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

T2 CORPORATION INCOME TAX RETURN

200
Code 0301

055 Do not use this area

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

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

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

Amended
2002

Identification

Business Number (BN) 001 863605929RC0001

Corporation's name

002 NIAGARA-ON-THE-LAKE HYDRO INC.

Has the corporation changed its name since the last time we were notified? ... 003 1 Yes ☐ 2 No ☒

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

Address of head office

Has the address changed since the last time we were notified? ..... 010 1 Yes ☐ 2 No ☒

011 P.O. Box 460

012 8 Henegan Road

City	Province, territory, or state
015 Virgil	016 ON
Country (other than Canada)	Postal code/ZIP code
017	018 L0S-1T0

Mailing address (if different from head office address)

Has the address changed since the last time we were notified?

020 1 Yes ☐ 2 No ☒

021 c/o

022

023

City	Province, territory, or state
025	026
Country (other than Canada)	Postal code/ZIP code
027	028

Location of books and records

031 P.O. BOX 460, 8 HENEGAN ROAD

032

City	Province, territory, or state
035 Virgil	036 ON
Country (other than Canada)	Postal code/ZIP code
037	038 L0S-1T0

040 **Type of corporation at the end of the taxation year**

1 ☒ Canadian-controlled private corporation (CCPC)
2 ☐ Other private corporation
3 ☐ Public corporation
4 ☐ Corporation controlled by a public corporation
5 ☐ Other corporation (specify, below)

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

To which taxation year does this return apply?

Taxation year start	Taxation year-end
060 2002-01-01 YYYY/MM/DD	061 2002-12-31 YYYY/MM/DD

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

If *Yes*, give 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 and attach Schedule 24.

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

If *yes*, complete and attach Schedule 24.

Is this the final taxation 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.

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)(t)
4 ☐ Exempt under other paragraphs of section 149

PLEASE KEEP FOR REFERENCE

Attachments

Financial statement information: For taxation years ending in 2000 and later, use GIFI schedules 100, 125, and 141. * We do not print these schedules.

Schedules – Answer the following questions. For each *Yes* response, attach to the T2 return the schedule that applies.

Guide item			Yes	Schedule
27	Is the corporation related to any other corporations?	150	X	9
28	Does the corporation have any non-resident shareholders?	151		19
29	Is the corporation an associated Canadian-controlled private corporation?	160	X	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161		49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
33	If you answered *Yes* to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167		T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168		22
41	Did the corporation have any foreign affiliates during the year?	169		25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal *Income Tax Regulations*?	170		29
43	Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172		——
46	For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
55	Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
78-81	Has the corporation made any charitable donations, gifts to Canada, a province, or a territory, or gifts of cultural or ecological property?	202		2
82,104	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
69-76	Is the corporation claiming any type of losses?	204	X	4
132	Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206		6
103	i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207		7
57	Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
58	Does the corporation have any property that is eligible capital property?	210	X	10
59	Does the corporation have any resource-related deductions?	212		12
60	Is the corporation claiming reserves of any kind?	213		13
61	Is the corporation claiming a patronage dividend deduction?	216		16
62	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
150	Is the corporation an investment corporation or a mutual fund corporation?	218		18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
118	Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26 *
111	Does the corporation have any Canadian manufacturing and processing profits?	227		27
121	Is the corporation claiming an investment tax credit?	231		31
63	Is the corporation claiming any scientific research and experimental development expenditures?	232		T661
124	Is the corporation subject to gross Part I.3 tax?	233	X	33/34/35
124	Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236	X	36
124	Is the corporation claiming a surtax credit?	237		37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
128	Is the corporation claiming a Part I tax credit?	242		42
129	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
125	Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	249		46
128	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
128	For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251		40
128	For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252		41
152	Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131

Attachments – continued from page 2

Guide	Item	Yes	Schedule
130	Is the corporation subject to Part XIII.1 tax?		92 *
153	Is the corporation claiming a film or video production services tax credit refund?		T1177
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?		T1134-A
44	Did the corporation have any controlled foreign affiliates?		T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over $100,000?		T1135
44	Did the corporation transfer or loan property to a non-resident trust?		T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?		T1142
—	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?		T1145
—	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?		T1146
—	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?		T1174
—	Is the corporation claiming the BC mining exploration tax credit?		421
—	Is the corporation claiming the BC SR&ED tax credit?		T666

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? (Only complete if *Yes* was entered at line 281.) 282

If the major activity involves the resale of goods, indicate 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	Electrical Distribut	285	99%
286		287	0%
288		289	0%

Did the corporation immigrate to Canada during the taxation year? 291 1 Yes ☐ 2 No ☒

Did the corporation emigrate from Canada during the taxation year? 292 1 Yes ☐ 2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI			300	439,175 A
Deduct: Charitable donations from Schedule 2	311	0		
Gifts to Canada, a province, or a territory from Schedule 2	312	0		
Cultural gifts from Schedule 2	313	0		
Ecological gifts from Schedule 2	314	0		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	0		
Part VI.1 tax deduction from Schedule 43	325	0		
Non-capital losses of preceding taxation years from Schedule 4	331	77,446		
Net-capital losses of preceding taxation years from Schedule 4	332	0		
Restricted farm losses of preceding taxation years from Schedule 4	333	0		
Farm losses of preceding taxation years from Schedule 4	334	0		
Limited partnership losses of preceding taxation years from Schedule 4	335	0		
Taxable capital gains or taxable dividends allocated from a central credit union	340	0		
Prospector's and grubstaker's shares	350	0		
Subtotal		77,446		77,446 B
Subtotal (amount A minus amount B) (if negative, enter "0")				361,729 C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions			355	0 D
Taxable income (amount C plus amount D)			360	361,729
Income exempt under paragraph 149(1)(t)			370	0
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)				361,729 Z

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7 ..... 400 439,175 A

Taxable income from line 360 on page 3, **minus** 10/3 of the amount at line 632* on page 7, **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax ... 405 361,729 B

Calculation of the business limit:
For all CCPCs, calculate the amount at line 4 below.

200,000	x	Number of days in the taxation year before 2003 / Number of days in the taxation year	365 / 365	=	200,000	1
225,000	x	Number of days in the taxation year in 2003 / Number of days in the taxation year	0 / 365	=	0	2
250,000	x	Number of days in the taxation year in 2004 / Number of days in the taxation year	0 / 365	=	0	3
275,000	x	Number of days in the taxation year in 2005 / Number of days in the taxation year	0 / 365	=	0	3.1

Add amounts at lines 1, 2, 3, and 3.1 200,000 4

Business limit (see notes 1 and 2 below) ..... 410 200,000 C

Notes: 1. For CCPCs that are note associated, enter the amount from line 4 at line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of dyas in the taxation year divided by 365, and enter the result on line 410.

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

Business limit reduction:

Amount C 200,000 x 415 *** 9,945 / 11,250 D = ... 176,800 E

Reduced business limit (amount C minus amount E) (if negative, enter "0") ..... 425 23,200 F

Small business deduction - 16.00% of whichever amount is least: A, B, C, or F ..... 430 3,712 G
(enter amount G on line 9 of page 7)

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

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

*** **Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus $10,000,000).
- If the corporation is not associated with any corporation in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporation in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:
  - starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its **preceding** taxation year; or
  - starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction

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

Reduced business limit (amount from line 425) ..... 23,200 x 300,000 / line 4 above = 34,800 A

Net active business income (amount from line 400) * ..... 439,175 B

Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt for Part I Tax ..... 361,729 C

Deduct:

Aggregate investment income (amount from line 440 of page 6) ..... 0 D

Amount C minus amount D (if negative, enter "0") ..... 361,729 361,729 E

Amount A, B, or E above, whichever is less ..... 34,800 F

Amount Z from Part 9 of Schedule 27 ..... 0 x 100/7 = 0 G

Amount QQ from Part 13 of Schedule 27 ..... 0 H

Taxable resource income from line 435 of page 5 ..... 0 I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) .. 0 J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less .. 23,200 K

Total of amounts G, H, I, J, and K ..... 23,200 23,200 L

Amount F minus amount L (if negative, enter "0") ..... 11,600 M

Accelerated tax reduction - 7% of amount M (enter amount N on line 637 of page 7) ..... 812 N

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

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

Resource deduction

Taxable resource income						435	0 A
Amount A	0	x	Number of days in the taxation year in 2003 / Number of days in the taxation year	0 / 365	x 1% =		0 B
Amount A	0	x	Number of days in the taxation year in 2004 / Number of days in the taxation year	0 / 365	x 2% =		0 C
Amount A	0	x	Number of days in the taxation year in 2005 / Number of days in the taxation year	0 / 365	x 3% =		0 C.1
Resource deduction – total of amounts B, C, and C.1 (enter amount D on line 10 of page 7)						438	0 D

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 on page 3			361,729 E
Amount Z from Part 9 of Schedule 27	0 x 100/7	0 F	
Amount QQ from Part 13 of Schedule 27		0 G	
Taxable resource income from line 435 above		0 H	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		0 I	
Amount on line 400, 405, 410, or 425 on page 4, whichever is less		23,200 J	
Aggregate investment income from line 440 of page 6		0 K	
Amount used to calculate the accelerated tax reduction (amount M of page 4)		11,600 L	
Total of amounts F, G, H, I, J, K, and L		34,800	34,800 M
Amount E minus amount M (if negative, enter "0")			326,929 N

Amount N	326,929	x	Number of days in the taxation year in 2001 / Number of days in the taxation year	0 / 365	x 1% =	0
Amount N	326,929	x	Number of days in the taxation year in 2002 / Number of days in the taxation year	365 / 365	x 3% =	9,808 O
Amount N	326,929	x	Number of days in the taxation year in 2003 / Number of days in the taxation year	0 / 365	x 5% =	0 P
Amount N	326,929	x	Number of days in the taxation year after 2003 / Number of days in the taxation year	0 / 365	x 7% =	0 Q
General tax reduction for Canadian-controlled private corporations - total of amounts year 2001, O, P, and Q (enter amount R on line 638 of page 7)						9,808 R

