		Number of days in the tax year	220				
Amount S	x	Number of days in the tax year in 2009		x	8 %	=	T3
		Number of days in the tax year	220				
Amount S	x	Number of days in the tax year after 2009		x	9 %	=	T4
		Number of days in the tax year	220				
General tax reduction -- total of amounts T1, T2, T3, and T4 (enter amount T on line 639)							T

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

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

Foreign non-business income tax credit from line 632

Deduct:

Foreign investment income **445** x 9 1 / 3 % = **B**
(amount L from Part 2 of Schedule 7) (If negative, enter "0")

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

Taxable income from line 360 **5,532,930**

Deduct:

Amount on line 400, 405, 410, or 425, whichever is the least **180,822**

Foreign non-business income tax credit from line 632 x 25 / 9 =

Foreign business income tax credit from line 636 x 3 = **180,822**

180,822 **180,822**
5,352,108
x 26 2 / 3 % = **1,427,229 D**

Part I tax payable minus investment tax credit refund (line 700 minus line 780) **1,187,957**

Deduct: Corporate surtax from line 600 **61,969**

Net amount **1,125,988 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 tax year **460**

Deduct: Dividend refund for the previous tax year **465**

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**

Refundable dividend tax on hand at the end of the tax year -- Amount G plus amount H **485**

Dividend refund

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

Taxable dividends paid in the tax year from line 460 of Schedule 3 x 1 / 3 **I**

Refundable dividend tax on hand at the end of the tax year from line 485 above **J**

Dividend refund -- Amount I or J, whichever is less (enter this amount on line 784)

Part I tax

Base amount of Part I tax – 38.00 % of taxable income (line 360 or amount Z, whichever applies) **550** 2,102,513 A

Corporate surtax calculation

Base amount from line A above 2,102,513 1

Deduct:

10 % of taxable income (line 360 or amount Z, whichever applies) 553,293 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 tax year, enter amount a, b, or c below on line 6, whichever is the least:

28.00 % of taxable income from line 360 a

28.00 % of taxed capital gains b

Part I tax otherwise payable c

(line A plus lines C and D minus line F)

Total of lines 2 to 6 553,293 7

Net amount (line 1 minus line 7) 1,549,220 8

Corporate surtax

line 8 1,549,220 x 4 % x $\frac{\text{Number of days in the tax year before 2008}}{\text{Number of days in the tax year}} = \frac{220}{220} = \text{600}$ 61,969 B

Recapture of investment tax credit from line 00 in Part 17 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 tax year)

Aggregate investment income from line 440 I

Taxable income from line 360 5,532,930

Deduct:

Amount on line 400, 405, 410, or 425, whichever is the least 180,822

Net amount 5,352,108 ▶ 5,352,108 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) 2,164,482 E

Deduct:

Small business deduction from line 430 28,932 9

Federal tax abatement **608** 553,293

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 **637**

Resource deduction from line 438 10

General tax reduction for CCPCs from amount J **638** 374,648

General tax reduction from amount T **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** 19,652

Subtotal 976,525 ▶ 976,525 F

Part I tax payable – Line E minus line F (enter amount G on line 700) 1,187,957 G

Summary of tax and credits

Federal tax

Part I tax payable	700	1,187,957
Part I.3 tax payable from Schedule 33, 34, or 35	704	32,310
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		1,220,267

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 Québec, Ontario, and Alberta)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	
Total tax payable	770	1,220,267 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund	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	
Tax instalments paid	840	1,239,919
Total credits	890	1,239,919 B

Refund code **894** 1 Overpayment 19,652 Balance (line A minus line B) -19,652

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 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

Enclosed payment **898**

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due?

896 1 Yes ☐ 2 No ☒

Certification

I, **950** Clark **951** David **954** Executive Vice President

Last name First name 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 tax year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2007-06-20

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 ☒ 2 No ☐

958

Name

959 Telephone number

Language of correspondence – Langue de correspondance

990 Indicate your language of correspondence by entering 1 for English or 2 for French.
Indiquez votre langue de correspondance en inscrivant 1 pour anglais ou 2 pour français.

1 English / Anglais ☒ 2 Français / French ☐

Schedule of Instalment Remittances

Name of corporation contact: David Clark
Telephone number: (905) 427-9870

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Paid on original filing	1,239,919
Total amount of instalments claimed (carry the result to line 840 of the T2 Return)		1,239,919 A
Total instalments credited to the taxation year per T9		1,239,919 B

Transfer

Account number	Taxation year end	Amount	Effective interest date	Description
From:				
To:				
From:				
To:				
From:				
To:				
From:				
To:				
From:				
To:				



Canada Revenue
Agency

Agence du revenu
du Canada

SCHEDULE 1

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Corporation's name	Business Number	Tax year end Year Month Day
Veridian Connections Inc.	88628 2920 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. For more information, see the T2 *Corporation Income Tax Guide*.
- 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*.

Net income (loss) after taxes and extraordinary items per financial statements 2,074,645 A

Add:

Provision for income taxes – current	101	2,566,525	
Amortization of tangible assets	104	4,870,472	
Scientific research expenditures deducted per financial statements	118	85,447	
Reserves from financial statements – balance at the end of the year	126	580,160	
Subtotal of additions		8,102,604	8,102,604

Other additions:

Miscellaneous other additions:

Subtotal of other additions	199	0	0
Total additions	500	8,102,604	8,102,604

Deduct:

Capital cost allowance from Schedule 8	403	3,658,006	
Cumulative eligible capital deduction from Schedule 10	405	320,706	
Scientific research expenses claimed in year from Form T661	411	85,447	
Reserves from financial statements – balance at the beginning of the year	414	580,160	
Subtotal of deductions		4,644,319	4,644,319

Other deductions:

Miscellaneous other deductions:

Total	394		
Subtotal of other deductions	499	0	0
Total deductions	510	4,644,319	4,644,319

Net income (loss) for income tax purposes – enter on line 300 of the T2 return 5,532,930

SCHEDULE 8



CAPITAL COST ALLOWANCE (CCA)

Name of corporation Veridian Connections Inc.		Business Number 88628 2920 RC0001	Tax year end Year Month Day 2005-08-08
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For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under regulation 1101(5q)?

101 1 Yes ☐ 2 No ☒

1 Class number	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Net adjustments**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of capital cost allowance (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (column 7 multiplied by column 8; or a lower amount) (line 403 of Schedule 1)****	12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200			203	205	207	211		212	213	215	217	220
1		134,044,841	2,839,392		0	1,419,696	135,464,537	4	0	0	3,265,994	133,618,239
2		902,234	210,444		0	105,222	1,007,456	20	0	0	121,447	991,231
3		191,320	156,005		0	78,003	269,322	30	0	0	48,700	298,625
4		198,594	278,809		0	139,405	337,998	100	0	0	203,725	273,678
5		120,138			0		120,138	12	0	0	8,690	111,448
6		19,173	1,686		0	843	20,016	45	0	0	5,429	15,430
7		16,471	7,033		0	3,517	19,987	N/A	0	0	4,021	19,483
	Total	135,492,771	3,493,369			1,746,686	137,239,454				3,658,006	135,328,134

* 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).

** Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) plus or minus certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance - General Comments*.

**** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.



RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Veridian Connections Inc.	88628 2920 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)

	100 Name	200 Country of residence (if other than Canada)	300 Business Number (Canadian corporation only) (see note 1)	400 Relation- ship code (see note 2)	500 Number of common shares owned	550 % of common shares owned	600 Number of preferred shares owned	650 % of preferred shares owned	700 Book value of capital stock
1.	Veridian Corporation		86697 3076 RC0001	1					
2.	Veridian Energy Inc.		87098 3186 RC0001	3					1,360,140
3.	Scugog Hydro Energy Corporation		87051 7182 RC0001	2	200	100.000			2,183,236

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.

T2 SCH 9(99)

Canada



Canada Revenue Agency
Agence du revenu du Canada

SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year end Year Month Day
Veridian Connections Inc.	88628 2920 RC0001	2005-08-08

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")	200	6,651,071	A
Add: Cost of eligible capital property acquired during the taxation year	222	1,266,765	
Other adjustments	226		
Subtotal (line 222 plus line 226)		1,266,765	
		$\times 3 / 4 =$	950,074 B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228		
		$\times 1 / 2 =$	
amount B minus amount C (if negative, enter "0")		950,074	C
Amount transferred on amalgamation or wind-up of subsidiary	224		E
Subtotal (add amounts A, D, and E)	230	7,601,145	F
Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242		G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244		H
Other adjustments	246		I
(add amounts G, H, and I)		$\times 3 / 4 =$	248 J
Cumulative eligible capital balance (amount F minus amount J)		7,601,145	K
(if amount K is negative, enter "0" at line M and proceed to Part 2)			
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
amount K		7,601,145	
less amount from line 249			
Current year deduction		7,601,145 $\times 7.00 \% =$	250 320,706 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		320,706	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")	300	7,280,439	M

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 – Amount to be included in income arising from disposition

(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount)	.....	N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400	1
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401	2
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402	3
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408	4
Line 3 minus line 4 (if negative, enter "0")	.....	5
Total of lines 1, 2 and 5	.....	6
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400	.....	7
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000	.....	8
Subtotal (line 7 plus line 8)	409	9
Line 6 minus line 9 (if negative, enter "0")	.....	O
Line N minus line O (if negative, enter "0")	.....	P
	Line 5 x 1 / 2 = ...	Q
Line P minus line Q (if negative, enter "0")	.....	R
	Amount R x 2 / 3 = ...	S
Amount N or amount O, whichever is less	.....	T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410	

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

Financial statement reserves (not deductible)						
Description		Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
1	Employee Future Liability	580,160				580,160
	Reserves from Part 2 of Schedule 13					
Totals		580,160				580,160

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.



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 tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* (ITA) 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 association code that applies to each corporation:

- 1 - Associated for purposes of allocating the business limit (unless 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 to which code 1 does not apply 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. The business limit 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 by 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 falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2004	\$225,001 to \$250,000
2005	\$250,001 to \$300,000
2006	maximum \$300,000
2007	\$300,001 to \$400,000

If the calendar year to which this agreement applies is after 2007, ensure that the total at line A does not exceed \$400,000.

Allocating 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 ☒

	1 Names of associated corporations	2 Business Number of associated corporations	3 Asso- ciation code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	100	200	300		350	400
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		
4	Scugog Hydro Energy Corporation	87051 7182 RC0001	1	300,000		
	Total				100.0000	300,000 A

Business limit reduction under subsection 125(5.1) of the ITA

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to $0.225\% \times (A - \$10,000,000)$ where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax 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 tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. In this case, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

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

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



INVESTMENT TAX CREDIT – CORPORATIONS

General information

1. For use by a corporation that during a tax year:
 - earned an investment tax credit (ITC);
 - is claiming a deduction against its Part I tax payable;
 - is claiming a refund of credit earned during the current tax year;
 - is claiming a carryforward of credit from preceding tax years;
 - is transferring a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*;
 - is requesting a credit carryback; or
 - is subject to a recapture of ITC.
2. References to parts, sections, and subsections on this schedule are from the federal *Income Tax Act* and the federal *Income Tax Regulations*. References to interpretation bulletins and information circulars are to the latest versions.
3. The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a ten-year carryforward for credits earned in tax years that end before 2006 and a twenty-year carryforward for credits earned in tax years that end after 2005.
4. Investments or expenditures, as defined in subsection 127(9) and Part XLVI of the federal *Income Tax Regulations*, that earn the ITC are:
 - qualified property (Parts 4 to 7);
 - qualified expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). Complete and file Form T661, *Claim for Scientific Research and Experimental Development (SR&ED) Carried out in Canada*;
 - pre-production mining expenditures (Parts 18 to 20); and
 - apprenticeship job creation expenditures (Parts 21 to 23).
5. Attach a completed copy of this schedule with the *T2 Corporation Income Tax Return*.
6. For more information on ITCs, see the section called "Investment Tax Credit" in the *T2 Corporation – Income Tax Guide*, Information Circular IC 78-4, *Investment Tax Credit Rates*, and its related Special Release. Also, see Interpretation Bulletin IT-151, *Scientific Research and Experimental Development Expenditures*.
7. For information on SR&ED, see Interpretation Bulletin IT-151, *Scientific Research and Experimental Development Expenditures*; Information Circular 86-4, *Scientific Research and Experimental Development*; Pamphlet T4052, *An Introduction to the Scientific Research and Experimental Development Program*; and Guide T4088, *Claiming Scientific Research and Experimental Development* (guide to Form T661).