General tax reduction

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

Taxable income from line 360 of page 3			0 S
Amount Z from Part 9 of Schedule 27	0 x 100/7	0 T	
Amount QQ from Part 13 of Schedule 27		0 U	
Taxable resource income from line 435 above		0 V	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		0 W	
Total of amounts T, U, V, and W		0	0 X
Amount S minus amount X (if negative, enter "0")			0 Y

Amount Y	0	x	Number of days in the taxation year in 2001 / Number of days in the taxation year	0 / 365	x 1% =	0
Amount Y	0	x	Number of days in the taxation year in 2002 / Number of days in the taxation year	365 / 365	x 3% =	0 Z
Amount Y	0	x	Number of days in the taxation year in 2003 / Number of days in the taxation year	0 / 365	x 5% =	0 AA
Amount Y	0	x	Number of days in the taxation year after 2003 / Number of days in the taxation year	0 / 365	x 7% =	0 BB
General tax reduction - total of amounts year 2001, Z, AA, and BB (enter amount CC on line 639 of page 7)						0 CC

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income (amount P from Part 1 of Schedule 7) .... 440 0 x 26 2/3% = ... 0 A

Foreign non-business income tax credit from line 632 on page 7 0

Deduct:

Foreign investment income (amount O from Part 1 of Schedule 7) ..... 445 0 x 9 1/3% = ... 0

(if negative, enter "0") 0 — 0 B

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

Taxable income from line 360 on page 3 361,729

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is less 23,200

Foreign non-business income tax credit from line 632 of page 7 ..... 0 x 25/9 = 0

Foreign business income tax credit from line 636 of page 7 ..... 0 x 3 = 0

23,200 — 23,200

338,529 x 26 2/3% = 90,274 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) ... 91,003

Deduct: Corporate surtax from line 600 of page 7 4,051

Net amount ..... 86,952 — 86,952 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is less ..... 450 0 F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year 460 0

Deduct: Dividend refund for the previous taxation year 465 0

0 — 0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 0

Total Part IV tax payable from line 360 on page 2 of Schedule 3 0

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation 480 0

0 — 0 B

Refundable dividend tax on hand at the end of the taxation year – Amount A plus amount B 485 0

Dividend refund

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

Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3 ..... 0 x 1/3 0 A

Refundable dividend tax on hand at the end of the taxation year from line 485 above ..... 0 B

Dividend refund – Amount A or B, whichever is less (enter this amount on line 784 of page 8) 0

Part I tax

Base amount of Part I tax – 38.00% of taxable income (line 360 or amount Z, whichever applies) from page 3 ..... 550 137,457 A

Corporate surtax calculation

Base amount from line A above		137,457	1
Deduct:			
10% of taxable income (line 360 or amount Z, whichever applies) from page 3		36,173	2
Investment corporation deduction from line 620 below		0	3
Federal logging tax credit from line 640 below		0	4
Federal qualifying environmental trust tax credit from line 648 below		0	5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:			
28.00% of taxable income from line 360 of page 3	0 a		
28.00% of taxed capital gains	0 b	0	6
Part I tax otherwise payable (line A **plus** lines C and D **minus** line F)	0 c		
Total of lines 2 to 6		36,173	7
Net amount (line 1 minus line 7)		101,284	8

Corporate surtax – 4.00% of the amount on line 8 ..... 600 4,051 B

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 ..... 602 0 C

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

Aggregate investment income from line 440 on page 6		0	i
Taxable income from line 360 on page 3	361,729		
Deduct:			
Amount on line 400, 405, 410, or 425 of page 4, whichever is less	23,200		
Net amount	338,529	338,529	ii

Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii ..... 604 0 D

Subtotal (add lines A, B, C, and D) 141,508 E

Deduct:

Small business deduction from line 430 of page 4			3,712	9
Federal tax abatement	608		36,173	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616		0	
Investment corporation deduction	620		0	
(taxed capital gains 624 0)				
Additional deduction – credit unions from Schedule 17	628		0	
Federal foreign non-business income tax credit from Schedule 21	632		0	
Federal foreign business income tax credit from Schedule 21	636		0	
Accelerated tax reduction from amount N of page 4	637		812	
Resource deduction from line 438 of page 5			0	10
General tax reduction for CCPCs from amount R of page 5	638		9,808	
General tax reduction from amount CC of page 5	639		0	
Federal logging tax credit from Schedule 21	640		0	
Federal political contribution tax credit	644		0	
Federal political contributions 646 0				
Federal qualifying environmental trust tax credit	648		0	
Investment tax credit from Schedule 31	652		0	
Subtotal			50,505	50,505 F

Part I tax payable – Line E minus line F (enter amount G on line 700 of page 8) ..... 91,003 G

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	91,003
Part I.3 tax payable from Schedule 33, 34, or 35	704	5,997
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		97,000

Add provincial and territorial tax:

Provincial or territorial jurisdiction 750 ON

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

Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta)	760	0	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	0	
		0	0
Total tax payable	770		97,000 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	0	
Dividend refund from page 6	784	0	
Federal capital gains refund from Schedule 18	788	0	
Federal qualifying environmental trust tax credit refund	792	0	
Canadian film or video production tax credit refund from Form T1131	796	0	
Film or video production services tax credit refund from Form T1177	797	0	
Tax withheld at source	800	0	
Total payments on which tax has been withheld 801		0	
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	0	
Provincial and territorial capital gains refund from Schedule 18	808	0	
Provincial and territorial refundable tax credits from Schedule 5	812	0	
Royalties deductible under Syncrude Remission Order 815		0	
Tax remitted under Syncrude Remission Order	816	0	
Tax instalments paid	840	86,892	
Total credits	890	86,892	86,892 B
Balance (line A minus line B)			10,108

Refund code 894 0 Overpayment 0

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.
We do not charge or refund a difference of less than $2.

Balance unpaid 10,108

Enclosed payment 898 10,108

Direct deposit request

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

☐ Start ☐ Change information 910 _____ Branch number

914 _____ Institution number 918 _____ Account number

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

Certification

I, 950 MURPHY (Last name in block letters) 951 ROSE (First name in block letters) 954 Mgr of Finance and Administrat (Position, office or rank)

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

955 2003-03-08 (Date (yyyy/mm/dd)) _____ (Signature of the authorized signing officer of the corporation) 956 905-468-4235 (Telephone number)

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

958 _____ (Name in block letters) 959 _____ (Telephone number)

Language of correspondence - Langue de correspondance

990 Indicate the language of your choice.
Indiquer la langue de correspondance de votre choix.

1 English/Anglais [X] 2 Français/French ☐

NIAGARA-ON-THE-LAKE HYDRO INC. Sch. 001
Account/Business No.: 863605929RC0001 Year Ended: 2002-12-31

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and extraordinary items per financial statements			632,452 A
Additions:			
Provision for income taxes - current	101	110,706	
Amortization of tangible assets	104	933,897	
Income or loss for tax purposes - joint ventures or partnerships	109	2,175	
Loss on disposal of assets	111	108,503	
Subtotal of additions		1,155,281	1,155,281
Other Additions:			
Miscellaneous Other Additions:			
600 Change in employee future benefits	290	21,783	
601 Non-capital portion of Pre PIL extraord item	291	6,217	
Subtotal of Other Additions	199	28,000	28,000
Total Additions	500	1,183,281	1,183,281
Deductions:			
Capital cost allowance from Schedule 8	403	1,225,686	
Cumulative eligible capital deduction from Schedule 10	405	1,643	
Subtotal of Deductions		1,227,329	1,227,329
Other Deductions:			
Miscellaneous Other Deductions:			
700 Deduct change in variance accounts	390	149,229	
Subtotal of Other Deductions	499	149,229	149,229
Total Deductions	510	1,376,558	1,376,558
Net income (loss) for income tax purposes (enter on line 300 on the T2 return)			439,175

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

CORPORATION LOSS CONTINUITY AND APPLICATION
(2000 and later taxation years)

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to prior years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For a detailed description and calculation of these losses, see Interpretation Bulletin IT-232, "Losses - Their Deductibility in the Loss Year or in Other Years." For information on these losses, see the "T2 Corporation Income Tax Guide."
- File one completed copy of this schedule with the T2 return, or forward it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs, referred to on this schedule are from the federal "Income Tax Act."

Part 1 - Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes		439,175
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter as a positive amount)	0	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	0	
Amount of Part VI.1 tax deductible	0	
Amount deductible as prospector's and grubstaker's shares - Paragraph 110(1)(d.2)	0	0
Subtotal (if positive, enter "0")		0
Deduct: (increase a loss)		
Section 110.5 - Addition for foreign tax deductions		0
Subtotal		0
Add: (decrease a loss)		
Current-year farm loss		0
Current-year non-capital loss (if positive, enter "0")		0

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year		77,446	
Deduct: Non-capital loss expired after seven taxation years	100	0	
Non-capital losses at beginning of taxation year	102	77,446	
Add: Non-capital losses transferred on amalgamation or wind-up of subsidiary corporation	105	0	
Current-year non-capital loss (from calculation above)	110	0	77,446

Continuity of non-capital losses and request for a carryback (cont'd)

Deduct:

Amount applied against taxable income (enter on line 331 of the T2 return)	130	77,446	
Amount applied against taxable dividends subject to Part IV tax	135	0	
Section 80 - Adjustments for forgiven amounts	140	0	
Subsection 111(10) - Adjustments for fuel tax rebate		0	
Other adjustments	150	0	77,446
		Subtotal	0

Deduct - Request to carry back non-capital loss to:

First preceding taxation year to reduce taxable income	901	0	
Second preceding taxation year to reduce taxable income	902	0	
Third preceding taxation year to reduce taxable income	903	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax	911	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	912	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	913	0	0
Non-capital losses - Closing balance	180		0

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator 190 Yes [ ]

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

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding taxation year	200	0	
Capital losses transferred on amalgamation or wind-up of subsidiary corporation	205	0	
Current-year capital loss (from Schedule 6 calculation)	210	0	0
Add:			
Allowable business investment loss expired as non-capital loss 0x 4/3	220		0
		Subtotal	0
Deduct:			
Amount applied against current-year capital gain (see note 1)	225	0	
Section 80 - Adjustments for forgiven amounts	240	0	
Other adjustments	250	0	0
		Subtotal	0

Deduct - Request to carry back capital loss to: (see note 2)

	Capital gain (100%)		Amount carried back (100%)	
First preceding taxation year	0	951	0	
Second preceding taxation year	0	952	0	
Third preceding taxation year	0	953	0	0
Capital losses - Closing balance		280		0

Part 2 - Capital losses

Continuity of capital losses and request for a carryback (cont'd)

Capital losses carried back to taxation years ending before February 28, 2000, the inclusion rate is 3/4.
Capital losses carried back to taxation years starting after October 17, 2000, the inclusion rate is 2/3.
For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion rate will be determine by dividing the total taxable capital gain by the total capital gain.

Note 1
On line 332 of the T2 return, enter the amount from line 225 multiplied by the current year inclusion rate (see Schedule 6.)
Note 2
Enter on lines 225, 951, 952, or 953, whichever is applicable, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss it is applied.

Part 3 - Farm losses

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year		0	
Deduct: Farm loss expired after 10 taxation years	300	0	
Farm losses at beginning of taxation year	302	0	
Add: Farm losses transferred on amalgamation or wind-up of subsidiary corporation	305	0	
Current-year farm loss	310	0	0
Deduct:			
Amount applied against taxable income (enter on line 334 of the T2 return)	330	0	
Amount applied against taxable dividends subject to Part IV tax	335	0	
Section 80 - Adjustment forgiven amount	340	0	
Other adjustments	350	0	0
		Subtotal	0
Deduct - Request to carry back farm loss to:			
First preceding taxation year to reduce taxable income	921	0	
Second preceding taxation year to reduce taxable income	922	0	
Third preceding taxation year to reduce taxable income	923	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax	931	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	932	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	933	0	0
Farm losses - Closing balance	380		0

Restricted Farm Loss Determination:
Is the corporation exempt from the restricted farm loss rules?
(A reply of "NO" triggers the restricted farm loss rules.) [Y/N] [Y]

Part 4 - Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business	485		0 A
Minus the deductible farm loss:			
$2,500 plus B or C, whichever is less		2,500	
(Amount A above 0 - $2,500) divided by 2 = 0 B			
6,250 C		0	2,500
Current-year restricted farm loss (enter this amount on line 410)			0

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year		0	
Deduct: Restricted farm loss expired after 10 taxation years	400	0	
Restricted farm losses at beginning of taxation year	402	0	
Add: Restricted farm losses transferred on amalgamation or wind-up of subsidiary corporation	405	0	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	0	0
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return)	430	0	
Section 80 - Adjustments for forgiven amounts	440	0	
Other adjustments	450	0	0
		Subtotal	0
Deduct - Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income	941	0	
Second preceding taxation year to reduce farming income	942	0	
Third preceding taxation year to reduce farming income	943	0	0
Restricted farm losses - Closing balance	480		0

Note

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

Part 5 - Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year			0
Deduct: Listed personal property loss expired after seven taxation years	500		0
Listed personal property losses at beginning of taxation year	502		0
Add: Current-year listed personal property loss (from Schedule 6)	510		0
		Subtotal	0
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530	0	
Other adjustments	550	0	0
		Subtotal	0
Deduct - Request to carry back listed personal property loss to:			
First preceding taxation year to reduce listed personal property gains	961	0	
Second preceding taxation year to reduce listed personal property gains	962	0	
Third preceding taxation year to reduce listed personal property gains	963	0	0
Listed personal property losses - Closing balance	580		0

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

Non-capital losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce Taxable Income	Applied to Reduce Part IV Tax	Balance at End of Year
Current	N/A	0	0	0	N/A	0	0
2001	77,446	N/A	0	N/A	77,446	0	0
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0 *
Total	77,446	0	0	0	77,446	0	0

Farm losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce Taxable Income	Applied to Reduce Part IV Tax	Balance at End of Year
Current	N/A	0	0	0	N/A	0	0
2001	0	N/A	0	N/A	0	0	0
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0
1994	0	N/A	0	N/A	0	0	0
1993	0	N/A	0	N/A	0	0	0 *
Total	0	0	0	0	0	0	0

Restricted farm losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back	Applied to Reduce Taxable Income	Applied to Reduce Part IV Tax	Balance at End of Year
Current	N/A	0	0	0	N/A	N/A	0
2001	0	N/A	0	N/A	0	N/A	0
2001	0	N/A	0	N/A	0	N/A	0
2000	0	N/A	0	N/A	0	N/A	0
1999	0	N/A	0	N/A	0	N/A	0
1998	0	N/A	0	N/A	0	N/A	0
1997	0	N/A	0	N/A	0	N/A	0
1996	0	N/A	0	N/A	0	N/A	0
1995	0	N/A	0	N/A	0	N/A	0
1994	0	N/A	0	N/A	0	N/A	0
1993	0	N/A	0	N/A	0	N/A	0 *
Total	0	0	0	0	0	N/A	0

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

NIAGARA-ON-THE-LAKE HYDRO INC. Sch. 008
Account/Business No.: 863605929RC0001 Year Ended: 2002-12-31

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N

Class No. [200]	UCC at Beginning of Year [201]	Cost of Additions During Year [203]	Adjustments [205]	Lesser of Cost or Proceeds [207]	1/2 of [203]-[207] [211]	Rate % [212]	Recapture of Capital Cost Allowance [213]	Terminal Loss [215]	Capital Cost Allowance [217]	Undepreciated Capital Cost end of year [220]
1	7,362,329	500,339	0	0	250,169	4	0	0	304,500	7,558,168
2	4,978,552	0	0	0	0	6	0	0	298,713	4,679,839
1	1,417,276	159,486	0	0	79,743	4	0	0	59,881	1,516,881
2	956,315	0	0	0	0	6	0	0	57,379	898,936
1	258,467	12,258	0	0	6,129	4	0	0	10,584	260,141
2	162,505	0	0	0	0	6	0	0	9,750	152,755
1	757,287	1,658	0	0	829	4	0	0	30,325	728,620
2	301,372	119,842	0	0	59,921	6	0	0	21,678	399,536
8	20,399	3,806	0	0	1,903	20	0	0	4,460	19,745
8	56,708	150,719	0	0	75,359	20	0	0	26,414	181,013
10	60,085	18,707	0	0	9,353	30	0	0	20,832	57,960
12	141,607	106,438	0	0	53,219	100	0	0	194,826	53,219
10	270,587	289,930	0	32,500	128,715	30	0	0	119,791	408,226
8	260,187	0	0	0	0	20	0	0	52,037	208,150
17	3,919	0	0	0	0	8	0	0	314	3,605
8	5,698	0	0	0	0	20	0	0	1,140	4,558
17	29,395	0	0	0	0	8	0	0	2,352	27,043
6	11,698	0	0	0	0	10	0	0	1,170	10,528
8	9,496	0	0	0	0	20	0	0	1,899	7,597
1	89,093	0	0	0	0	4	0	0	3,564	85,529
2	67,956	0	0	0	0	6	0	0	4,077	63,879
Total	17,220,931	1,363,183	0	32,500	665,340		0	0	1,225,686	17,325,928

NIAGARA-ON-THE-LAKE HYDRO INC.

Sch. 009

Account/Business No.: 863605929RC0001 Year Ended: 2002-12-31

RELATED AND ASSOCIATED CORPORATIONS

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

Name [100]	Ctry of residence [200]	Business Number (Note) [300]	Relationship Code [400]	Number of common shares owned [500]	% of common shares owned [550]	Number of preferred shares owned [600]	% of preferred shares owned [650]	Book value of capital stock [700]
Niagara-on-the-Lake Energy Inc		863761490RC0001	1	1,001	100.00	0	0.00	6,901,334
Energy Services Niagara Inc.		863606125RC0001	3	0	0.00	0	0.00	0
Town of Niagara-on-the-Lake			4	0	0.00	0	0.00	0

Note: Enter "NR" if a corporation is not registered.

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- 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.
- This form applies to taxation years that end after February 27, 2000.

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

Cumulative eligible capital - Balance at end of preceding taxation year (if negative, enter "0")					200	23,469	A
Add:							
Cost of eligible capital property acquired during the taxation year	222	0	B				
Amount transferred on amalgamation or wind-up of subsidiary	224	0	C				
Other adjustments	226	0	D				
(add amounts B, C, and D)		0	x 0.75	=		0	E
Subtotal (amount A **plus** amount E)					230	23,469	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	0	G				
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244	0	H				
Other adjustments	246	0	I				
(add amounts G, H, and I)		0	x 0.75	=	248	0	J
Cumulative eligible capital balance (amount F **minus** amount J) (if amount K is negative, enter "0" at line M and proceed to Part 2)						23,469	K
Current year deduction (enter amount L at line 405 of Schedule 1)		amount K	23,469	x 7.00%	= 250	1,643	L
Cumulative eligible capital - Closing balance Amount K **minus** amount L (if negative, enter "0")					300	21,826	M

Note

You can claim any amount up to the maximum deduction of 7%. For taxation years starting after December 21, 2000, 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 above (show as a positive amount)				0	N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988	400		0 1		
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7)	401		0 2		
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	402	0 3			
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	408	0 4			
Line 3 **minus** line 4		0	0 5		
Total of lines 1, 2, and 5			0 6		
Line T from Schedule 10 of previous taxation years ending after February 27, 2000	409		0 7		
Line 6 **minus** line 7			0	0	O
Line N **minus** line O (cannot be negative)				0	P
Amount on line 5 0 x 1/2				0	Q
Line P **minus** line Q				0	R
Amount on line R 0 x 2/3 *				0	S
Lesser of line N or line O				0	T
Amount to be included in income on line 108 of Schedule 1, line S **plus** line T For taxation years ending before February 28, 2000, line N - line Q			410	0	

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

AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT (2003 and later taxation years)

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.

- An associated CCPC that has more than one taxation year ending in a calendar year, is required to file an agreement for each taxation year ending in that calendar year.

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

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

Column 3: Enter the code that applies to each corporation:

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

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

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

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from $200,001 to $225,000, if the calendar year to which this agreement applies is 2003;
- from $225,001 to $250,000, if the calendar year to which this agreement applies is 2004;
- from $250,001 to $275,000, if the calendar year to which this agreement applies is 2005; or
- from $275,001 to $300,000, if the calendar year to which this agreement applies is 2006 or after.