Detailed information

1. For the purpose of this schedule, "investment" means:
The capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government assistance or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
2. An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next tax year. It also reduces the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
3. Property acquired has to be "available for use" before a claim for an ITC can be made.
4. Qualified expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which the expenditures or capital costs were incurred.
5. Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 of the Act is not applicable for the agreement to share any income or loss. For more information, see Interpretation Bulletin IT-151. Special rules apply to specified and limited partners.
6. For SR&ED expenditures made after February 22, 2005, the expression "in Canada" includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone. For SR&ED expenditures made prior to February 23, 2005, the expression "in Canada" generally includes the 12 nautical mile territorial sea.

Name of corporation	Business Number	Tax year end Year Month Day
Veridian Connections Inc.	88628 2920 RC0001	2005-08-08

Part 1 – Investments, expenditures and percentages

	Specified percentage
Investments	
Qualified property acquired primarily for use in Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region	10 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC) throughout the tax year, this percentage may apply to you on the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than the corporation's expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate.	
If you are a corporation that is not a CCPC throughout the current tax year that incurred qualified expenditures for SR&ED in any area in Canada after 1995	20 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures:	
• in 2003	5 %
• in 2004	7 %
• after 2004	10 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment after May 1, 2006	10 %

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? **101** 1 Yes ☐ 2 No ☒

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC throughout the current tax year and the taxable income (before any loss carrybacks) for its preceding year cannot be more than its business limit for that preceding year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the preceding calendar year, cannot be more than the total of their business limits for that last year.

Note: A CCPC calculating a refundable ITC for tax years ending before March 23, 2004, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1). For tax years ending after March 22, 2004, the association rule remains the same except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a **qualifying** corporation, you will earn a 100% refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the 40% refund.

Some CCPCs that are not qualifying corporations may also earn a 100% refund on their share of any ITCs earned at the 35% rate on qualified current expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified capital expenditures eligible for the 35% credit rate. They are only eligible for the 40% refund.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

- one or more persons exempt from Part I tax under section 149;
- Her Majesty in right of a province, a Canadian municipality, or any other public authority; or
- any combination of persons referred to in a) or b) above.

Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? **102** 1 Yes ☐ 2 No ☒

If Yes, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see the *Guide to the General Index of Financial Information (GIFI) for Corporations*.

QUALIFIED PROPERTY

Part 4 – Eligible investments for qualified property from the current tax year

CCA* class number	Description of investment	Date available for use	Location used (province)	Amount of investment
105	110	115	120	125

*CCA: capital cost allowance

Total investment – enter in formula on line 240 in Part 5

Part 5 – Calculation of current-year credit and account balances – ITC from investments in qualified property

ITC at the end of the preceding tax year

Deduct:

Credit deemed as a remittance of co-op corporations 210

Credit expired* 215

Subtotal 220

ITC at the beginning of the tax year

Add:

Credit transferred on amalgamation or wind-up of subsidiary 230

ITC from repayment of assistance 235

Total current-year credit: total of column 125 x 10 % = 240

Credit allocated from a partnership 250

Subtotal B

Total credit available

Deduct:

Credit deducted from Part I tax (enter on line EEE in Part 24) 260

Credit carried back to the preceding year(s) (from Part 6) A

Credit transferred to offset Part VII tax liability 280

Subtotal B

Credit balance before refund

Deduct:

Refund of credit claimed on investments from qualified property (from Part 7) 310

ITC closing balance of investments from qualified property 320

* The credit expires after 10 tax years if it was earned in a tax year ending before 2006 and after 20 tax years if it was earned in a tax year ending after 2005.

Part 6 – Request for carryback of credit from investments in qualified property

	Year	Month	Day		
1st preceding tax year				Credit to be applied	901
2nd preceding tax year				Credit to be applied	902
3rd preceding tax year				Credit to be applied	903
Total (enter on line A in Part 5)					

Part 7 – Calculation of refund for qualifying corporations on investments from qualified property

Current-year ITCs (total of lines 240 and 250 in Part 5) C

Credit balance before refund (amount B from Part 5) D

Refund (40 % of amount C or D, whichever is less) E

Enter amount E or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).

Name of corporation	Business Number	Tax year end Year Month Day
Veridian Connections Inc.	88628 2920 RC0001	2005-08-08

SR&ED

Part 8 – Qualified expenditures for SR&ED

Current expenditures	350	98,261
Capital expenditures	360	
Repayments made in the year (from line 560 on Form T661)	370	
Total (this must equal the amount from line 570 on Form T661)	380	98,261

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if the corporation was a CCPC throughout the current tax year.

Note: A CCPC that calculates SR&ED expenditure limit for tax years ending before March 23, 2004, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1). This also applies for tax years ending after March 22, 2004, except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** 1 Yes ☒ 2 No ☐

Complete lines 390 and 395 if you answered *No* to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49).

- a) Enter your taxable income for the preceding tax year* **390** _____
- b) Enter your reduced business limit** for the current tax year* (this amount cannot be more than the amount at line 4 on page 4 of the T2 return) **395** _____

* If either of the tax years referred to at line 390 or 395 is less than 51 weeks, multiply the taxable income or the business limit by the following result: 365 divided by the number of days in these tax years. For details on the expression "Reduced business limit," see line 652 of the *T2 Corporation – Income Tax Guide*.

** If the corporation is claiming only a portion of the business limit from line 4 on page 4 of the T2 return because of its association with other corporations, calculate your reduced business limit as if the corporation was not associated in the current tax year. Enter the result at line 395.

Part 10 – Calculation of SR&ED expenditure limit for a CCPC throughout the current tax year

For stand-alone corporations:

Subtract: line 390 from Part 9 or \$400,000*, whichever is more _____ x 10 = _____ \$ *
Excess (if negative, enter "0") _____ F
Line F _____ x Line 395 _____ = _____ **G
Line 4 on page 4 of the T2 return

For associated corporations:

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49 **400** **H

Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Line G or H _____ x Number of days in the tax year $\frac{220}{365}$ = _____ I

Your SR&ED expenditure limit for the year (enter the amount from line G, H, or I, whichever applies) **410** _____

* If your tax year immediately follows a tax year that ended before 2007, the references to \$6,000,000 and \$400,000 should be \$5,000,000 and \$300,000 respectively.

** Amount G or H cannot be more than \$2,000,000.

Part 11 – Calculation of investment tax credits on SR&ED expenditures

Enter whichever is less: current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10)* **420** _____ x 35 % = _____ J
 Line 350 minus line 410 (if negative, enter "0") **430** _____ 98,261 x 20 % = _____ 19,652 K
 Line 410 minus line 350 (if negative, enter "0") _____ L
 Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above* **440** _____ x 35 % = _____ M
 Line 360 minus line L (if negative, enter "0") **450** _____ x 20 % = _____ N

Repayments (amount from line 370 in Part 8) _____

If a corporation makes a repayment of any government assistance, non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount.
460 _____ x 35 % = _____
470 _____ x 30 % = _____
480 _____ x 20 % = _____
 Total _____ ▶ _____ O

Current-year SR&ED ITC (total of lines J, K, M, N, and O; enter on line 540 in Part 12) _____ 19,652

* For corporations that are not CCPCs throughout the year, enter "0" on lines J and M.

Part 12 – Calculation of current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the preceding tax year _____

Deduct:

Credit deemed as a remittance of co-op corporations **510** _____
 Credit expired* **515** _____
 Subtotal _____ ▶ _____

ITC at the beginning of the tax year _____ **520** _____

Add:

Credit transferred on amalgamation or wind-up of subsidiary **530** _____
 Total current-year credit **540** _____ 19,652
 Credit allocated from a partnership **550** _____
 Subtotal _____ 19,652 ▶ _____ 19,652

Total credit available _____ 19,652

Deduct:

Credit deducted from Part I tax (enter on line FFF in Part 24) **560** _____ 19,652
 Credit carried back to the preceding year(s) (from Part 13) _____ P
 Credit transferred to offset Part VII tax liability **580** _____
 Subtotal _____ 19,652 ▶ _____ 19,652

Credit balance before refund _____ Q

Deduct:

Refund of credit claimed on expenditures of SR&ED (from Part 14 or 15, whichever applies) **610** _____

ITC closing balance on SR&ED _____ **620** _____

* The credit expires after 10 tax years if it was earned in a tax year ending before 2006 and after 20 tax years if it was earned in a tax year ending after 2005.

Part 13 – Request for carryback of credit from SR&ED expenditures

1st preceding tax year
 2nd preceding tax year
 3rd preceding tax year

Year	Month	Day

_____ Credit to be applied **911** _____
 _____ Credit to be applied **912** _____
 _____ Credit to be applied **913** _____
Total (enter on line P in Part 12) _____

Name of corporation	Business Number	Tax year end Year Month Day
Veridian Connections Inc.	88628 2920 RC0001	2005-08-08

Part 14 – Calculation of refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined at line 101.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? **650** 1 Yes ☐ 2 No ☒

Credit balance before refund (amount Q from Part 12) R

Current-year ITC (lines 540 plus 550 from Part 12 **minus** line O from Part 11) S

Refundable credits (amount R or S, whichever is less)* T

Amount J from Part 11 U

Subtract: Amount T or U, whichever is less V

Net amount (if negative, enter "0") W

Amount W x 40 % X

Add: Amount V Y

Refund of ITC (amounts X **plus** Y – enter this, or a lesser amount, on line 610 in Part 12) Z

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount should be multiplied by 40%.
Claim this, or a lesser amount, as your refund of ITC on line Z.

Part 15 – Calculation of refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined in Part 2.

Credit balance before refund (amount Q from Part 12) AA

Amount J from Part 11 BB

Subtract: Amount AA or BB, whichever is less CC

Net amount (if negative, enter "0") DD

Amount M from Part 11 EE

Amount DD or EE, whichever is less x 40 % FF

Add : Amount CC above GG

Refund of ITC (amounts FF **plus** GG) HH

Enter HH, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

RECAPTURE – SR&ED

Part 16 – Calculating the recapture of ITC for corporations and corporate partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 10 preceding tax years, if the credit was earned in a tax year ending before 2006, or in any of the 20 preceding tax years, if the credit was earned in a tax year ending after 2005;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note

The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it **all** or **substantially all** for SR&ED. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above 700	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	Amount from column 700 or 710, whichever is less
1.		

Subtotal (enter this amount on line LL in Part 17) _____

Calculation 2 – Only if you acquired all or a part of the qualified expenditure from another person under an agreement described in subsection 127(13); otherwise, enter nil at line JJ in Part 16.

A The rate percentage that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement 720	B The proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition 730	C The amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) 740

Name of corporation	Business Number	Tax year end Year Month Day
Veridian Connections Inc.	88628 2920 RC0001	2005-08-08

Part 16 – Calculating the recapture of ITC for corporations and corporate partnerships – SR&ED (continued)

- Calculation 2 (continued) – Only if you acquired all or a part of the qualified expenditure from another person under an agreement described in subsection 127(13); otherwise, enter nil on line JJ below.

D The amount determined by the formula (A x B) - C	E The ITC earned by the transferee for the qualified expenditures that were transferred	F Amount from column D or E, whichever is less
	750	

Subtotal (enter this amount on line MM in Part 17) _____

- Calculation 3

As a member of the partnership, you will report your share of the ITC of the partnership after the ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have sufficient ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line KK below.

Corporate partner's share of the excess of ITC (amount to be reported on line NN in Part 17) **760** _____ KK

– Part 17 – Total recapture of investment tax credit

Recaptured ITC for calculation 1 from line II in Part 16	LL
Recaptured ITC for calculation 2 from line JJ in Part 16 above	MM
Recaptured ITC for calculation 3 from line KK in Part 16 above	NN
Total recapture of investment tax credit – Add lines LL, MM and NN	OO
(Enter amount OO at line 602 of the T2 return.)	

PRE-PRODUCTION MINING

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year and after 2002.

List of minerals 800

For each of the minerals reported in column 800 above, identify each project, mineral title, and mining division where title is registered. If there were no mineral title, identify the project and mining division only.

Project name 805	Mineral title 806	Mining division 807

Pre-production mining expenditures *

Pre-production mining expenditures that the corporation incurred in the tax year and after 2002, for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	PP
Geological, geophysical, or geochemical surveys	811	QQ
Drilling by rotary, diamond, percussion, or other methods	812	RR
Trenching, digging test pits, and preliminary sampling	813	SS

Pre-production mining expenditures incurred in the tax year and after 2002 for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	TT
Sinking a mine shaft, constructing an adit, or other underground entry	821	UU

Other pre-production mining expenditures incurred in the tax year and after 2002:

Description 825	Amount 826

Add amounts at column 826 VV

Total pre-production mining expenditures (add amounts PP to VV) 830

Deduct: Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above 832

Excess (line 830 minus line 832) (if negative, enter "0") WW

Add: Repayments of government and non-government assistance 835 XX

Pre-production mining expenditures (amount WW plus amount XX) YY

* A pre-production mining expenditure is defined under subsection 127(9) and does not include an amount renounced under subsection 66(12.6).

Name of corporation	Business Number	Tax year end Year Month Day
Veridian Connections Inc.	88628 2920 RC0001	2005-08-08

Part 19 – Calculation of current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the preceding tax year

Deduct:

Credit deemed as a remittance of co-op corporations **841**

Credit expired* **845**

Subtotal **850**

ITC at the beginning of the tax year

Add:

Credit transferred on amalgamation or wind-up of subsidiary **860**

Expenditures from line YY, Part 18,
incurred in 2003 **865** x 5 % = ... ZZ

Expenditures from line YY, Part 18,
incurred in 2004 **867** x 7 % = ... AAA

Expenditures from line YY, Part 18,
incurred after 2004 **870** x 10 % = ... BBB

Total current-year credit (add amounts
ZZ, AAA, and BBB) **880**

Total credit available

Deduct:

Credit deducted from Part I tax (enter on line GGG in Part 24) **885**

Credit carried back to the preceding year(s) (from Part 20) CCC

Subtotal **890**

ITC closing balance from pre-production mining expenditures

* The credit expires after 10 tax years if it was earned in a tax year ending before 2006 and after 20 tax years if it was earned in a tax year ending after 2005.

Part 20 – Request for carryback of credit from pre-production mining expenditures

Year	Month	Day

1st preceding tax year Credit to be applied **921**

2nd preceding tax year Credit to be applied **922**

3rd preceding tax year Credit to be applied **923**

Total (enter on line CCC in Part 19)

APPRENTICESHIP JOB CREATION

Part 21 – Calculation of total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.)

611 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice. Also enter the name of the eligible trade, the eligible salary and wages* payable for employment after May 1, 2006, and 10% of this amount. Then enter the lesser of 10% of eligible salary and wages or \$2,000.

A Contract number (SIN or name of apprentice)	B Name of eligible trade	C Eligible salary and wages*	D Column C x 10 %	E Lesser of column D or \$ 2,000
601	602	603	604	605
1.				

Total current-year credit (enter at line 640)

* Net of any other government or non-government assistance received or to be received.

Part 22 – Calculation of current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the preceding tax year

Deduct:

Credit deemed as a remittance of co-op corporations **612**

Credit expired after 20 tax years **615**

Subtotal **625**

ITC at the beginning of the tax year

Add:

Credit transferred on amalgamation or wind-up of subsidiary **630**

ITC from repayment of assistance **635**

Total current-year credit (total of column 605) **640**

Credit allocated from a partnership **655**

Subtotal

Total credit available

Deduct:

Credit deducted from Part I tax (enter on line HHH in Part 24) **660**

Credit carried back to the preceding year(s) (from Part 23) **DDD**

Subtotal

ITC closing balance from apprenticeship job creation expenditures **690**

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

1st preceding tax year

2nd preceding tax year

3rd preceding tax year

Year	Month	Day

Credit to be applied **931**

Credit to be applied **932**

Credit to be applied **933**

Total (enter on line DDD in Part 22)

Investment tax credit for child care spaces

Calculation of current-year credit – ITC from child care space creation expenditures

A	B	C
Eligible expenditures for child care spaces	Column A x 25.00 %	Lesser of column B or \$ 10,000
1.		

Total current-year credit

Calculation of current-year credit and account balances – ITC from child care space creation expenditures

ITC at the end of the preceding tax year

Deduct:

Credit deemed as a remittance of co-op corporations

Credit expired after 20 tax years

Subtotal

ITC at the beginning of the tax year

Add:

Credit transferred on amalgamation or wind-up of subsidiary

ITC from repayment of assistance

Total current-year credit (total of column C)

Credit allocated from a partnership

Subtotal

Total credit available

Deduct:

Credit deducted from Part I tax (enter on line HHH.1 in Part 24)

Credit carried back to the preceding year(s)

Subtotal

ITC closing balance for child care space creation expenditures

Request for carryback of credit from child care space creation expenditures

1st preceding tax year

2nd preceding tax year

3rd preceding tax year

Year	Month	Day
2004	12	31
2003	12	31
2002	12	31

Credit to be applied

Credit to be applied

Credit to be applied

Total

Part 24 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5)	EEE
ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)	19,652 FFF
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)	GGG
ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)	HHH
ITC from child care space creation expenditures deducted from Part I tax	HHH.1
Total ITC deducted from Part I tax (add lines EEE, FFF, GGG, HHH and HHH.1)	19,652 III

(Enter amount III at line 652 of the T2 return.)

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class no.: 99

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
19,652	19,652			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC expired (H) See Note	ITC end of year (E-F-G-H) See Note
1st prior year					
2nd prior year					
3rd prior year					
4th prior year					
5th prior year					
6th prior year					
7th prior year					
8th prior year					
9th prior year					
10th prior year					
Total					

Total ITC utilized (B+C+D+G) 19,652

Note : The ITC end of year includes the amount of ITC expired from the 10th preceding year that is in column (H). Note that this credit expires only at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 845 or on the line *Credit expired* for the child care space creation, as applicable, of Schedule 31 for the subsequent period.

PART I.3 TAX ON LARGE CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Veridian Connections Inc.	88628 2920 RC0001	2005-08-08

- File this schedule if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than \$10,000,000.
- Even if there is no Part I.3 tax payable for the days in the tax year that are after 2005, you must still complete this schedule (except parts 5 and 9).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the *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:
 - bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 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);
 - exempt from tax under section 149 throughout the year on all of its taxable income;
 - neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 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 tax year.
- This schedule may contain changes that had not yet become law at the time of printing.

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:

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	64,302,002
Retained earnings	104	2,660,424
Contributed surplus	105	
Any other surpluses	106	22,765
Deferred unrealized foreign exchange gains	107	
All loans and advances to the corporation	108	4,307,912
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	68,088,099
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 for 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		139,381,202

139,381,202 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	
Any amount deducted under subsection 135(1) in computing income under Part I for the year, as long as 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		

B

Capital for the year (amount A minus amount B) (if negative, enter "0")

190 139,381,202

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 for lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Do not include amounts owing to the member or to other corporations that are members of the partnership.
- Amounts are determined 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 (add lines 401 to 407)	490	

Notes:

- Where the corporation has an interest in a partnership or in 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 tax 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.
- 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)].
- 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)		139,381,202	C
Deduct: Investment allowance for the year (line 490)		500	D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")		139,381,202	

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)	139,381,202	x	Taxable income earned in Canada	610	5,532,930	=	Taxable capital employed in Canada	690	139,381,202
			Taxable income		5,532,930				

- Notes:**
- Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 - Where a corporation's taxable income for a tax 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.
 - 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	
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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 during the year through a permanent establishment in Canada	712	
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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 or movable 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	
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Total deductions (add lines 711, 712, and 713) E

Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0")	790	
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Note: 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

If the tax year starts after 2005, do not complete this part.

Taxable capital employed in Canada (line 690 or 790, whichever applies)	139,381,202	
Deduct: Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)	801 50,000,000	
Excess of taxable capital employed in Canada over capital deduction	811 89,381,202	
Line 811 <u>89,381,202</u> × <u>Number of days in the tax year in 2004</u> × 0.002 = ...	<u>220</u>	F
Line 811 <u>89,381,202</u> × <u>Number of days in the tax year in 2005</u> × 0.00175 = ...	<u>220</u>	G
Note: The Part 1.3 tax rate is reduced to 0% for the days in the tax year that are after 2005.		
Subtotal (add amounts F and G)	156,417	H
Where the tax year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax as follows:		
Amount H <u>156,417</u> × <u>Number of days in the year</u> (<u>220</u>) = ...	<u>365</u>	I
Gross Part 1.3 tax (amount H or I, whichever applies)	820 94,279	

Part 6 – Calculation of gross Part 1.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies)	139,381,202	J
Deduct: Line 801 above <u>50,000,000</u> × 1/5 = ...	<u>10,000,000</u>	K
Excess (amount J minus amount K) (if negative, enter "0")	129,381,202	L
Amount L <u>129,381,202</u> × 0.00225 = ...	<u>291,108</u>	M
Where the tax year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax for purposes of the unused surtax credit as follows:		
Amount M <u>291,108</u> × <u>Number of days in the year</u> (<u>220</u>) = ...	<u>365</u>	N
Gross Part 1.3 tax for purposes of the unused surtax credit (amount M or N, whichever applies)	821 175,462	

- Corporations can claim a credit against their Part 1.3 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) 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.

a) line 600 from the T2 return **a**

b) line 700 from the T2 return **b**

c) line 600 from the T2 return $\frac{61,969}{\text{line 500 of this schedule } 139,381,202} \times \frac{\text{line 690 of this schedule } 139,381,202}{\text{line 500 of this schedule } 139,381,202} = \frac{61,969}{c}$

d) line 700 from the T2 return $\frac{1,187,957}{d} \times \frac{61,969}{P}$

Part 8 – Calculation of current-year unused surtax credit

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

Net Part 1.3 tax payable (amount Q minus amount R)	870	32,310
Enter this amount at line 704 of the T2 return.		

Gross Part 1.3 tax for purposes of the small business deduction (Amount U x 0.00225)

Enter this amount at line 415 of the T2 return



AGREEMENT AMONG RELATED CORPORATIONS – PART 1.3 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 1.3 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 ☒

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
1	Veridian Connections Inc.	88628 2920 RC0001	50,000,000	
2	Veridian Corporation	86697 3076 RC0001		
3	Veridian Energy Inc.	87098 3186 RC0001		
4	Scugog Hydro Energy Corporation	87051 7182 RC0001		2005-08-08

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.



SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Veridian Connections Inc.	88628 2920 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.

Provide only one number per shareholder					
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business Number	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100	200	300	350	400	500
1 Veridian Corporation	86697 3076 RC0001			100.000	
2					
3					
4					
5					
6					
7					
8					
9					
10					



Ministry of Finance

Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

2007

CT23 Corporations Tax and
Annual ReturnFor taxation years commencing
after December 31, 2004Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Government Services (MGS)

This form is a combination of the Ministry of Finance (MOF) **CT23 Corporations Tax Return** and the Ministry of Government Services (MGS) **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 MGS 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.

MGS Annual Return Required? (Not required if already filed or
Annual Return exempt. Refer to Guide) ☐ Yes ☒ No Page 1 of 20

Corporation's Legal Name (Including punctuation) Veridian Connections Inc.			Ontario Corporations Tax Account No. (MOF) 1800328														
Mailing Address 55 Taunton Road East Ajax ON CA L1T 3V3			This Return covers the Taxation Year Start <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2005</td><td>01</td><td>01</td></tr></table> End <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2005</td><td>08</td><td>08</td></tr></table>			year	month	day	2005	01	01	year	month	day	2005	08	08
year	month	day															
2005	01	01															
year	month	day															
2005	08	08															
Has the mailing address changed since last filed CT23 Return? ☐ Yes ☐ No Date of Change <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr></table>			year	month	day	Date of Incorporation or Amalgamation <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2001</td><td>09</td><td>28</td></tr></table>			year	month	day	2001	09	28			
year	month	day															
year	month	day															
2001	09	28															
Registered/Head Office Address 55 Taunton Road East Ajax ON CA L1T 3V3			Ontario Corporation No. (MGS) 7854445														
Location of Books and Records 55 Taunton Road East Ajax ON CA L1T 3V3			Canada Revenue Agency Business No. If applicable, enter 88628 2920 RC0001														
Name of person to contact regarding this CT23 Return David Clark		Telephone No. (905) 427-9870	Fax No. (905) 619-0210														
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MGS) Ontario Canada			Jurisdiction Incorporated Ontario														
Former Corporation Name (Extra-Provincial Corporations only) ☒ Not Applicable (MGS)			If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr></table> Ceased <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr></table> ☒ Not Applicable			year	month	day	year	month	day						
year	month	day															
year	month	day															
Information on Directors/Officers/Administrators must be completed on MGS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MGS). If there is no change to the Directors/Officers/Administrators' information previously submitted to MGS, please check (X) this box. Schedule(s) A and K are not required (MGS). ☒ No Change			Preferred Language / Langue de préférence ☒ English ☐ French anglais français Ministry Use 														

Certification (MGS)

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)

Title ☐ Director ☒ Officer ☐ Other individuals having knowledge of the Corporation's business activitiesNote: Sections 13 and 14 of the *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Veridian Connections Inc.