Column 7: Complete this column for a CCPC that has more than one taxation year ending in a calendar year, and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year. Enter the taxation year to which this agreement applies.

Allocation of the business limit

Date filed (do not use this area)	025	Year Month Day
Enter the calendar year to which the agreement applies	050	Year 2002
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	[Y/N] [N]

1	2	3	4	5	6	7
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before the allocation) $	Percentage of the business limit %	Business limit allocated* $	Taxation year end to which this agreement applies (YYYY/MM/DD)
100	200	300		350	400	500
NIAGARA-ON-THE-LAKE HYDRO INC.	863605929RC0001	1	200,000	100.0000	200,000	
See attached			400,000	.0000	0	
			Total	100.0000	200,000A	

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area ot the T2 return. One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return. If the corporation is a member of an associated group of corporations in the current taxation year, the amount to be entered at line 415 of the T2 return is equal to 0.225% x (A - $10,000,000) where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

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

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

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

NIAGARA-ON-THE-LAKE HYDRO INC. Sch. 023-Supp.
Account/Business No.: 863605929RC0001 Year Ended: 2002-12-31
AGREEMENT AMONG ASSOCIATED CCPC's TO ALLOCATE THE BUSINESS LIMIT

1	2	3	4	5	6	7	8
Name of associated corporation [100]	Business Number of associated corporation [200]	Association code [300]	Business limit before the allocation	Percentage of the business limit allocated [350]	Business limit allocated [400]	Taxation year end to which this agreement applies [500]	Part I.3 Tax
Niagara-on-the-Lake Energy Inc	863761490RC0001	1	200,000	.0000	0	2002-12-31	0
Energy Services Niagara Inc.	863606125RC0001	1	200,000	.0000	0	2002-12-31	0
TOTALS			400,000	.0000	0		0

Schedule 23-Supplementary

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

PART I.3 TAX ON LARGE CORPORATIONS
(2000 and later taxation years)

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before the deduction for surtax credits.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part I.3 tax is payable for a taxation year by a corporation that was:
  1) a non-resident-owned investment corporation throughout the year;
  2) bankrupt [as defined by subsection 128(3)] at the end of the year;
  3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
  4) exempt from tax under section 149 throughout the year on all of its taxable income;
  5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
  6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.

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

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I	101	399,929
Capital stock (or members' contributions if incorporated without share capital)	103	2,632,307
Retained earnings	104	78,928
Contributed surplus	105	0
Any other surpluses	106	4,269,026
Deferred unrealized foreign exchange gains	107	0
All loans and advances to the corporation	108	7,083,669
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	0
Any dividends declared but not paid by the corporation before the end of the year	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	0

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts (that would be determined under lines 101, 107, 108, 109, 111, and 112) 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 (see note below)	112	0		
Subtotal		14,463,859	14,463,859	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	0		
Any deficit deducted in computing the shareholders' equity	122	0		
Any amount deducted under subsection 135(1) in computing income under Part I for the year, to the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above	123	0		
The amount of deferred unrealized foreign exchange losses	124	0		
Subtotal		0	0	B
Capital for the year (amount A minus amount B) (if negative, enter "0")	190		14,463,859	

Note:

Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- Amounts at these lines apply to partnerships in the same way that they apply to corporations.
- 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	0
A loan or advance to another corporation (other than a financial institution)	402	8,854
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	0
Long-term debt of a financial institution	404	0
A dividend receivable on a share of the capital stock of another corporation	405	0
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	0
An interest in a partnership (see note 1 below)	407	0
Investment allowance for the year	490	8,854

Part 2 - Investment allowance (cont'd)

Notes:

1) Where the corporation has an interest in a partnership, the carrying value at the end of the taxation year, of that interest is deemed to be equal to that proportion of the total of the carrying value of each asset of the partnership described in 401 to 405 above, at the end of its last fiscal period ending at or before the end of the year, that the corporation's share of the partnership's income or loss is of the partnership's income or loss for that period.

2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of, a corporation that is exempt from tax under Part I.3 (other than by reason of paragraph 181.1(3)(d)).

3) Where, in certain circumstances, 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)		14,463,859	C
Deduct: Investment allowance for the year (line 490)		8,854	D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500	14,455,005	

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)	14,455,005	X	Taxable income earned in Canada	610	361,729	**Taxable capital employed in Canada**	690	14,455,005
			Taxable income		361,729			

Notes:

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

Part 4 - Taxable capital employed in Canada (cont'd)

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		0	
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	0		
Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada	712	0		
Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below)	713	0		
Total deductions (add lines 711, 712, and 713)		0	0	E
Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0")	790		0	

Note:
Complete line 713 only if the country in which the corporation is resident imposed neither a capital tax for the year on similar assets, nor 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 I.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies)		14,455,005
Deduct: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36)	801	9,989,402
Excess of taxable capital employed in Canada over capital deduction	811	4,465,603

Gross Part I.3 Tax

Year	Line 811		Number of days	/	Number of days in the taxation year			=		
Before 2004	4,465,603	x	(365	/	365)	x	.2250%	=	10,048	1
2004	4,465,603	x	(0	/	365)	x	.2000%	=	0	2
2005	4,465,603	x	(0	/	365)	x	.1750%	=	0	3

Total Gross Part I.3 tax (add lines 1, 2, and 3) 10,048 — 10,048 F

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

$$\text{Amount F} \quad 10{,}048 \times \frac{\text{Number of days in the year}}{365} = 0 \quad \text{G}$$

Gross Part I.3 tax (amount F or G, whichever applies) 820 — 10,048

Part 6 - Calculation of current-year surtax credit available

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

For a corporation that was a non-resident of Canada throughout the year, the lesser of a and b, below:

a) line 600 from the T2 return	0		
b) line 700 from the T2 return	0	0	H

In any other case, the lesser of c and d below:

c) line 600 from the T2 return	4,051	x	line 690 of this schedule / line 500 of this schedule: 14,455,005 / 14,455,005	=	4,051		
d) line 700 from the T2 return					91,003	4,051	I

Current-year surtax credit available (amount H or I, whichever applies) 830 4,051

Part 7 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)				4,051
Taxable capital employed in Canada (line 690 or 790, whichever applies)		14,455,005		
Deduct: Capital deduction claimed for the year		9,989,402		
Excess of taxable capital employed in Canada over capital deduction		4,465,603	a	
Less: **Gross Part I.3 tax**				
Line a 4,465,603 x .2250% =		10,048		10,048 b

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

Amount b 10,048 x (Number of days in the year: 365 / 365) = 0 c

Current-year unused surtax credit (if negative, enter "0") 850 0

Enter this amount at line 600 on Schedule 37

* For the purposes of the calculation of current-year unused surtax credit, the calculation is performed on a capital deduction based on $10 millions and a specified percentage of 0.225%.

Part 8 - Calculation of net Part I.3 tax payable

Gross Part I.3 tax (line 820)			10,048	J
Deduct:				
Current-year surtax credit applied (the lesser of lines 820 and 830)	861	4,051		
Unused surtax credit from previous years applied	862	0		
Subtotal (cannot exceed amount on line 820)		4,051	4,051	K
Net Part I.3 tax payable (amount J minus amount K)	870		5,997	
Enter this amount at line 704 of the T2 return				

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

AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX
(1998 and later taxation years)

- Members of a related group of corporations should use this schedule to allocate the capital deduction of $10,000,000 or $50,000,000 among the members of the related group.
  Do not file this agreement if no members of the related group are liable to pay Part I.3 tax.

Are any members of the related group liable to pay Part I.3 tax? ..... [Y/N] [Y]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.

- A corporation that is related to any other corporation at any time in a taxation year of the corporation ending 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.

- Attach additional schedules if space for agreement is not sufficient.

Agreement

		Year Month Day
Date filed (for departmental use only)	010	
Is this an amended agreement?	020	[Y/N] [N]
Enter the calendar year to which the agreement applies	030	Year 2002

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 which is exempt from Part I.3 tax under subsection 181.1(3) is not required to be included.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year $	Taxation year end to which this agreement applies (Note 2)
200	300	400	500
NIAGARA-ON-THE-LAKE HYDRO INC.	863605929RC0001	9,989,402	
See attached		10,598	
Total (Before 2004 must not exceed $10,000,000 After 2003 must not exceed $50,000,000)		10,000,000	

Note 1: If a corporation is not registered enter, "NR".

Note 2: An entry is only required 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.

NIAGARA-ON-THE-LAKE HYDRO INC.
Account/Business No.: 863605929RC0001 Year Ended: 2002-12-31
AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of $10,000,000 or $50,000,000 among the members of the related group.
- 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.

Names of all corporations which are members of the related group [200]	Business Number (Note 1) [300]	Allocation of capital deduction for the year [400]	Taxation year end to which this agreement applies (Note 2) [500]
Niagara-on-the-Lake Energy Inc	863761490RC0001	10,598	2002-12-31
Energy Services Niagara Inc.	863606125RC0001	0	2002-12-31
TOTAL		10,598	

Note 1: If a corporation is not registered, enter "NR".

Note 2: An entry is only required for a corporation that has more than one taxation 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.

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

SHAREHOLDER INFORMATION
(1998 and later taxation years)

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

Name of shareholder	Business Number (note 1)	Social Insurance Number (note 2)	Percentage common shares	Percentage preferred shares
100	200	300	400	500
Niagara-on-the-Lake Energy Inc.	863761490RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

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

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

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

NIAGARA-ON-THE-LAKE HYDRO INC. T7B-1
Account/Business No.: 863605929RC0001 Year Ended: 2002-12-31

Schedule of Instalment Remittances

Name of Corporation Contact: . . . . . Rose Murphy
Telephone Number: 905-468-4235

Effective Interest Date	Description (Instalment Remittance, Split Payment, Assessed Credit)	Amount of Credit
2003-12-31	Payments	86,892
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
	Total amount of instalments claimed (A)	86,892
	Total instalments credited to the taxation year per T9 (B)	86,892

TRANSFER

Account Number	Taxation Year End	Amount	Effective Interest Date	Description
From:				
		0		
To:				

Ontario

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

2003 CT23 Corporations Tax and Annual Return

For taxation years commencing after September 30, 2001

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return** on pages 3-17, together with the applicable schedules on pages 18-21. **Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return** (see page 2).

The **Annual Return** (common page 1 and MCBS Schedule A on pages 22 and 23, and Schedule K on page 24) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

Ministry Use

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

Corporation's Legal Name *(including punctuation)*
NIAGARA-ON-THE-LAKE HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1800140

Mailing Address
P.O. Box 460
8 Henegan Road
Virgil
ON CA L0S-1T0

This CT23 Return covers the Taxation Year
Start year month day 2002-01-01
End year month day 2002-12-31

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

Date of Incorporation or Amalgamation
year month day 2000-07-01

Registered/Head Office Address
P.O. Box 460
8 Henegan Road
Virgil
ON CA L0S-1T0

Ontario Corporation No. (MCBS)

Location of Books and Records
P.O. BOX 460, 8 HENEGAN ROAD
Virgil
ON CA L0S-1T0

Canada Customs and Revenue Agency (formerly Revenue Canada) Business No.
If applicable, enter 863605929RC0001

Name of person to contact regarding this CT23 Return: ROSE MURPHY
Telephone No.: 905-468-4235
Fax No.:

Jurisdiction Incorporated: Ontario

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

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

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

Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).

No. of Schedule(s): 0

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

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

Ministry use

Certification (MCBS)

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

Name of Authorized Person *(Print clearly or type in full)*
ROSE MURPHY

Title: [ ] D Director [X] O Officer [ ] P Other individual having knowledge of the affairs of the Corporation

OFFICE COPY

AMENDED 2003 YIE

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2002-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

1

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

2 [ ] Other Private

3 [ ] Public

4 [ ] Non-share Capital

5 [ ] Other (specify)

Share Capital with full voting rights owned by Canadian Residents (nearest percent) 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 [X] 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)

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)
if applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)
if applicable, enter

Specify major business activity

Please "X" box(es) if applicable:

[ ] First Year of Filing

[ ] Amended Return

[ ] Taxation Year End has changed - Canada Customs and Revenue Agency (formerly Revenue Canada) approval required

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

[ ] Final Taxation Year before Amalgamation

[ ] Floating Fiscal Year End

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

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

Date Control was acquired
year month day

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

Income Tax

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

DOLLARS ONLY

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)		±	From 690	439,175.
Subtract: Charitable donations		–	1	0.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property *(Attach schedule 2)*		–	2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3		–	3	0.
Subtract: Ontario political contributions *(Attach schedule 2A)* (Int.B. 3002)		–	4	0.
Subtract: Federal Part VI.1 tax	0. X 9/4	–	5	0.
Subtract: Prior years' losses applied – Non-capital losses		–	From 704	77,446.
Net capital losses (page 16)	From 715: 0. X inclusion rate 50.000000% =	–	714	0.
Farm losses		–	From 724	0.
Restricted farm losses		–	From 734	0.
Limited partnership losses		–	From 754	0.
Taxable Income (Non-capital loss)		=	10	361,729.
Addition to taxable income for unused foreign tax deduction for federal purposes		+	11	0.
Adjusted Taxable Income	10 + 11 (if 10 is negative, enter 11)	=	20	361,729.

Taxable Income

Number of Days in Taxation Year

From 10 (or 20 if applicable)	361,729.	x	30	100.0000% (Ontario Allocation)	x 12.5000%	x	Days after Sept. 30, 2001 and before Jan. 1, 2004: 33 365 ÷	Total Days: 73 365	= +	29	45,216.
From 10 (or 20 if applicable)	361,729.	x	30	100.0000% (Ontario Allocation)	x 14.0000%	x	Days after Dec. 31, 2003 and before Jan. 1, 2005: 34 0 ÷	Total Days: 73 365	= +	32	0.

Income Tax Payable (before deduction of tax credits) 29 + 32 = 40 **45,216.**

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

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

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

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))			50	439,175.
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51	361,729.		
Add: Losses of other years deducted for federal purposes (fed.s.111)	+ 52	77,446.		
Subtract: Losses of other years deducted for Ontario purposes (s.34)	– 53	77,446.		
	=	361,729.	54	361,729.
Federal Business limit for the year before the application of fed.s.125(5.1) (not exceeding $ 200,000)	+ 55	200,000.		

Add: Ontario enhancement of federal business limit

Number of Days in Taxation Year

80,000 x	Days after Sept. 30, 2001 and before Jan. 1, 2003: 28 365 ÷	Total Days: 73 365	X From 55 200,000 ÷	200,000	=+ 43	80,000.
120,000 x	Days after Dec. 31, 2002 and before Jan 1, 2004: 31 0 ÷	Total Days: 73 365	X From 55 200,000 ÷	200,000	=+ 46	0.
200,000 x	Days after Dec 31, 2003 and before Jan 1, 2005: 31 0 ÷	Total Days: 73 365	X From 55 200,000 ÷	200,000	=+ 47	0.

Ontario enhancement of federal business limit	43 + 46 + 47	–= 80,000.	+ 44	80,000.
Business Limit for Ontario purposes	55 + 44	= 280,000.	45	280,000.
Income eligible for the IDSBC	From 30 100.0000% * Ontario Allocation	x 56 280,000.	Least of 50, 54 or 45 =	60 280,000.

* 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

		Number of Days in Taxation Year: Days after Sept. 30, 2001 and before Jan 1, 2003	Total Days		
6.50%	x	28 365 ÷	73 365	= + 79	6.5000
7.00%	x	31 0 ÷	73 365	= + 89	.0000
8.50%	x	34 0 ÷	73 365	= + 90	.0000

IDSBC Rate for Taxation Year 79 + 89 + 90 ..... = 78 6.5000

Claim ..... From 60 280,000. x From 78 6.5000% ..... = 70 18,200.

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 in 114 below.

Surtax on Canadian-controlled private corporations (s.41.1)

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

****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.
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) + 80 361,729.

If you are a member of an associated group (X) 81 [X] (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)
See attached			+ 82	6,543.
			+ 83	.
			+ 84	.

Aggregate Taxable Income 80 + 82 + 83 + 84, etc. ..... = 85 368,272.

		Number of Days in Taxation Year: Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days		
Subtract: 280,000	x	28 365 ÷	73 365	= + 113	280,000.
		Days after Dec. 31, 2002 and before Jan 1, 2004	Total Days		
320,000	x	31 0 ÷	73 365	= + 115	0.
		Days after Dec 31, 2003 and before Jan 1, 2005	Total Days		
400,000	x	34 0 ÷	73 365	= + 116	0.

113 + 115 + 116 = 280,000. ..... - 114 280,000.

(If negative, enter nil) ..... = 86 88,272.

Calculation of Specified Rate for Surtax

		Number of Days in Taxation Year: Days after Sept. 30, 2001 and before Jan 1, 2003	Total Days		
4.3330%	x	28 365 ÷	73 365	= + 95	4.3330
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
4.6670%	x	31 0 ÷	73 365	= + 96	.0000
		Days after Dec. 31, 2003 and before Jan 1, 2005	Total Days		
4.6670%	x	34 0 ÷	73 365	= + 97	.0000

Specified rate of surtax for Taxation Year 95 + 96 + 97 ..... = 94 4.3330

From 86 88,272. x From 94 4.3330% ..... = 87 3,825.

From 87 3,825. x From 60 280,000. ÷ From 114 280,000. = 88 3,825.

Surtax Lesser of 70 or 88 ..... = 100 3,825

Continued on Page 6

Income Tax *continued from Page 5*

Additional Deduction for Credit Unions (s.51(4)) *(Attach schedule 17)* ..... 110 0.

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

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

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

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

Eligible Canadian Profits	+	120	0.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	−	From 56	280,000.
Add: Adjustment for Surtax on Canadian-controlled private corporations			
From 100 3,825. ÷ From 30 100.0000 % ÷ From 78 6.5000 % = 121 58,846. (* Ontario Allocation)			
Lesser of 56 or 121	+	122	58,846.
120 − 56 + 122	=	130	0.
Taxable Income	+	From 10	361,729.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	−	From 56	280,000.
Add: Adjustments for Surtax on Canadian-controlled private corporations	+	From 122	58,846.
Subtract: Taxable Income 10 361,729. X Allocation % to jurisdictions outside Canada .0000 %	−	140	0.
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	−	141	0.
10 − 56 + 122 − 140 − 141	=	142	140,575.

Claim

Number of Days in Taxation Year

143 Lesser of 130 or 142	0.	X From 30	100.0000 % (* Ontario Allocation)	X 1.5000 % X	Days after Sept 30, 2001 and before Jan 1, 2004: 33 0 ÷	Total Days: 73 365	=+	154	0.
143 Lesser of 130 or 142	0.	X From 30	100.0000 % (* Ontario Allocation)	X 2.0000 % X	Days after Dec 31, 2003 and before Jan 1, 2005: 34 0 ÷	Total Days: 73 365	=+	156	0.

M&P claim for taxation year 154 + 156 ..... = 160 0.

*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 0.

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity ..... = 162 0.

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001) *(Attach schedule).* ..... 170 0.

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 0. Credit Claimed 180 0.

Subtotal of Income Tax 40 − 70 + 100 − 110 − 160 − 161 − 162 − 170 − 180 ..... = 190 30,841.

continued on Page 7

Income Tax *continued from Page 6*
Specified Tax Credits *(Refer to Guide)*

Ontario Innovation Tax Credit (OITC) (s.43.3) ***Applies*** to research and development in Ontario.

Eligible Credit From [5620] OITC Claim Form *(Attach original Claim Form)* . . . . . + [191] 0.

Co-operative Education Tax Credit (CETC) (s.43.4) ***Applies*** to employment of eligible students.

Eligible Credit From [5798] Summary Schedule F . . . . . + [192] 0.

Ontario Film & Television Tax Credit (OFTTC) (s.43.5)

Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.

Eligible Credit From [5899] either Claim Form from Ontario Media Development Corporation (OMDC) **or** Ministry of Finance (MOF) CT Schedule 193/199, as applicable.

*(Attach the original Certification/Claim Form received from the OMDC **or** the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* . . . . . + [193] 0.

Graduate Transitions Tax Credit (GTTC) (s.43.6)

No. of Graduates From [6596] [194] 0

Applies to employment of eligible unemployed post secondary graduate.