1800328

2005-08-08

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Please check applicable (X) box(es) and complete required information.

Type of corporation

1 ☒ 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)

100 %

- 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)

☐ This is the first year filing after incorporation or an amalgamation (If checked, attach Ontario Schedule 24.)

☒ Amended Return

☐ Taxation year end change – Canada Revenue Agency approval required

☐ Final taxation year up to dissolution (Note: for discontinued businesses, see guide.)

☒ Final taxation year before amalgamation

☐ The corporation has a floating fiscal year end

☐ There has been a transfer or receipt of asset(s) involving a corporation having a Canadian permanent establishment outside Ontario

☐ There was an acquisition of control to which subsection 249(4) of the federal *Income Tax Act* (ITA) applies since the previous taxation year

If checked, date control was acquired

year month day

☐ The corporation was involved in a transaction where all or substantially all (90% or more) of the assets of a non-arm's length corporation were received in the taxation year and subsection 85(1) or 85(2) of the federal ITA applied to the transaction (If checked, attach Ontario Schedule 44.)

☐ First year filing of a parent corporation after winding-up a subsidiary corporation(s) under section 88 of the federal ITA during the taxation year. (If checked, attach Ontario Schedule 24.)

☐ Section 83.1 of the CTA applies (redirection of payments for certain electricity corporations)

Yes No

☐ ☒ Was the corporation inactive throughout the taxation year?

☒ ☐ Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?

Are you requesting a refund due to:

☐ ☒ the Carry-back of a Loss?

☐ ☒ an Overpayment?

☐ ☒ a Specified Refundable Tax Credit?

☐ ☒ Are you a member of a Partnership or Joint Venture?

Complete if applicable

Ontario Retail Sales Tax Vendor
Permit no. (Use head office no.)

Ontario Employer Health Tax
Account no. (Use head office no.)

Specify major business activity

Electricity distrib

DOLLARS ONLY

Taxable Income

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

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

Ontario Business Limit Calculation

* **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*

Calculation of IDSBC Rate

	7 %	x	<table border="1"> <tr> <th colspan="2">Number of Days in Taxation Year</th> </tr> <tr> <td>Days after Dec. 31, 2002 and before Jan. 1, 2004</td> <td>Total Days</td> </tr> <tr> <td>31</td> <td>220</td> </tr> </table>	Number of Days in Taxation Year		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days	31	220	= +	89	
Number of Days in Taxation Year												
Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days											
31	220											
	8.5 %	x	<table border="1"> <tr> <th colspan="2">Number of Days in Taxation Year</th> </tr> <tr> <td>Days after Dec. 31, 2003</td> <td>Total Days</td> </tr> <tr> <td>34</td> <td>220</td> </tr> </table>	Number of Days in Taxation Year		Days after Dec. 31, 2003	Total Days	34	220	= +	90	8,5000
Number of Days in Taxation Year												
Days after Dec. 31, 2003	Total Days											
34	220											
IDSBC Rate for Taxation Year				=	78	8,5000						

Claim From 60 241,096 . x From 78 8,5000 % = 70 20,493 .

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 9,179,634 .

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 Corporation		2004-12-31	+ 82
Veridian Energy Inc.		2004-12-31	+ 83
Scugog Hydro Energy Corporation		2005-08-08	+ 84
Aggregate Taxable Income			= 85 9,179,634 .

Number of Days in Taxation Year

320,000 x	<table border="1"> <tr> <th colspan="2">Number of Days in Taxation Year</th> </tr> <tr> <td>Days after Dec. 31, 2002 and before Jan. 1, 2004</td> <td>Total Days</td> </tr> <tr> <td>31</td> <td>220</td> </tr> </table>	Number of Days in Taxation Year		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days	31	220	= +	115	
Number of Days in Taxation Year										
Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days									
31	220									
400,000 x	<table border="1"> <tr> <th colspan="2">Number of Days in Taxation Year</th> </tr> <tr> <td>Days after Dec. 31, 2003</td> <td>Total Days</td> </tr> <tr> <td>34</td> <td>220</td> </tr> </table>	Number of Days in Taxation Year		Days after Dec. 31, 2003	Total Days	34	220	= +	116	400,000 .
Number of Days in Taxation Year										
Days after Dec. 31, 2003	Total Days									
34	220									
			115 + 116	= 400,000 .						
(If negative, enter nil)				= 86 8,779,634 .						

Calculation of Specified Rate for Surtax

	4.6670 %	x	<table border="1"> <tr> <th colspan="2">Number of Days in Taxation Year</th> </tr> <tr> <td>Days after Dec. 31, 2002</td> <td>Total Days</td> </tr> <tr> <td>38</td> <td>220</td> </tr> </table>	Number of Days in Taxation Year		Days after Dec. 31, 2002	Total Days	38	220	= +	97	4.6670
Number of Days in Taxation Year												
Days after Dec. 31, 2002	Total Days											
38	220											
From 86 8,779,634 .	x	From 97 4.6670 %	=	87	409,746 .							
From 87 409,746 .	x	From 60 241,096 .	÷	From 114 400,000 .	= 88 246,970 .							
Surtax Lesser of 70 or 88				=	100	20,493 .						

*** 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

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

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - From 56 241,096

Add: Adjustment for Surtax on Canadian-controlled private corporations

$$\frac{\text{From } 100 \text{ } 20,493}{100} \div \frac{\text{From } 30 \text{ } 100.0000\%}{30} \div \frac{\text{From } 78 \text{ } 8.5000\%}{78} = 121 \text{ } 241,096$$

*Ontario Allocation

Lesser of 56 or 121 + 122 241,096

120 - 56 + 122 = 130

Taxable Income + From 10 5,532,930

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - From 56 241,096

Add: Adjustments for Surtax on Canadian-controlled private corporations + From 122 241,096

Subtract: Taxable Income 10 5,532,930 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 5,532,930

Claim**Number of Days in Taxation Year**

Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days
33	220

$$\frac{143}{\text{Lesser of } 130 \text{ or } 142} \times \text{From } 30 \text{ } 100.0000\% \times 1.5\% \times 33 \div 73 = 154$$

Ontario Allocation

$$\frac{143}{\text{Lesser of } 130 \text{ or } 142} \times \text{From } 30 \text{ } 100.0000\% \times 2\% \times 34 \div 73 = 156$$

Ontario Allocation

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 = 190 774,610

continued on Page 7

Veridian Connections Inc.

1800328

2005-08-08

DOLLARS ONLY

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)***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)No. of Graduates From **6596****194**+ **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)***Applies to employment of eligible apprentices.*Eligible Credit From **5898** CT23 Schedule 114 (Attach Schedule 114)No. of Apprentices From **5896****202**+ **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** 774,610To 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)

CT23 Page 8 of 20

DOLLARS ONLY

Total Assets of the corporation - - - - - + [240] 170,142,992 .
 Total Revenue of the corporation - - - - - + [241] 212,946,667 .

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] 170,142,992 .	
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.			= [250] 212,946,667 .

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] 4,641,170 . X From [30] 100,0000 % X 4% = [276] 185,647 .
 If negative, enter zero Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes (Attach Schedule) - - - - - [277] .

Subtract: Income Tax - - - - - From [190] 774,610 .

Net CMT Payable (If negative, enter Nil on Page 17.) - - - - - = [280] -588,963 .

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, complete 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] 774,610 .

Gross CMT Payable - - - - - + From [276] 185,647 .

Subtract: Foreign Tax Credit for CMT purposes - - - - - From [277] .

If [276] - [277] is negative, enter NIL in [290] = 185,647 .

Income Tax eligible for CMT Credit - - - - - = [300] 588,963 .

B. Income Tax (after deduction of specified credits) - - - - - + From [230] 774,610 .

Subtract: CMT credit used to reduce income taxes - - - - - [310] .

Income Tax - - - - - = [320] 774,610 .

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] .

Veridian Connections Inc.

1800328

2005-08-08

DOLLARS ONLY

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(2)(a) or 2(2)(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	64,302,002 .
Retained earnings (if deficit, deduct) (Int.B. 3012R)	- - - - -	+ 351	2,660,424 .
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	- - - - -	+ 352	22,765 .
Loans and advances (Attach schedule) (Int.B. 3013R)	- - - - -	+ 353	47,560,463 .
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	32,367,268 .
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	- - - - -	+ 362	. .
Subtotal	- - - - -	= 370	146,912,922 .
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	146,912,922 .
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	146,912,922 .

Eligible Investments (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

DOLLARS ONLY

Total Assets (Int.B. 3015R)

Total Assets per balance sheet	- - - - -	+ 420	170,142,992 .
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	170,142,992 .
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	170,142,992 .

Investment Allowance (410 ÷ 450) × 390	- - - - -	Not to exceed 410	= 460 .
Taxable Capital 390 - 460	- - - - -	= 470	146,912,922 .

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	- - -	480	128,351,416 .
Total Assets (as adjusted)	- - - - -	From 430	170,142,992 .

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2007) of the CT23 may only be used for a taxation year that commenced after December 31, 2004.

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 on page 11, 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 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**B1. Calculation of Taxable Capital Deduction (TCD)**

		Number of Days in Taxation Year			
		Days after Dec. 31, 2004 and before Jan. 1, 2006	Total Days		
7,500,000	×	36	220 ÷ 73	= +	501 7,500,000 .
		Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days		
10,000,000	×	37	220 ÷ 73	= +	502 .
		Days after Dec. 31, 2006 and before Jan. 1, 2008	Total Days		
12,500,000	×	38	220 ÷ 73	= +	504 .
		Days after Dec. 31, 2007	Total Days		
15,000,000	×	39	220 ÷ 73	= +	505 .
Taxable Capital Deduction (TCD) 501 + 502 + 504 + 505				=	503 7,500,000 .

B2. This section applies to corporations to calculate the prorated capital tax rate.

Calculation of Capital Tax Rate

		Number of Days in Taxation Year			
		Days before Jan. 1, 2007	Total Days		
0.3 %	×	556	220 ÷ 73	= +	511 0.3000 %
		Days after Dec. 31, 2006 and before Jan. 1, 2009	Total Days		
0.285 %	×	557	220 ÷ 73	= +	512 %
Capital Tax Rate 511 + 512				=	516 0.3000 %

continued on Page 11

Capital Tax Calculation *continued from Page 10*

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 % X From [516] 0.3000 % X [555] 220 = + [523] _____
- Ontario Allocation Capital Tax Rate Days in taxation year
365 (366 if leap year)
*If floating taxation year,
refer to Guide.*
- Transfer to [543] on page 12 and
complete the return from that point*

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.** ☒ **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.

D2. Calculation is on next page

continued on Page 12

DOLLARS ONLY

D2. Calculation Do not complete this calculation if ss.69(2.1) election is filed

Taxable Capital From 470 on page 10 - - - - - + From 470 146,912,922.

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 Corporation		2004-12-31	+ 531 13,150,922.
Veridian Energy Inc.		2004-12-31	+ 532 7,893,496.
Scugog Hydro Energy Corporation		2005-08-08	+ 533 2,213,176.
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 below, 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 below.

$$\text{From } 470 \quad 146,912,922 \div \text{From } 540 \quad 170,170,516 \times \text{From } 503 \quad 7,500,000 = 541 \quad 6,474,958$$

Transfer to **542** in Section E below

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** below.

SECTION E

This section applies if the corporation is a member of an associated group and/or partnership whose total aggregate Taxable Capital 540 above, 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.

$$\begin{array}{rcl}
 + & \text{From } \boxed{470} & \underline{146,912,922.} \\
 - & \boxed{542} & \underline{6,474,958.} \\
 = & \boxed{471} & \underline{140,437,964.}
 \end{array}
 \times \text{From } \boxed{30} \text{ } \boxed{100.0000} \% \times \text{From } \boxed{516} \text{ } \underline{0.3000 \%} \times \frac{\boxed{555} \text{ Days in taxation year}}{365 \text{ (366 if leap year)}}$$

Ontario Allocation Capital Tax Rate

$$= + \boxed{523} \underline{253,943.}$$

Total Capital Tax for the taxation year
 Transfer to $\boxed{543}$ 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	%	X	From	516	0.3000	%	- - - - -	=	+	561	
					Ontario Allocation					Capital Tax Rate							
-	Capital tax deduction from	995	relating to your corporation's Capital Tax deduction, on Schedule 591	- -				-	From	995	-			=	562		

Capital Tax - - - - - 562 . X $\frac{555}{365} \times \frac{220}{366}$ = 563 .