Eligible Credit From [6598] Summary Schedule G . . . . . + [195] 0.

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 Certification Form)* . . . . . + [196] 0.

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] Claim Form Certified by Ontario Media Development Corporation

(Attach the original Claim/Certification Form with the CT23 Tax Return.) . . . . . + [197] 0.

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] 0.

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] either Claim Form from Ontario Media Development Corporation (OMDC) **or** Ministry of Finance (MOF) CT Schedule 193/199, as applicable.

*(Attach the original Certification/Claim Form received from the OMDC **or** the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* . . . . . + [199] 0.

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] Claim Form certified by Ontario Media Development Corporation

(Attach original Claim/Certification Form.) . . . . . + [200] 0.

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 Certification Form)* . . . . . + [201] 0.

Other (specify) _____ . . . . . + 201.1 0.

Total Specified Tax Credits [191] + [192] + [193] + [195] + [196] + [197] + [198] + [199] + [200] + [201] + 201.1 = [220] 0.

Specified Tax Credits ***Applied to reduce Income Tax*** . . . . . = [225] 0.

Income Tax [190] – [225] **OR Enter NIL if reporting Non-Capital Loss** *(amount cannot be negative)*. . . . . = [230] 30,841.

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

OR

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

Corporate Minimum Tax (CMT)

Determination of Applicability

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

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

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.

* Total Assets of the corporation	+ [240]	17,142,671.
* Total Revenue of the corporation	+ [241]	15,910,112.

If you are a member of an associated group (x) [242] [X] (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
See attached			+ [243] 7,355,325.	+ [244] 105,238.
			+ [245] .	+ [246] .
			+ [247] .	+ [248] .

Aggregate Total Assets	[240] + [243] + [245] + [247], etc.	= [249]	24,497,996.
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.	= [250]	16,015,350.

If CMT is applicable to current taxation year, complete section ***Calculation: CMT*** below and ***Corporate Minimum Tax Schedules A through E on Pages 18, 19 and 20 of CT23.***

Calculation: CMT *(Attach Schedule A: Calculation of CMT Base on Page 18.)*

Gross CMT Payable ..... CMT Base From [2135] 533,690. (If negative, enter zero) X From [30] 100.0000 % (Ontario Allocation) X 4.0000	= [276]	21,348.
Subtract: Foreign Tax Credit for CMT purposes *(Attach schedule)*	– [277]	0.
Subtract: Income Tax	– From [190]	30,841.
Net CMT Payable (If negative, enter Nil on Page 17.)	= [280]	0.

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 ***Schedule D: Continuity of CMT Credit Carryovers, on Page 20.***

CMT Credit Carryover available ..... From [2307] 0.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits)	+ From [190]	30,841.
Gross CMT Payable	+ From [276] 21,348.	
Subtract: Foreign Tax Credit for CMT purposes	– From [277] 0.	
If [276] – [277] is negative, enter NIL in [290]	= 21,348.	– [290] 21,348.
Income Tax eligible for CMT Credit	= [300]	9,493.
B. Income tax (after deduction of specified credits)	+ From [230]	30,841.
Subtract: CMT credit used to reduce income taxes	– [310]	0.
Income Tax	= [320]	30,841.

Transfer to page 17

If A & B apply, [310] ***cannot exceed the lesser of*** [230], [300] ***and your CMT credit carryover available*** [2307].

If only B applies, [310] ***cannot exceed the lesser of*** [230] ***and your CMT credit carryover available*** [2307].

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

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 (1) the Gross Revenue and Total Assets as calculated on Page 10 in [480] and [430] are both $1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in [480] and [430] are both $3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital tax for the taxation year. 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 (Inf.B. 3017).

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012 and 3015)	+	350	2,632,307.
Retained earnings (if deficit, deduct) (Int.B. 3012)	±	351	78,928.
Capital and other surpluses, excluding appraisal surplus (Inf.B.3012)	+	352	4,269,026.
Loans and advances *(Attach schedule)* (Int.B. 3013)	+	353	7,083,669.
Bank loans (Int.B. 3013)	+	354	0.
Bankers acceptances (Int.B. 3013)	+	355	0.
Bonds and debentures payable (Int.B. 3013)	+	356	0.
Mortgages payable (Int.B. 3013)	+	357	0.
Lien notes payable (Int.B. 3013)	+	358	0.
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. 3013)	+	359	399,929.
Contingent, investment, inventory and similar reserves (Int.B. 3012)	+	360	0.
Other reserves not allowed as deductions for income tax purposes *(Attach schedule)* (Int.B. 3012)	+	361	0.
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))* (Int.B. 3017)	+	362	0.
Subtotal	=	370	14,463,859.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)* (Int.B. 3012)	−	371	321,410.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015)	−	372	0.
Total Paid-up Capital	=	380	14,142,449.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	−	381	0.
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 electicity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	−	382	0.
Net Paid-up Capital	=	390	14,142,449.

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

Attach computations and list of corporations' 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	0.
Mortgages due from other corporations	+	403	0.
Shares in other corporations (certain restrictions apply) *(Refer to Guide)*	+	404	0.
Loans and advances to unrelated corporations	+	405	0.
Eligible loans and advances to related corporations (certain restrictions apply) *(Refer to Guide)*	+	406	8,854.
Share of partnership(s) or joint venture(s) eligible investments *(Attach schedule)*	+	407	0.
Total Eligible Investments	=	410	8,854.

continued on Page 10

DOLLARS ONLY

Capital Tax *continued from Page 9*

Total Assets (Int.B. 3015)

Total Assets per balance sheet	+	420	17,142,671.
Mortgages or other liabilities deducted from assets	+	421	0.
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	−	423	0.
Total Assets as adjusted	=	430	17,142,671.
Amounts in 360 and 361 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	−	441	321,410.
Subtract: Appraisal surplus if booked	−	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	0.
Total Assets	=	450	16,821,261.

Investment Allowance (410 ÷ 450) X 390 ..... Not to exceed 410 = 460 7,444.

Taxable Capital 390 − 460 ..... = 470 14,135,005.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue) 480 15,910,112.

Total Assets (as adjusted) ..... From 430 17,142,671.

Calculation of Capital Tax for all corporations except Financial Institutions

Note: This version (2003) of the CT23 may only be used for a taxation year that commenced after September 30, 2001.

(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, review only the capital tax calculations in Section B below and select and complete the one specific subsection (e.g. B3) that applies to the corporation.**

OR **If the corporation IS a member of an associated group and/or partnership, complete Section C on page 11, and if applicable, complete Section D or Section E on page 12. Note: if the corporation is a member of a connected partnership, please refer to the 2003 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

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

B1. If the taxation year commences after September 30, 2001 and 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.

B2. If taxable capital, 470 on page 10, is **$5,000,000 or less**, enter NIL in 550 on page 12 and complete the return from that point.

B3. If taxable capital, 470 on page 10 exceeds **$5,000,000**, complete the following calculation and transfer the amount From 523 to 543 on page 12, and complete the return from that point.

+ From 470 0.

− 0.

= 471 0. X From 30 100.0000% X .3000% X 555 365 / ** 365 (366 if leap year) ..... = + 523 0.

Ontario Allocation

Days in taxation year

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

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

continued on Page 11

Capital Tax Calculation *continued from page 10*

SECTION C

This section applies ONLY to a corporation that is a member of an associated group (exluding 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 D or Section E.

C1. [ ] [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 $5,000,000 or less, enter NIL in [550] on page 12 and complete the return from that point.

If taxable capital [470] on page 10 exceeds $5,000,000 proceed to **Section D**, enter $5,000,000 in [542] Section D, and complete Section D and the return from that point.

C2. [X] [524] (X if applicable) **One or more of the corporations that you are associated with maintains a permanent establishment in Canada.**

If the taxation year **ends before January 1, 2003**, you must complete the *Calculation* below.

If the taxation year **ends after December 31, 2002**, you and your associated group may continue to allocate the $5,000,000 taxable capital exemption 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 taxable capital exemption 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 $15,000 capital tax effect, relating to the $5,000,000 taxable capital exemption, to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

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

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

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

Taxable Capital From [470] on page 10 ..... + From [470] 14,135,005.

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 form capital tax) or related partners having a permanent establishment in Canada *(if insufficient space, attach schedule)*	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End		Taxable Capital
See attached			+ [531]	180,012.
			+ [532]	.
			+ [533]	.

Aggregate Taxable Capital [470] + [531] + [532] + [533], etc. ..... = [540] 14,315,017.

If [540] above is $5,000,000 or less, the corporation's Capital Tax for the taxation year, is NIL. Enter NIL in [523] in section D on page 12, as applicable.

If [540] above is greater than $5,000,000, the corporation must compute its share of the $5,000,000 exemption below in order to calculate its Capital Tax for the taxation year under Section D on page 12.

From [470] 14,135,005. ÷ From [540] 14,315,017. x 5,000,000 ..... = [541] 4,937,125.

Transfer to [542] *in Section D on page 12*

S.s.69(2.1) Election Filed

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

continued on Page 12

Capital Tax Calculation *continued from Page 11*

SECTION D

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital, [540] *on page 11, exceeds $5,000,000.*

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

+	From [470]	14,135,005.										
–	[542]	4,937,125.										
=	[471]	9,197,880.	x	From [30]	100.0000% (Ontario Allocation)	x	.3000%	x	[555] 365 / ** 365 (366 if leap year)	.....	= + [523]	27,594.

Total Capital Tax for the taxation year

Transfer to [543] and complete the return from that point

SECTION E

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]	0.	x	From [30]	100.0000% (Ontario Allocation)	x	.3000%	.....	= + [561] 0.

– Capital tax deduction From [995] relating to *your corporation's* capital tax deduction, on ss.69(2.1) election form ..... – From [995] 0.

= [562] 0.

Capital Tax	..... [562]	0.	x	[555] 365 / ** 365 (366 if leap year)	.....	= [563]	0.

Transfer to [543] and complete the return from that point.

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

Capital Tax ***before application of specified credits***	.....	= [543] 27,594.
Subtract: Specified Tax Credits applied to reduce capital tax payable *(Refer to Guide)*	.....	– [546] 0.
Capital Tax [543] – [546] *(amount cannot be negative)*	.....	= [550] 27,594.