* (366 if leap year)

Transfer to 543 and complete the return from that point

* If floating taxation year, refer to Guide.

Capital Tax	[543] - [546]	(amount cannot be negative)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	=	[550]	253,943 .
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continued on Page 13

Veridian Connections Inc.

1800328

2005-08-08

DOLLARS ONLY

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	[567] %	x	From [30]	[100,0000] %	x	[555]	[220]	- - - -	=	+	[569]	.
Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1		Capital Tax Rate (1) (Refer to Guide)		Ontario Allocation	*	365	(366 if leap year)						

[570]	x	[571] %	x	From [30]	[100,0000] %	x	[555]	[220]	- - - -	=	+	[574]	.
Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount		Capital Tax Rate (2) (Refer to Guide)		Ontario Allocation	*	365	(366 if leap year)						

Capital Tax for Financial Institutions -- other than Credit Unions (before Section 2)	[569] + [574]	- -	=	[575]	.
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* 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]	.
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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 5,532,930
Transfer to Page 15

Add:

Federal capital cost allowance	+	601	3,658,006
Federal cumulative eligible capital deduction	+	602	320,706
Ontario taxable capital gain	+	603	
Federal non-allowable reserves. Balance beginning of year	+	604	580,160
Federal allowable reserves. Balance end of year	+	605	
Ontario non-allowable reserves. Balance end of year	+	606	580,160
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-arm's length non-residents ▼			

Number of Days in Taxation Year

Days after Dec. 31, 2002 and before Jan. 1, 2004 Total Days
 612 × 5 / 12.5 × 33 + 73 = 220 = + 633

Days after Dec. 31, 2003 Total Days
 612 × 5 / 14 × 34 + 220 + 73 = 220 = + 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 85,447

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 = 5,224,479 640 5,224,479
 Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	+	650	3,658,006
Ontario cumulative eligible capital deduction	+	651	320,706
Federal taxable capital gain	+	652	
Ontario non-allowable reserves. Balance beginning of year	+	653	580,160
Ontario allowable reserves. Balance end of year	+	654	
Federal non-allowable reserves. Balance end of year	+	655	580,160
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 5,139,032
 Transfer to Page 15

continued on Page 15

Veridian Connections Inc.

1800328

2005-08-08

DOLLARS ONLY

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 $\pm$ **600** 5,532,930 .

Total of Additions on page 14 - - - - - From $=$ **640** 5,224,479 .

Sub Total of deductions on page 14 - - - - - From $=$ **681** 5,139,032 .

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

$$\begin{array}{rcl} \text{From } \boxed{662} \cdot & \times & \frac{100}{\text{From } \boxed{30} \cdot \boxed{100.0000} \text{ Ontario Allocation}} \\ - & \text{From } \boxed{662} \cdot & = \boxed{663} \cdot \end{array}$$

Workplace Child Care Tax Incentive (WCCT)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

$$\begin{array}{rcl} \text{Qualifying expenditures: } \boxed{665} \cdot & \times 30\% \times \frac{100}{\text{From } \boxed{30} \cdot \boxed{100.0000} \text{ Ontario allocation}} & = \boxed{666} \cdot \end{array}$$

Workplace Accessibility Tax Incentive (WATI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

$$\begin{array}{rcl} \text{Qualifying expenditures: } \boxed{667} \cdot & \times 100\% \times \frac{100}{\text{From } \boxed{30} \cdot \boxed{100.0000} \text{ Ontario allocation}} & = \boxed{668} \cdot \end{array}$$

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)

$$\begin{array}{rcl} \text{Qualifying expenditures: } \boxed{670} \cdot & \times 30\% \times \frac{100}{\text{From } \boxed{30} \cdot \boxed{100.0000} \text{ Ontario allocation}} & = \boxed{671} \cdot \end{array}$$

Educational Technology Tax Incentive (ETTI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

$$\begin{array}{rcl} \text{Qualifying expenditures: } \boxed{672} \cdot & \times 15\% \times \frac{100}{\text{From } \boxed{30} \cdot \boxed{100.0000} \text{ Ontario allocation}} & = \boxed{673} \cdot \end{array}$$

Ontario allowable business investment loss - - - - - + **678** .

Ontario Scientific Research Expenses claimed in year in **477** from Ont. CT23 Schedule 161 + **679** 85,447 .

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** = 5,224,479 . **680** 5,224,479 .

Net income (loss) for Ontario Purposes **600** + **640** - **680** = **690** 5,532,930 .

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)	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)	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	717	727	737	747	757
Balance at End of Year	709 (8)	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 1996-12-31	817 (9)	860 (9)		850	870
801 8th preceding taxation year 1997-12-31	818 (9)	861 (9)		851	871
802 7th preceding taxation year 1998-12-31	819 (9)	862 (9)		852	872
803 6th preceding taxation year 1999-12-31	820	830	840	853	873
804 5th preceding taxation year 2000-12-31	821	831	841	854	874
805 4th preceding taxation year 2001-12-31	822	832	842	855	875
806 3rd preceding taxation year 2002-12-31	823	833	843	856	876
807 2nd preceding taxation year 2003-12-31	824	834	844	857	877
808 1st preceding taxation year 2004-12-31	825	835	845	858	878
809 Current taxation year 2005-08-08	826	836	846	859	879
Total	829	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.

Veridian Connections Inc.

1800328

2005-08-08

DOLLARS ONLY

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**Total amount of loss**

Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income

	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
			910	920	930	940
i) 3 rd preceding	901	2002-12-31	911	921	931	941
ii) 2 nd preceding	902	2003-12-31	912	922	932	942
iii) 1 st preceding	903	2004-12-31	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	774,610
Corporate Minimum Tax	- - - - - +	From 280	
Capital Tax	- - - - - +	From 550	253,943
Premium Tax	- - - - - +	From 590	
Total Tax Payable	- - - - - =	950	1,028,553
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 Paid on filing	- - - - - -		1,028,553
Balance	- - - - - =	970	
If payment due	- - - - - Enclosed *	990	
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

Executive Vice President

Full Residence Address

35 Lillian Crescent
Newcastle

ON CA L1B 1G3

Signature

Date

2007-06-20

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name Veridian Connections Inc.	Ontario Corporations Tax Account No. (MOF) 1800328	Taxation Year End 2005-08-08
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Part 1: Calculation of CMT Base

Banks – Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.

Life Insurance corporations – Net income/loss before Special Additional Tax as determined under s.57.1(2)(c) or (d)

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± [2100] 2,074,645.

Subtract (to the extent reflected in net income/loss):

Provision for recovery of income taxes / benefit of current income taxes + [2101] .
Provision for deferred income taxes (credits) / benefit of future income taxes + [2102] .
Equity income from corporations + [2103] .
Share of partnership(s)/joint venture(s) income + [2104] .
Dividends received/receivable deductible under fed.s.112 + [2105] .
Dividends received/receivable deductible under fed.s.113 + [2106] .
Dividends received/receivable deductible under fed.s.83(2) + [2107] .
Dividends received/receivable deductible under fed.s.138(6) + [2108] .
Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1) x 3 + [2109] .

Subtotal = ... - [2110] .

Add (to extent reflected in net income/loss):

Provision for current taxes / cost of current income taxes + [2111] 2,566,525 .
Provision for deferred income taxes (debits) / cost of future income taxes + [2112] .
Equity losses from corporations + [2113] .
Share of partnership(s)/joint venture(s) losses + [2114] .
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1)) + [2115] .

Subtotal = ... 2,566,525 . + [2116] 2,566,525 .

Add/Subtract:

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years

** Fed.s.85 + [2117] . or - [2118] .
** Fed.s.85.1 + [2119] . or - [2120] .
** Fed.s.97 + [2121] . or - [2122] .
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years + [2123] . or - [2124] .
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years + [2125] . or - [2126] .
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years + [2127] . or - [2128] .

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income - [2150] .

Capital gains on eligible donations of publicly-listed securities and ecologically sensitive land made after May 1, 2006 (to the extent reflected in net income/loss) - [2155] .

Subtotal (Additions) = ... + [2129] .

Subtotal (Subtractions) = ... - [2130] .

** Other adjustments ± [2131] .

Subtotal ± [2100] - [2110] + [2116] + [2129] - [2130] ± [2131] = [2132] 4,641,170 .

** Share of partnership(s)/joint venture(s) **adjusted** net income/loss ± [2133] .

Adjusted net income (loss) (if loss, transfer to [2202] in **Part 2: Continuity of CMT Losses Carried Forward.**) = [2134] 4,641,170 .

Deduct: * CMT losses: pre-1994 Loss + From [2210] .

* CMT losses: other eligible losses + [2211] .

..... = ... - [2135] .

* CMT losses applied cannot exceed adjusted net income or increase a loss

** Retain calculations. Do not submit with this schedule.

CMT Base = [2136] 4,641,170 .

Transfer to CMT Base on Page 8 of the CT23 or Page 6 of the CT8

CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

Part 2: Continuity of CMT Losses Carried Forward

Balance at Beginning of year NOTES (1), (2)		+ 2201	
Add: Current year's losses	+ 2202		
Losses from predecessor corporations on amalgamation NOTE (3)	+ 2203		
Losses from predecessor corporations on wind-up NOTE (3)	+ 2204		
Amalgamation (X) 2205 ☐ Yes Wind-up (X) 2206 ☐ Yes			
Subtotal	=		+ 2207
Adjustments (attach schedule)		± 2208	
CMT losses available	2201 + 2207 ± 2208	=	2209
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	+ 2210		
Other eligible losses utilized during the year to reduce adjusted net income NOTE (4)	+ 2211		
Losses expired during the year	+ 2212		
Subtotal	=		- 2213
Balances at End of Year NOTE (5)	2209 - 2213	=	2214

Notes:

- (1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.
- (2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and a 57.5(7))
- (3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))
- (4) CMT losses must be used to the extent of the lesser of the adjusted net income 2134 and CMT losses available 2209.
- (5) Amount in 2214 must equal sum of 2270 + 2290.

Part 3: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 1996-12-31	2260	2280
2241	8th preceding taxation year 1997-12-31	2261	2281
2242	7th preceding taxation year 1998-12-31	2262	2282
2243	6th preceding taxation year 1999-12-31	2263	2283
2244	5th preceding taxation year 2000-12-31	2264	2284
2245	4th preceding taxation year 2001-12-31	2265	2285
2246	3rd preceding taxation year 2002-12-31	2266	2286
2247	2nd preceding taxation year 2003-12-31	2267	2287
2248	1st preceding taxation year 2004-12-31	2268	2288
2249	Current taxation year 2005-08-08	2269	2289
Totals		2270	2290

The sum of amounts 2270 + 2290
must equal amount in 2214.

Corporate Minimum Tax (CMT)

CT23 Schedule 101

Corporation's Legal Name Veridian Connections Inc.	Ontario Corporations Tax Account No. (MOF) 1800328	Taxation Year End 2005-08-08
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Part 4: Continuity of CMT Credit Carryovers

Balance at Beginning of year NOTE (1) + 2301 []

Add: Current year's CMT Credit ([280] on page 8 of the CT23
or [347] on page 6 of the CT8. If negative, enter NIL) + From [280] or [347] []

Gross Special Additional Tax NOTE (2) [312] on page 5 of CT8.
(Life Insurance corporations only.
Others enter NIL.) + From [312] []

Subtract Income Tax
([190] on page 6 of the CT23 or
page 4 of the CT8) - From [190] []

Subtotal (If negative, enter NIL) ... = [2305] []

Current year's CMT credit (If negative, enter NIL) [280] or [347] - [2305] ... = [2310] []

CMT Credit Carryovers from predecessor corporations NOTE (3) + [2325] []

Amalgamation (X) [2315] [] Yes Wind-up (X) [2320] [] Yes

Subtotal [2301] + [2310] + [2325] = [2330] []

Adjustments (Attach schedule) ± [2332] []

CMT Credit Carryover available [2330] ± [2332] = [2333] []

Transfer to Page 8 of the CT23 or Page 6 of the CT8

Subtract: CMT Credit utilized during the year to reduce income tax
([310] on page 8 of the CT23 or [351] on page 6 of the CT8.) + From [310] or [351] []

CMT Credit expired during the year + [2334] []

Subtotal = [2335] []

Balance at End of Year NOTE (4) [2333] - [2335] = [2336] []

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).
- (3) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (4) Amount in [2336] must equal sum of [2370] + [2390].

Part 5: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
[2340]	9th preceding taxation year 1996-12-31	[2360]	[2380]
[2341]	8th preceding taxation year 1997-12-31	[2361]	[2381]
[2342]	7th preceding taxation year 1998-12-31	[2362]	[2382]
[2343]	6th preceding taxation year 1999-12-31	[2363]	[2383]
[2344]	5th preceding taxation year 2000-12-31	[2364]	[2384]
[2345]	4th preceding taxation year 2001-12-31	[2365]	[2385]
[2346]	3rd preceding taxation year 2002-12-31	[2366]	[2386]
[2347]	2nd preceding taxation year 2003-12-31	[2367]	[2387]
[2348]	1st preceding taxation year 2004-12-31	[2368]	[2388]
[2349]	Current taxation year 2005-08-08	[2369]	[2389]
Totals		[2370]	[2390]

The sum of amounts [2370] + [2390]
must equal amount in [2336].

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

Corporation's Legal Name Veridian Connections Inc.	Ontario Corporations Tax Account No. (MOF) 1800328	Taxation Year End 2005-08-08
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CMT Losses Carried Forward Workchart

(i) Continuity of Pre-1994 CMT Losses

	Corporation's Pre-1994 Loss	Predecessors' Pre-1994 Loss Amalgamation	Wind-Up
Date of the last tax year end before the corp's 1st tax year commencing after 1993			
Pre-1994 Loss (per schedule)			
Less: Claimed in prior taxation years commencing after 1993			
Pre-1994 Loss available for the current year			
Less: Deducted in the current year			
(max. = adj. net income for the year)			
Expired after 10 years			
Pre-1994 Loss Carryforward			

(ii) Continuity of Other Eligible CMT Losses – Filing Corporation
(for losses occurring in tax years commencing after 1993)

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1995-12-31					
9th Prior Year	1996-12-31					
8th Prior Year	1997-12-31					
7th Prior Year	1998-12-31					
6th Prior Year	1999-12-31					
5th Prior Year	2000-12-31					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31					
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31					
Total						

Predecessor Corporations Only – Amalgamation

Indicate the amounts of eligible CMT losses from predecessor corporations. Do not include these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1995-12-31						
1996-12-31						
1997-12-31						
1998-12-31						
1999-12-31						
2000-12-31						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

CMT Losses Carried Forward Workchart (continued)

Predecessor Corporations Only – Wind-Up

Indicate the amounts of eligible CMT losses from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1995-12-31						
1996-12-31						
1997-12-31						
1998-12-31						
1999-12-31						
2000-12-31						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

Corporation's Legal Name Veridian Connections Inc.	Ontario Corporations Tax Account No. (MOF) 1800328	Taxation Year End 2005-08-08
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CMT Credit Carryovers Workchart

Filing Corporation						
	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1995-12-31					
9th Prior Year	1996-12-31					
8th Prior Year	1997-12-31					
7th Prior Year	1998-12-31					
6th Prior Year	1999-12-31					
5th Prior Year	2000-12-31					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31					
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31					
	Total					

Predecessor Corporations Only – Amalgamation						
Indicate the amounts of CMT credit carryovers from predecessor corporations. Do not include these amounts in the 'opening balance' of the Filing Corporation.						
Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1995-12-31						
1996-12-31						
1997-12-31						
1998-12-31						
1999-12-31						
2000-12-31						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
	Total					

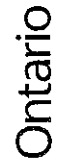
Predecessor Corporations Only – Wind-Up						
Indicate the amounts of CMT credit carryovers from predecessor corporations. Do not include these amounts in the 'opening balance' of the Filing Corporation.						
Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1995-12-31						
1996-12-31						
1997-12-31						
1998-12-31						
1999-12-31						
2000-12-31						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
	Total					

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

Loans or Advances Credited or Advanced to Corporation

(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more, and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)

Veridian Energy Inc.	+	
Veridian Corporation	+	14,500,000
Veridian Corporation shareholders	+	29,088,000
Amounts due to related parties	+	3,972,463
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
Total	=	47,560,463



Ontario

Ontario

Ontario

1	Yes	2	X	No
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1	Yes	2	X	No
---	-----	---	---	----

Enter in boxes	650	650	650	on the CT23.
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Ministry of Finance
Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

Ontario Cumulative Eligible Capital Deduction
Schedule 10 Page 1 of 2

For taxation years 2002 and later

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) = + 6,651,071 **A**

Add: Cost of eligible capital property acquired during the taxation year + 1,266,765 **B**

Other adjustments + **C**

B + C = 1,266,765 x 3 / 4 = 950,074 **D**

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 x 1 / 2 = - **E**

D minus E (if negative, enter zero) = 950,074 > + 950,074 **F**

Amount transferred on amalgamation or wind-up of subsidiary + **G**

Subtotal A + F + G = 7,601,145 **H**

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year + **I**

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada) + **J**

Other adjustments + **K**

I + J + K = ... x 3 / 4 = - **L**

Ontario cumulative eligible capital balance H minus L = 7,601,145 **M**

If **M** is negative, enter zero at line **Q** and proceed to **Part 2**, page 2.

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business **N**

From **M** 7,601,145

From **N** -

Current year deduction M minus N = 7,601,145 x 7 % = + 320,706 **O**

N + O = 320,706 > - 320,706 **P**

Note: The maximum current year deduction is 7%. Any amount up to the maximum deduction of 7% may be claimed.
For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance M minus P (if negative, enter zero) = 7,280,439 **Q**

See page 2 - Part 2

Ontario Cumulative Eligible Capital Deduction
Schedule 10 Page 2 of 2

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

Part 2 – Amount to be included in income arising from disposition

Complete this part only if the amount at line M is negative.

Amount from line M above. *Show this as a positive amount; not negative.* **R**

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 + ... **1**

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA + ... **2**

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 + ... **3**

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 - **4**

Deduct line 4 from line 3 (if negative, enter zero) = ... **5**

Total lines 1 + 2 + 5 = ... **6**

Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 1 **7**

Amounts at **Line Z** from Ontario Schedule 10 of previous taxation years ending after February 27, 2000
(This will be Line T in earlier versions of this schedule.) + ... **8**

Total lines 7 + 8 = ... **9**

Deduct line 9 from line 6 (if negative, enter zero) = ... **S**

R minus S (if negative, enter zero) = ... **T**

From Line 5 x 1 / 2 = ... **U**

T minus U (if negative, enter zero) = ... **V**

From V x 2 / 3 = ... **W**

Lesser of R and S = + ... **Z**

Amount to be included in income W + Z = ...

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

For use by a corporation to provide a continuity of all reserves claimed which are allowed for tax purposes.

Part 1 – Capital gains reserves

Description of property	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add	Deduct	Ontario balance at the end of the year \$
Totals	A	B			C

The total capital gains reserve at the beginning of the taxation year **A** plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary **B**, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year **C**, should also be entered on Schedule 6.

Part 2 – Other reserves

Description	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add	Deduct	Ontario balance at the end of the year \$
Reserve for doubtful debts					
Reserve for undelivered goods and services not rendered					
Reserve for prepaid rent					
Reserve for December 31, 1995 income					
Reserve for refundable containers					
Reserve for unpaid amounts					
Other tax reserves					
Totals	D	E			F

The amount from **D** plus the amount from **E** should be entered in **607** of the CT23.

The amount from F should be entered in **654** of the CT23.

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
Employee Future Liability	580,160					580,160
Reserves from Part 2						
Totals	580,160					580,160

Enter in box **653** of the CT23

Enter in box **606** of the CT23



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

This schedule is used to calculate Ontario Scientific Research and Experimental Development Expenditures (SR & ED). The rules used in the calculation of Ontario SR & ED follow the federal rules with the exception of the new Ontario measure introduced in the 2001 Ontario Budget and implemented in Bill 127 which received Royal Assent on December 5, 2001.

This schedule must be completed by all corporations performing qualified Ontario SR & ED in a "specified taxation year" or in the taxation year immediately preceding the first specified taxation year of the corporation and filed with the current CT23 or CT8. Other corporations may use this schedule, if they have claimed or are claiming a different SR & ED amount for Ontario than for federal income tax purposes.

- **"Specified Taxation Year" (STY)** is the taxation year of the corporation that begins after February 29, 2000 and ends after December 31, 2000.
 - **"Investment Tax Credit Amount" (ITC)** means, in respect of a corporation for a taxation year, an amount deducted by the corporation for a preceding taxation year under subsection 127(5) or (6) of the *Income Tax Act* (Canada) (ITA).
 - **"Qualified Ontario SR & ED Expenditure" (QORD)** means,
 - A. A qualified expenditure within the meaning of subsection 12(1) of the *Corporations Tax Act* (CTA) that is made or incurred by a corporation in a STY or in the taxation year immediately preceding the first STY of the corporation, or
 - B. An expenditure made or incurred by a partnership in a fiscal period that ends in a STY of a corporation if,
 - the corporation is member of the partnership at any time in the STY, and
 - the expenditure would be a qualified expenditure within the meaning of subsection 12(1) of the CTA if it were made by a corporation.
 - **"Ontario Allocation Factor" (OAF)** has the meaning given to that expression by subsection 12(1) of the CTA.
-
- If a corporation includes a federal ITC amount in determining the amount of the Ontario pool of deductible SR & ED expenditures for a STY, the following amounts are adjusted by the OAF:
 - Amount of recaptured federal ITC relating to QORD for property disposed of in the preceding taxation year in 442 on page 2.
 - Amount of federal ITC relating to QORD claimed federally in the preceding taxation year(s) in 462 on page 2.
 - Amount of federal ITC relating to QORD allocated from partnerships in the current taxation year in 465 on page 2.
-
- Federal ITCs earned on shared-use equipment (SUE) reduce the capital cost of the property acquired for federal and Ontario income tax purposes in the taxation year after the taxation year in which the ITC is claimed federally. The amount of the federal ITC that relates to QORD on SUE is added to the SR & ED pool for Ontario purposes in the taxation year after the taxation year in which the ITC is claimed federally.

**Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161**

Page 2 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

Ontario Pool of Deductible SR & ED Expenditures for the current taxation year

Total allowable SR & ED expenditures (capital and current)
(From line 400 federal T661 (T2 SCH32)) + 400 85,447.

Less: Government and non-government assistance
(From line 430 federal T661 (T2 SCH32)) - 430

Preceding year's amount of federal ITC claimed for SR & ED
(From line 435 federal T661 (T2 SCH32)) - 435

Sale of SR & ED capital assets and other deductions
(From line 440 federal T661 (T2 SCH32)) - 440

Amount of recaptured federal ITC (From line 453 federal T661 (T2 SCH32))
relating to QORD for property disposed of in the preceding taxation year 442

Gross-up for Ontario allocation factor From 442 $\div \frac{100.0000}{100} = - 444$
(From 30 of the CT23 or CT8)

Subtotal: 400 - 430 - 435 - 440 - 444 = 445 85,447.

Add: Repayments of government and non-government assistance
(From line 445 federal T661 (T2 SCH32)) + 446

SR & ED expenditure pool transferred on amalgamation or wind-up
(From line 452 federal T661 (T2 SCH32)) + 452

Amount of federal ITC recaptured in the preceding taxation year
(From line 453 federal T661 (T2 SCH32)) + 453

Preceding year's balance in pool of deductible Ontario SR & ED expenditures
(From 480 of the preceding taxation year) + 460

Federal ITC relating to QORD **claimed** federally in the preceding
taxation year(s) + 462
(From 575 on Page 3)

Amount of federal ITC relating to QORD allocated from partnerships
in the current taxation year + 465

Subtotal 462 + 465 = 468

Gross-up for Ontario allocation factor From 468 $\div \frac{100.0000}{100} = + 470$
(From 30 of the CT23 or CT8)

Subtotal: 445 + 446 + 452 + 453 + 460 + 470
(If the amount in 473 is negative, enter zero, in 475, 477 and add 473 to 615 of the 2002 CT23 or CT8
or 616 of the 2003 or later CT23 or CT8. If the amount in 473 is positive, enter the amount in 475.) = 473 85,447.