Transfer to Page 17

continued on Page 13

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

I.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.

I.2. Other than Credit Unions

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

[565] 0. (Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1) x 0.6% x From [30] ____ % (Ontario Allocation) x [555] 0 ÷ ** 0 (366 if leap year) (Days in taxation year) = + [569] 0.

[570] 0. (Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount) x [571] 0.00 % (Capital Tax Rate *(Refer to Guide)*) x From [30] ____ % (Ontario Allocation) x [555] 0 ÷ ** 0 (366 if leap year) (Days in taxation year) = + [574] 0.

Capital Tax for Financial Institutions – other than Credit Unions (before Section II) [569] + [574] ..... = [575] 0.

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

II. 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] 0.

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

Capital Tax – Financial Institutions [575] – [585] ..... = [586] 0.

Transfer to [543] on Page12

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

(1) Uninsured Benefits Arrangements ..... [587] 0. x 2% .... = [588] 0.

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] 0.

Premium Tax [588] – [589] ..... = [590] 0.

Transfer to page 17

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 SCH 1 ± 600 439,175.
Transfer to Page 15

Add:

Federal capital cost allowance	+ 601	1,225,686.
Federal cumulative eligible capital deduction	+ 602	1,643.
Ontario taxable capital gain	+ 603	0.
Federal non-allowable reserves. Balance beginning of year	+ 604	0.
Federal allowable reserves. Balance end of year	+ 605	0.
Ontario non-allowable reserves. Balance end of year	+ 606	0.
Ontario allowable reserves. Balance beginning of year	+ 607	0.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+ 608	0.
Federal resource allowance	+ 609	0.
Federal depletion allowance	+ 610	0.
Federal foreign exploration and development expenses	+ 611	0.

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

Number of Days in Taxation Year

612	0.	x 5 ÷ 12.5000 x	Days after Sept. 30, 2001 and before Jan. 1, 2004	33	365 ÷	Total Days 73	365	= + 633	0.
612	0.	x 5 ÷ 14.0000 x	Days after Dec. 31, 2003 and before Jan. 1, 2005	34	0 ÷	Total Days 73	365	= + 634	0.

Total add-back amount for Management fees, etc. 633 + 634 .... = 0.	+ 613	0.
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	0.
Add any negative amount in 473 from Ont. CT23 Schedule 161	+ 616	0.
Federal allowable business investment loss	+ 620	0.
Total of other items not allowed by Ontario but allowed federally *(Attach schedule)*	+ 614	0.

Total of Additions 601 to 611 + 613 + 615 + 616 + 620 + 614 = 1,227,329. 640 1,227,329.
Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	+ 650	1,225,686.
Ontario cumulative eligible capital deduction	+ 651	1,643.
Federal taxable capital gain	+ 652	0.
Ontario non-allowable reserves. Balance beginning of year	+ 653	0.
Ontario allowable reserves. Balance end of year	+ 654	0.
Federal non-allowable reserves. Balance end of year	+ 655	0.
Federal allowable reserves. Balance beginning of year	+ 656	0.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) *(Retain calculations. Do not submit.)*	+ 657	0.
Ontario depletion allowance	+ 658	0.
Ontario resource allowance	+ 659	0.
Ontario current cost adjustment *(Attach schedule)*	+ 661	0.
Incentive for new electricity supply (section 13.6 deduction from income) ***(Applies** only to electrical generating corporations.)*	+ 674	0.
CCA for investments in qualifying energy-efficient equipment and for assets used to generate electricity from natural gas, alternative or renewable resources.	+ 675	0.
Subtotal of deductions for this page 650 to 659 + 661 + 674 + 675	681	1,227,329.

Transfer to Page 15

continued on Page 15

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 T2 SCH 1 ..... From ± 600 439,175.

Total of Additions ..... From = 640 1,227,329.

Subtotal of deductions on page 14 ..... From = 681 1,227,329.

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 0.

ONTTI Gross-up deduction calculation:

[From 662 0. x Gross-up of CCA 100 / From 30 .0000 Ontario Allocation] – From 662 0. = 663 0.

Workplace Child Care Tax Incentive

Qualifying expenditures: [665 0. x 30.00% x 100 / From 30 100.0000 Ontario Allocation] = 666 0.

Workplace Accessibility Tax Incentive

Qualifying expenditures: [667 0. x 100.00% x 100 / From 30 100.0000 Ontario Allocation] = 668 0.

Number of Employees accommodated 669 0

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

Qualifying expenditures: [670 0. x 30.00% x 100 / From 30 100.0000 Ontario Allocation] = 671 0.

Educational Technology Tax Incentive: (*Applies* to qualifying amounts incurred after May 2, 2000.)

Qualifying expenditures: [672 0. x 15.00% x 100 / From 30 100.0000 Ontario Allocation] = 673 0.

Ontario allowable business investment loss ..... + 678 0.

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161 ..... + 679 0.

Amount added to income federally for an amount that was negative in line 454 of federal form T661 ..... + 677 0.

Total of other deductions allowed by Ontario *(Attach schedule)* ..... + 664 0.

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 .. = 1,227,329. 680 1,227,329.

Net income (loss) for Ontario Purposes

600 + 640 – 680 ..... = 690 439,175.

Transfer to Page 4

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 77,446	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add: Current year's losses (7)	701 0	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
Subtotal	703 0	713 0	723 0	733 0	743 0	753 0
Subtract: Utilized during the year to reduce taxable income	704 (2) 77,446	715 (2) (4) 0	724 (2) 0	734 (2) (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17 0	716 (2) to Page 17 0	726 (2) to Page 17 0	736 (2) to Page 17 0	746 0	
Subtotal	707 77,446	717 0	727 0	737 0	747 0	757 0
Balance at End of Year	709 (8) 0	719 0	729 0	739 0	749 0	759 0

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 form 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) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.

(10) Commencing in the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

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 (9) (10)	Farm Losses	Restricted Farm Losses
800	9th preceding taxation year 1994-09-30				850 0	870 0
801	8th preceding taxation year 1995-09-30				851 0	871 0
802	7th preceding taxation year 1996-09-30				852 0	872 0
803	6th preceding taxation year 1997-09-30	820 0	830 0	840 0	853 0	873 0
804	5th preceding taxation year 1998-09-30	821 0	831 0	841 0	854 0	874 0
805	4th preceding taxation year 1999-09-30	822 0	832 0	842 0	855 0	875 0
806	3rd preceding taxation year 2000-09-30	823 0	833 0	843 0	856 0	876 0
807	2nd preceding taxation year 2001-09-30	824 0	834 0	844 0	857 0	877 0
808	1st preceding taxation year 2001-12-31	825 0	835 0	845 0	858 0	878 0
809	Current taxation year 2002-12-31	826 0	836 0	846 0	859 0	879 0
Total		829 0	839 0	849 0	869 0	889 0

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

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

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

Application of Losses

	Predecessor Ontario Corporation's Tax Account No. (MOF)		Taxation Year Ending (year month day)	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss				910 0	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income							
i) 3rd preceding		901		911 0	921 0	931 0	941 0
ii) 2nd preceding		902		912 0	922 0	932 0	942 0
iii) 1st preceding		903		913 0	923 0	933 0	943 0
Total loss to be carried back				From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward				919 0	929 0	939 0	949 0

Summary

Income tax	+ From 230 or 320		30,841.
Corporate Minimum Tax	+ From 280		0.
Capital Tax	+ From 550		27,594.
Premium Tax	+ From 590		0.
Total Tax Payable	=	950	58,435.
Subtract: Payments	–	960	51,592.
Capital Gains Refund (s.48)	–	965	0.
Qualifying Environmental Trust Tax Credit *(Refer to Guide)*	–	985	0.
Specified Tax Credits *(Refer to Guide)*	–	955	0.
Other (specify) _____	–		0.
Balance	=	970	6,843.
If payment due	Enclosed *	990	6,843.
If overpayment: Refund *(Refer to Guide)*	=	975	0.
Apply to (year month day)		980	0. *(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)

ROSE MURPHY
Title

Mgr of Finance and Administrat
Full Residence Address

Signature

Date: 2003-03-08

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

Corporate Minimum Tax - Schedule A: Calculation of CMT Base

DOLLARS ONLY

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.

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± 2100 632,452.

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

Provision for recovery of income taxes / benefit of current income taxes	+ 2101	0.	
Provision for deferred income taxes (credits) / benefit of future income taxes	+ 2102	0.	
Equity income from corporations	+ 2103	0.	
Share of partnership(s)/joint venture(s) income	+ 2104	0.	
Dividends received/receivable deductible under fed.s.112	+ 2105	0.	
Dividends received/receivable deductible under fed.s.113	+ 2106	0.	
Dividends received/receivable deductible under fed.s.83(2)	+ 2107	0.	
Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1) 0. X 9/4	+ 2108	0.	
Subtotal	=	0.	- 2109 0.

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

Provision for current taxes / cost of current income taxes	+ 2110	110,706.	
Provision for deferred income taxes (debits) / cost of future income taxes	+ 2111	0.	
Equity losses from corporations	+ 2112	0.	
Share of partnership(s)/joint venture(s) losses	+ 2113	0.	
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))	+ 2114	0.	
Subtotal	=	110,706.	+ 2115 110,706.

Add/Subtract:

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

** Fed.s.85	+ 2116	0.	or - 2117	0.
** Fed.s.85.1	+ 2118	0.	or - 2119	0.
** Fed.s.97	+ 2120	0.	or - 2121	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	+ 2122	0.	or - 2123	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	+ 2124	0.	or - 2125	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	+ 2126	0.	or - 2127	0.
Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income			- 2150	0.

Subtotal (Additions) = 0. + 2128 0.

Subtotal (Subtractions) = 0. - 2129 0.

** Other adjustments ± 2130 0.

Subtotal ± 2100 - 2109 + 2115 + 2128 - 2129 ± 2130 = 2131 743,158.

** Share of partnership(s)/joint venture(s) **adjusted** net income/loss ± 2132 0.

Adjusted net income (loss) (if loss, transfer to 2202 *in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.)* = 2133 743,158.

Deduct: * CMT losses: pre-1994 Loss	+ From 2210	0.	
* CMT losses: other eligible losses	+ 2211	209,468.	
	=	209,468.	- 2134 209,468.