Amount available for deduction = 475 85,447.

Deduction claimed in the taxation year for Ontario
(Enter the SR & ED expenditure pool deduction claimed in the taxation year in 679 of the CT23 or CT8) - 477 85,447.

**Ontario current taxation year closing balance
in pool of deductible SR & ED expenditures** 475 - 477 = 480
(Transfer this amount to 460 as the carry forward amount for the next taxation year.)

Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161

Page 3 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

**Calculation of Preceding Taxation Year Amount and Account Balances - Federal ITC from SR & ED
Expenditures relating to QORD.**

- This page is used to calculate the amount of the federal ITC that relates to SR & ED performed in Ontario for certain taxation years and is used to increase the amount of the Ontario SR & ED pool on page 2.
- All amounts on this page are based on the preceding taxation year since the amount of the federal ITC that relates to QORD can only be used to increase the Ontario pool for SR & ED in the current taxation year if there was a federal ITC claimed for federal purposes in the preceding taxation year that related to QORD.
- **Do not include amounts** of federal ITCs that relate to QORD that were **allocated from a partnership**. These amounts are added to your SR & ED pool for Ontario in the taxation year that they are allocated from a partnership to a corporation, not in the year after they are claimed federally.

Opening Balance:

(Enter amount **590** from Schedule 161 of the preceding taxation year, if any) + **500**

Add: Amount of federal ITC earned, relating to QORD + **510**
(QORD portion of line **540** federal T2 SCH31 for the preceding taxation year)
Amount of federal ITC earned, relating to QORD, transferred on amalgamation or wind-up + **520**
(QORD portion of line **530** federal T2 SCH31 for the preceding taxation year)

Subtotal: **500** + **510** + **520** = **535**

Deduct: Amount of federal ITC, relating to QORD, claimed federally + **540**
(QORD portion of line **560** federal T2 SCH31 for the preceding taxation year)
Amount of federal ITC, relating to QORD, carried back federally to a preceding taxation year(s) + **550**
(QORD portion of line P federal T2 SCH31 for the preceding taxation year)
A refund of federal ITC, relating to QORD, claimed federally + **560**
(QORD portion of line **610** federal T2 SCH31 for the preceding taxation year)
Amount of federal ITC, relating to QORD, deemed as a remittance of co-op corporations + **570**
(QORD portion of line **510** federal T2 SCH31 for the preceding taxation year)

Subtotal: **540** + **550** + **560** + **570** = **575**
(Transfer this amount to **462** on Page 2)

Deduct: Amount of federal ITC, relating to QORD, expired per the ITA after 10 taxation years - **580**
(QORD portion of line **515** federal T2 SCH31 for the preceding taxation year)

Closing Balance: **535** - **575** - **580** = **590**
(Transfer this amount to **500** as the opening balance for the next taxation year.)

**Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161**

Page 4 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

Continuity Schedule for Federal ITC relating to SR & ED Expenditures for the Preceding Taxation Year

- All amounts on this page are based on the preceding taxation year.
- Amounts on this page should tie into Part 12 of federal T2 SCH31 completed for the preceding taxation year.

Yr. of Origin (Oldest yr. first) yyyy mm dd	Opening Balance	Additions	Deductions (other than amounts that were allocated from a partnership)	Deductions (only amounts that were allocated from a partnership)	Closing Balance
1994-12-31					
1995-12-31					
1996-12-31					
1997-12-31					
1998-12-31					
1999-12-31					
2000-12-31					
2001-12-31					
2002-12-31					
2003-12-31					
2004-12-31					
Totals (see note 1, 2 and 3)	725	740	755	770	785

Notes:

1. The amount in 725 should equal the amount of the investment tax credit at the end of the preceding taxation year less line 515 in Part 12 of the federal T2 SCH31 for the preceding taxation year.
2. The amount in 785 should equal the closing balance in line 620 in Part 12 of the federal T2 SCH31 for the preceding taxation year.
3. It is important that the amounts in the deductions columns on this page correctly reflect the year of origin of the federal ITC claimed because only amounts relating to QORD can be used to increase the Ontario SR & ED pool.

**Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161**

Page 5 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Veridian Connections Inc.	1800328	2005-08-08

**Continuity Schedule for the Amount of Federal ITC from SR & ED Expenditures relating to QORD for
the Preceding Taxation Year**

- This page is required to record the amount of the ITC that relates to QORD by year of origin.
- All amounts on this page are based on the preceding taxation year.
- **Do not** include amounts of federal ITCs that relate to QORD that were **allocated from a partnership** (see text at the top of page 3).

Yr. of Origin (Oldest yr. first) yyyy mm dd	Opening Balance	Additions	Deductions	Closing Balance
2000-12-31				
2001-12-31				
2002-12-31				
2003-12-31				
2004-12-31				
Totals (see note 1 - 6)	825	840	855	870

Notes:

1. The amount in [825] should equal [500] on page 3.
2. The amount in [840] should equal the total of [510] and [520] on page 3.
3. The amount in [855] should equal [575] on page 3.
4. The amount in [870] should equal [590] on page 3.
5. Any deductions that are recorded in the deduction column on this page must be taken out of the same year of origin as indicated in the deduction column on page 4. These deductions must be related to QORD and must not have been allocated from a partnership.
6. The amount of federal ITC relating to QORD will expire if the federal ITC it relates to expires before it is claimed federally.

Canada Revenue
Agency Agence du revenu
du Canada**Client Copy****CLAIM FOR SCIENTIFIC RESEARCH AND
EXPERIMENTAL DEVELOPMENT (SR&ED) CARRIED OUT IN CANADA**

- Use this form to claim SR&ED carried out in Canada during the year. File it with your return of income.
- If you are filing a T2 corporation return of income, place this form on top of the return so that we can identify your SR&ED claim quickly.
- Use a separate form to support SR&ED expenditures incurred by each partnership of which you are a partner.
- Use Guide T4088, *Claiming Scientific Research and Experimental Development Expenditures*, to help you fill out this form. You can also consult our Web site at www.cra.gc.ca/sred/ for an online help guide.
- If the SR&ED was performed in the province of Newfoundland and Labrador, Nova Scotia, New Brunswick, Québec, Ontario, Manitoba, Saskatchewan, or British Columbia, or in the Yukon Territory, you may be entitled to a provincial or territorial tax credit.
- Complete schedules A, B, C, D, E and F, if they apply to your situation.
- Prepare and retain schedules to support the breakdown for each expenditure claimed in this form and on the required attachments.
- On this form, references to the Act are to the *Income Tax Act*. References to the Regulations are to the *Income Tax Regulations*.
- All the information requested in this form including the attachments, schedules and any other document supporting your expenditures is prescribed information. You have to file the information that applies to your claim, along with Schedule T2 SCH 31 or Form T2038(IND), within 12 months of the filing-due date of your return of income for the year you incurred the expenditures. If you do not meet this reporting deadline, we may reject your claim.

Part 1 – General Information

Name of claimant Veridian Connections Inc.		Claimant's business address and postal code 55 Taunton Road East Ajax L1T 3V3 Claimant's Web site (if available) http://www.	
Business Number, social insurance number, or partnership identification number 88628 2920 RC0001		Return for tax year from: 2005-01-01 to: 2005-08-08 Year Month Day Year Month Day	
100 Name of contact person David Clark		142 Is the claim filed for a partnership? 1 Yes ☐ 2 No ☒	
105 Telephone number/extension (905) 427-9870	110 Fax number (905) 619-0210	145 If yes, what is the name of the partnership?	
130 Is this the first time you are claiming for SR&ED? 1 Yes ☒ 2 No ☐		150 Percentage of SR&ED investment tax credits allocated from the partnership %	
132 If not, when was the last claim? Year		155 Name of the person or firm who prepared this claim KPMG LLP	

Certification and Election

I certify that I have examined the information provided on this form, and on the related schedules and attachments and it is true, correct, and complete.

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for the year. I understand that my election (choice) is irrevocable for this year.

- 160 I elect to use the proxy method under clause 37(8)(a)(ii)(B) 1 Yes ☒ 1 No ☐
- 162 I choose to use the traditional method 1 Yes ☐ 1 No ☐

165 David Clark
Name of authorized signing officer of the corporation, authorized partner, or individual

Signature

170 2007-06-22
Date

For Canada Revenue Agency use only

490

491

492

Part 2 – Scientific or Technological Project Information

Provide the information requested in Step 1 on separate sheets of paper for each project, and attach them to this form. If you have more than 20 projects, you only need to provide project descriptions for the 20 that are largest in term of dollar value. For step 2, provide the information requested on this form and complete Schedule E. For more information, see Guide T4088, *Claiming Scientific Research and Experimental Development*.

Step 1 – Detailed project description

Identify each of the projects you are claiming and use questions A to E below to help you provide the information we need to process your claim. If the project is continuing from last year and the objective has not changed or been achieved, you can use the same information that you provided last year for questions A, B and C. Include sufficient information to show how your project work meets the requirements of the SR&ED Program.

We recommend that you read Guide T4088 before you answer questions A to E. This will help you understand the type of information the Canada Revenue Agency needs to process your claim and will reduce or eliminate the need for you to submit more information. It will also help you avoid preparing unnecessary information. Most projects can be described in four pages or less. It would be helpful to take into account whether your project involved experimental development work or scientific research work, because the eligibility requirements for these are different. In general, **experimental development** work is done either in or outside a laboratory in order to achieve a technological advancement for creating new, or improving existing materials, devices, products, or processes. Scientific research work is done mostly in a laboratory setting to obtain new scientific knowledge.

- A. **Scientific or technological objectives** – What is the scientific or technological objective of your project? Does this project involve scientific research or experimental development?
- B. **Technology or knowledge base or level** – If your project work is mostly experimental development, what were the technological limitations of the products or processes before you started your project? If your project work is mostly scientific research, what was the extent of existing scientific knowledge in this area?
- C. **Scientific or technological advancement** – What advancement in technology is being sought? What were the problems or challenges that could not be solved using commonly available techniques requiring you to seek an advance in the underlying technology to achieve the objective in A above? or what was the new scientific knowledge sought in your work? To what field of science or technology would the advance contribute?
- D. **Description of work in the tax year** – Describe the work, including experiments and analyses, that you did in this tax year to achieve the technological or scientific objectives above. If all or part of the work that you are claiming was performed by contractors, include a description of the work performed on your behalf by the contractors or a copy of the statement of work from the contract.
- E. **Supporting information** – What technical records or documents generated over the course of the work, such as records of trials, test results, progress and final reports, minutes of meetings, employee activity records, prototypes, and new products, are available to support your claim?

Step 2 – Project summary information

Total number of projects you are claiming in this tax year. **200** 3

If you received an amount under the Industrial Research Assistance Program (IRAP) for SR&ED type work, please indicate the amount you received. **206**

Complete Schedule E to provide a list of all SR&ED projects for which you are claiming expenditures this year.

Part 3 – Summary of SR&ED Expenditures (nearest dollar)

Step 1 – Allowable SR&ED expenditures for SR&ED carried out in Canada

SR&ED portion of salary or wages of employees directly engaged in SR&ED:

• employees other than specified employees	300	+	20,551
• specified employees (do not include bonuses or remuneration based on profits) (see guide)	305	+	
Amounts deemed incurred in the year under subsection 78(4) (salary or wages)	310	+	
Unpaid amounts deemed not incurred in the year under subsection 78(4)	315		
Cost of materials consumed in the prosecution of SR&ED	320	+	
Cost of materials transformed in the prosecution of SR&ED	325	+	
SR&ED contracts performed on your behalf (complete Schedule F):			
• arm's length contracts	340	+	64,896
• non-arm's length contracts	345	+	
Lease costs of equipment used:			
• all or substantially all (90% of the time or more) for SR&ED	350	+	
• primarily (more than 50% but less than 90% of the time) for SR&ED. Enter only 50% of the lease costs if you use the proxy method. If you use the traditional method, enter "0".	355	+	
Overhead or other expenditures (enter "0" if you use the proxy method)	360	+	
Subtotal (add lines 300 to 360; do not add line 315)	365	=	85,447
Third-party payments (complete Schedule A)	370	+	
Total current SR&ED expenditures (add lines 365 and 370)	380	=	85,447
Capital expenditures (for ASA equipment, see guide)	390	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	=	85,447

Step 2 – Pool of deductible SR&ED expenditures

Amount from line 400			85,447
less			
• government and non-government assistance for expenditures included on line 400	430	–	
• SR&ED ITC claimed last year (other than ITC on shared-use equipment)	435	–	
• sale of SR&ED capital assets (see guide) and other deductions	440	–	
add			
• previous year's ending balance in the pool of deductible SR&ED expenditures	450	+	
• amount of ITC recaptured in the preceding tax year	453	+	
• adjustments to the pool of deductible expenditures (complete Schedule B, Section 1)	454	+	
Amount available for deduction (If the amount is negative, enter "0" and add to income in the year)	455	=	85,447
Deduction claimed in the year	460	–	85,447
Current year's balance of deductible SR&ED expenditures applicable to future years (line 455 minus line 460)	470	=	

Step 3 – Qualified SR&ED expenditures for ITC purposes

Enter the breakdown between current and capital expenditures for ITC purposes.

		Current Expenditures	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	85,447	496
add			
• unpaid amounts (other than salaries or wages) from previous years that were paid in the year under subsection 127(26)	500	+	
• prescribed proxy amount (complete Schedule D); enter "0" if you use the traditional method	502	+	12,814
• expenditures on shared-use equipment (See Note 1)			504
• qualified expenditures transferred to you (from Form T1146)	508	+	510
less			
• government and non-government assistance, and contract payments	534	-	536
• amounts from lines 552 and 554 of Schedule B, Section 2	552	-	554
• amounts from lines 555 and 556 of Schedule C	555	-	556
Subtotal	557	=	98,261
SR&ED qualified expenditure pool (add lines 557 and 558)			559 = 98,261
add			
• Repayments of assistance and contract payments made in the year			560
Total SR&ED expenditures that qualify for ITC purposes (add lines 559 and 560)*			570 = 98,261

*To claim an ITC on this amount, you must complete Schedule T2 SCH 31 – *Investment Tax Credit – Corporation*, or Form T2038(IND), *Investment Tax Credit (Individuals)*, whichever applies.

Note 1

The expenditure is deemed to be 1/4 of the capital cost of the equipment. Certain adjustments may be required if the equipment was purchased from a non-arm's length supplier (see the explanations for lines 522 and 524 in the guide).

Part 4 – Background Information

This information is used to administer the SR&ED program.

Expenditures for SR&ED performed by you (line 400 minus lines 340, 345, and 370)	605	20,551
A. Sources of funds for SR&ED		
From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization		
	Canadian (%)	Foreign (%)
Internal	600	100.000
Parent companies, subsidiaries, and affiliated companies	602	604
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606	
Federal contracts	608	
Provincial funding	610	
SR&ED contract work performed for other companies on their behalf	612	614
Other funding (e.g., universities, foreign governments)	616	618
B. Business personnel		
Total number of employees	630	85
SR&ED personnel (full-time SR&ED staff, plus full-time equivalent for staff engaged part-time in this activity):		
Scientists and engineers	632	1
Managers and administrators	636	1
Technologists and technicians	634	
Other technical supporting staff	638	
C. Nature of SR&ED work		
From the total you entered on line 605, estimate the approximate distribution of your SR&ED effort:		
Basic research (no specific application in view)	650	Applied research (specific practical application in view)
Development of new: product	654	92.000
Improvement to existing: product	660	process
		technical services
		652
		658
		662
		664
D. Specialized field of research		
Indicate, if applicable, the percentage of the amount on line 605 attributed to the following fields of research:		
Software development	670	Biotechnology
		672
		Environmental protection
		674

Complete Claim Checklist

To speed up the processing of your claim, make sure you have:

- | | |
|--|-------------------------------------|
| 1. Used the current version of Form T661 if you are filing a current-year claim | ☒ |
| 2. Signed the "Certification and Election" section in Part 1 of Form T661 | ☒ |
| 3. Indicated the method you have chosen for reporting your SR&ED expenditures in fields 160 or 162 of Part 1 | ☒ |
| 4. Provided a summary of information for each project, with a breakdown of expenditures (labour, materials and contracts) as per Schedule E | ☒ |
| 5. Submitted a detailed project description of your 20 largest projects in terms of their dollar value | ☒ |
| 6. Retained documents prepared to support the SR&ED expenditures claimed in Part 3. If you forget to claim an expenditure, you have up to 12 months after the filing-due date of your tax return for the year to submit an amended Form T661 | ☒ |
| 7. Completed Part 4 - Background Information | ☒ |
| 8. Completed schedule A, B, C, D, E and F, if they apply to your situation, and attached to form T661 | ☒ |
| 9. Filed a completed Schedule T2 SCH 31, <i>Investment Tax Credit - Corporations</i> , or Form T2038 (IND), <i>Investment Tax Credit (Individuals)</i> , to claim ITCs on your qualified SR&ED expenditures | ☒ |

All the information requested in this form including the attachments, schedules and any other document to support your expenditures is prescribed information. You have to file the information that applies to your claim, along with Schedule T2 SCH 31 or Form T2038(IND), within 12 months of the filing-due date of your Income tax return for the year you incurred the expenditures. If you do not meet this reporting deadline, your claim may be rejected.

Schedule A - Third-Party Payments for SR&ED

You must complete a Schedule A for each third-party payment for SR&ED (attach to Form T661)

Schedule B - Special Situations (attach to Form T661).

Section 1 - Adjustments to the pool of deductible SR&ED expenditures incurred in Canada

- | | | | |
|--|-----|---|--|
| • Repayments of government and non-government assistance (include only the repayments of assistance that previously reduced the deductible SR&ED expenditure pool) | 445 | + | |
| • SR&ED expenditure pool transfer from amalgamation or wind-up | 452 | + | |
| Total (add lines 445 and 452) | 454 | = | |

Report on line 454 in Part 3, Step 2 of Form T661

Section 2 - Adjustments to the qualified SR&ED expenditures for ITC purposes

- | | Current Expenditures | Capital Expenditures |
|---|----------------------|----------------------|
| • Unpaid amounts (other than salary or wages on line 315) deemed not to be incurred in the year under subsection 127(26) | 520 | - |
| • Current expenditures for SR&ED contract paid or payable to, or for the benefit of a person or partnership that is not a taxable supplier in respect of the expenditures | 528 | - |
| • Prescribed expenditures (Section 2902 of the Regulations) | 530 | 532 |
| • Other deductions (see guide) | 548 | 550 |
| Total (add lines 520, 528, 530, and 548, also add lines 532 and 550) | 552 | 554 |

Report on lines 552 and 554 respectively in Part 3, Step 3 of Form T661

Schedule C - Non-Arm's Length Transactions (attach to Form T661).

Adjustments to the qualified SR&ED expenditures for ITC purposes

- | | Current Expenditures | Capital Expenditures |
|--|----------------------|----------------------|
| • Purchases of goods and services from non-arm's length suppliers (except for shared-use-equipment) (see note 1) | 522 | 524 |
| • Expenditures for non-arm's length SR&ED contracts (from line 345) | 526 | - |
| • Assistance allocated to you (from Form T1145) | 538 | 540 |
| • Qualified expenditures you transferred (from Form T1146) | 544 | 546 |
| Total (add lines 522, 526, 538, and 544, also add lines 524, 540, 546) | 555 | 556 |

Report on line 555 and 556 respectively in Part 3, Step 3 of Form T661

Note 1

Subsections 127(11.6) to (11.8) provide rules for determining a taxpayer's expenditures to services rendered by, or property acquired from, a non-arm's length supplier. On line 522, enter the difference, if any, between the amount included in your SR&ED expenditure pool for the purchases of goods and services from non-arm's length suppliers and the expenditure's deemed amount under subsection 127(11.6) (read the Guide).

T661 Schedule D – Calculation of Salary Base and Prescribed Proxy Amount

If you are using the proxy method, complete this calculation table and attach it to Form T661.

This table will help you to calculate the prescribed proxy amount (PPA) to enter on line 502 of Form T661. You can only claim a PPA if you elected in Part 1 of Form T661 (line 160) to use the proxy method for the year.

The PPA is 65% of the salary base determined in Section A. The salary base is the total of salary or wages paid to and incurred for the employees directly engaged in SR&ED in Canada during the year.

Special rules apply for specified employees. Calculate your salary base in Section A, the PPA in Section B, and the salary or wages of specified employees eligible to be included in the salary base in Section C.

Section A – Salary base

Salary or wages of employees directly engaged in SR&ED, other than specified employees
(from line 300) **810** + 20,551

Less:

Remuneration based on profits, bonuses, and taxable benefits under sections 6 and 7 of the Act, included
on line 810 above **812** – 837

Subtotal (line 810 minus line 812) **814** = 19,714

Plus:

Total salary or wages of specified employees directly engaged in SR&ED
(per Section C, total of column 6 below) **816** +

Salary base (total of lines 814 and 816) **818** = 19,714

Section B – Prescribed Proxy Amount

Calculate 65 % of the salary base per line 818 **820** = 12,814

Report the PPA on line 502 of Part 3, Step 3 of Form T661.

In certain situations, an overall cap on the PPA may limit the amount otherwise determined (see Table 7 in the guide).

Section C – Determining the salary or wages of specified employees

Special rules apply to restrict the amount of salary or wages of specified employees that you can include in the salary base. Use the chart below to calculate this amount.

850	852	854	856		858	860
Column 1	Column 2	Column 3	Column 4	Column 4a	Column 5**	Column 6
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED)*	Percentage of time spent on SR&ED in Canada (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	Number of days in taxation year employed (maximum 365 days)	2.5 x A x B ÷ 365	Amount in column 4 or 5, whichever amount is less

Total (enter total of column 6 amounts on line 816 in Section A above).

* Do not include bonuses, remuneration based on profits, or taxable benefits under sections 6 and 7 of the Act.

** A is the year's maximum pensionable earnings (section 18 of the *Canada Pension Plan*) for the calendar year in which your tax year ends. The year's maximum pensionable earnings for 2007 are \$43,700 (total \$43,700 x 2.5 = \$109,250), for 2006 they are \$42,100 (total \$42,100 x 2.5 = \$105,250), for 2005 they are \$41,100 (total \$41,100 x 2.5 = \$102,750), and for 2004 they are \$40,500 (total \$40,500 x 2.5 = \$101,250).

B is the number of days in the taxation year that you employ the individual.

T661 Schedule E – List of All SR&ED Projects Claimed in the Year

For each project you are claiming, provide the following information using the table below. Expenditures should be recorded and allocated on a project basis.

210	212	214	216	218	220
Project identification: code or name	Start date (yyyy/mm/dd)	Finish date (yyyy/mm/dd) Actual or expected	Total labour expenditures in tax year	Total expenditures of materials in tax year	Total contract expenditures in tax year
1. 2005-1 Line Loss Reduction With Cai	2005-06-01	2005-10-31	1,459		3,375
2. 2005-2 Understanding Strain Insulat	2005-01-01	2005-02-28	1,638		
3. 2005-3 Geographic Information Syst	2005-01-01	2007-12-31	17,454		61,521
Total			20,551		64,896

Use copies of this schedule if you have more than 50 projects and attach them to Form T661.

T661 Schedule F – Expenditures for SR&ED Contracts

Schedule F – Arm's Length and Non-Arm's Length SR&ED Contracts (attach to Form T661).

Complete this schedule only if the total dollar amount per contractor for the year is greater than \$30,000. If necessary, use copies of this schedule and attach them to Form T661.

Section A – Number of contractors for whom you have to report and provide details in Sections B and C

Arm's length contractors (Complete section B below)	1 900
Non-arm's length contractors (Complete section C below)	920

Section B – Complete this section for each arm's length contractor

902 Name of contractor	904 Contractor's Business No. or GST Registration No.	906 Number of contracts per contractor	908 Total dollar amount per contractor greater than \$30,000	910 Project code for expenditures claimed in the year (if available)	912 Total contract expenditures in tax year
Intergraph Canada Ltd	102505419	1	61,521	2005-3	61,521
The total of column 912 is included in the total of line 340 in Part 3, Step 1 of Form T661.					Total 61,521

Section C – Complete this section for each non-arm's length contractor

922 Name of contractor	924 Contractor's Business No. or GST Registration No.	926 Number of contracts per contractor	928 Total dollar amount per contractor greater than \$30,000	930 Project code for expenditures claimed in the year (if available)	932 Total contract expenditures in tax year
The total of column 932 is included in the total of line 345 in Part 3, Step 1 of Form T661.					Total