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

** *Retain calculations. Do not submit with this tax return.*

CMT Base = 2135 533,690.

Transfer to CMT Base on Page 8

Corporate Minimum Tax (CMT)

DOLLARS ONLY

Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2) ..... + 2201 209,468.

Add:
- Current year's losses ..... + 2202 0.
- Losses from predecessor corporations on amalgamation (3) ..... + 2203 0.
- Losses from predecessor corporations on wind-up (3) ..... + 2204 0.

Amalgamation (x) 2205 ☐ Yes Wind-up (x) 2206 ☐ Yes

Subtotal ..... = 0. + 2207 0.

Adjustments (attach schedule) ..... ± 2208 0.

CMT losses available 2201 + 2207 ± 2208 ..... = 2209 209,468.

Subtract:
- Pre-1994 loss utilized during the year to reduce adjusted net income ..... + 2210 0.
- Other eligible losses utilized during the year to reduce adjusted net income (4) .. + 2211 209,468.
- Losses expired during the year ..... + 2212 0.

Subtotal ..... = 209,468. − 2213 209,468.

Balances at End of Year (5) 2209 − 2213 ..... = 2214 0.

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 s.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 2133 and CMT losses available 2209.

(5) Amount in 2214 must equal sum of 2270 + 2290.

Schedule C: 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 2001-12-31	2260 0	2280 0
2241	8th preceding taxation year 2002-12-31	2261 0	2281 0
2242	7th preceding taxation year	2262 0	2282 0
2243	6th preceding taxation year	2263 0	2283 0
2244	5th preceding taxation year	2264 0	2284 0
2245	4th preceding taxation year	2265 0	2285 0
2246	3rd preceding taxation year	2266 0	2286 0
2247	2nd preceding taxation year	2267 0	2287 0
2248	1st preceding taxation year	2268 0	2288 0
2249	Current taxation year	2269 0	2289 0
Totals		2270 0	2290 0

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

Corporate Minimum Tax (CMT)

DOLLARS ONLY

Schedule D: Continuity of CMT Credit Carryovers

Balance at Beginning of year (1) ..... + 2301 0.

Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL) ..... + From 280 0.

CMT Credit Carryovers from predecessor corporations (2) ..... + 2302 0.

Amalgamation (x) 2303 ☐ Yes Wind-up (x) 2304 ☐ Yes

Subtotal ..... = 0. + 2305 0.

Adjustments *(Attach schedule)* ..... ± 2306 0.

CMT credit carryover available 2301 + 2305 ± 2306 ..... = 2307 0.

Transfer to Page 8

Subtract: CMT Credit utilized during the year to reduce income tax (Page 8) + From 310 0.

CMT Credit expired during the year ..... + 2308 0.

Subtotal ..... = 0. − 2309 0.

Balance at End of Year (3) 2307 − 2309 ..... = 2310 0.

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) 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))

(3) Amount in 2310 must equal sum of 2370 + 2390.

Schedule E: 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 2001-12-31	2360 0	2380 0
2341	8th preceding taxation year 2002-12-31	2361 0	2381 0
2342	7th preceding taxation year	2362 0	2382 0
2343	6th preceding taxation year	2363 0	2383 0
2344	5th preceding taxation year	2364 0	2384 0
2345	4th preceding taxation year	2365 0	2385 0
2346	3rd preceding taxation year	2366 0	2386 0
2347	2nd preceding taxation year	2367 0	2387 0
2348	1st preceding taxation year	2368 0	2388 0
2349	Current taxation year	2369 0	2389 0
Totals		2370 0	2390 0

The sum of amounts 2370 + 2390 *must equal amount in* 2310.

Calculation of Tax Rates for the

- Incentive Deduction for Small Business Corporations (IDSBC) (Small Business Tax Credit) (S.41)
- Surtax on Canadian-controlled Private Corporations (s.41.1)

1. Calculation of IDSBC Rate

Number of Days In Taxation Year

		Days after December 31, 1998 and before January 1, 2000		Total Days		
7.00%	x	0	/	365	=	.0000%
		Days after Dec 31, 1999 and before Jan 1, 2001		Total Days		
7.50%	x	0	/	365	=	.0000%
		Days after Dec 31, 2000 and before Oct 1, 2001		Total Days		
7.50%	x	0	/	365	=	.0000%
		Days after Sept 30, 2001 and before Jan 1, 2003		Total Days		
6.50%	x	365	/	365	=	6.5000%
		Days after Dec 31, 2002 and before Jan 1, 2004		Total Days		
7.00%	x	0	/	365	=	.0000%
		Days after Dec 31, 2003 and before Jan 1, 2005		Total Days		
8.50%	x	0	/	365	=	.0000%
IDSBC Rate for the Taxation Year					=	6.5000%

2. Calculation of Specified Rate for Surtax

Number of Days In Taxation Year

4.67%	x	Days after Dec 31, 1998 and before Jan 1, 2000 0	/	Total Days 365	=	.0000%
5.00%	x	Days after Dec 31, 1999 and before Jan 1, 2001 0	/	Total Days 365	=	.0000%
5.00%	x	Days after Dec 31, 2000 and before Oct 1, 2001 0	/	Total Days 365	=	.0000%
4.3330%	x	Days after Sept 30, 2001 and before Jan 1, 2003 365	/	Total Days 365	=	4.3330%
4.6670%	x	Days after Dec 31, 2002 and before Jan 1, 2004 0	/	Total Days 365	=	.0000%
4.6670%	x	Days after Dec 31, 2003 and before Jan 1, 2005 0	/	Total Days 365	=	.0000

Specified Rate of Surtax for the Taxation Year . . . . . = 4.3330%

Ontario

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

Surtax on Canadian-Controlled Private Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2002-12-31

Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Taxable Income (if loss, enter nil)
Niagara-on-the-Lake Energy Inc.	1800139	2002-12-31	+
Energy Services Niagara Inc.	1800074	2002-12-31	+ 6,543
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
		Total	
		Transfer to 85 *of the CT23*	= 6,543

Ontario

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

Corporate Minimum Tax - Associated Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2002-12-31

Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Total Assets	Total Revenue
Niagara-on-the-Lake Energy Inc.	1800139	2002-12-31	+ 7,055,449	+ 235
Energy Services Niagara Inc.	1800074	2002-12-31	+ 299,876	+ 105,003
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
		Totals	= 7,355,325	= 105,238
			Transfer to 249 *of the CT23*	*Transfer to* 250 *of the CT23*

Ontario

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

Paid Up Capital: Loans and Advances

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2002-12-31

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)

	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
	+ 0
Total *Transfer to* 353 *of the CT23*	= 7,083,669

NIAGARA-ON-THE-LAKE HYDRO INC. Ont. Sch. 008

Corp. Tax Acct. No. : 1800140 Year Ended: 2002-12-31

Summary of Capital Cost Allowance

s the corporation electing under regulation 1101(5g)? [Y/N] N

1 lass umber	2 Ontario unde-preciated capital cost at the beginning of the year (unde-preciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario unde-preciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced unde-preciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario unde-preciated capital cost at the end of the year (column 6 minus column 12)
1	7,362,329	500,339	0	0	7,862,668	250,169	7,612,499	4	0	0	304,500	7,558,168
2	4,978,552	0	0	0	4,978,552	0	4,978,552	6	0	0	298,713	4,679,839
1	1,417,276	159,486	0	0	1,576,762	79,743	1,497,019	4	0	0	59,881	1,516,881
2	956,315	0	0	0	956,315	0	956,315	6	0	0	57,379	898,936
1	258,467	12,258	0	0	270,725	6,129	264,596	4	0	0	10,584	260,141
2	162,505	0	0	0	162,505	0	162,505	6	0	0	9,750	152,755
1	757,287	1,658	0	0	758,945	829	758,116	4	0	0	30,325	728,620
2	301,372	119,842	0	0	421,214	59,921	361,293	6	0	0	21,678	399,536
8	20,399	3,806	0	0	24,205	1,903	22,302	20	0	0	4,460	19,745
8	56,708	150,719	0	0	207,427	75,359	132,068	20	0	0	26,414	181,013
10	60,085	18,707	0	0	78,792	9,353	69,439	30	0	0	20,832	57,960
12	141,607	106,438	0	0	248,045	53,219	194,826	100	0	0	194,826	53,219
10	270,587	289,930	0	32,500	528,017	128,715	399,302	30	0	0	119,791	408,226
8	260,187	0	0	0	260,187	0	260,187	20	0	0	52,037	208,150
17	3,919	0	0	0	3,919	0	3,919	8	0	0	314	3,605
8	5,698	0	0	0	5,698	0	5,698	20	0	0	1,140	4,558
17	29,395	0	0	0	29,395	0	29,395	8	0	0	2,352	27,043
6	11,698	0	0	0	11,698	0	11,698	10	0	0	1,170	10,528
8	9,496	0	0	0	9,496	0	9,496	20	0	0	1,899	7,597
1	89,093	0	0	0	89,093	0	89,093	4	0	0	3,564	85,529
2	67,956	0	0	0	67,956	0	67,956	6	0	0	4,077	63,879
Total	17,220,931	1,363,183	0	32,500	18,551,614	665,340	17,886,274		0	0	1,225,686	17,325,928
								Enter in boxes	[650]	[650]	[650] on the CT23	

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

Ontario

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

Ontario Cumulative Eligible Capital Deduction
Schedule 10

(For taxation years 2000 and later)

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2002-12-31

- **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*) ..... A 23,469

Add:

Cost of eligible capital property acquired during the taxation year	+	B 0		
Amount transferred on amalgamation or wind-up of subsidiary	+	C 0		
Other adjustments	+	D 0		
Total of B + C + D	=	0	X 0.75 =	E 0
Subtotal A + E			=	F 23,469

Deduct:

Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+	G 0		
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)	+	H 0		
Other adjustments	+	I 0		
Total of G + H + I	=	0	X 0.75 =	J 0
Ontario cumulative eligible capital balance F – J			=	K 23,469

If K is negative, enter zero at line M and proceed to Part 2

Current year deduction K 23,469 X 7.00% * ..... = L 1,643

* *The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.*

Enter amount in box 651 *of the CT23*

Ontario cumulative eligible capital - closing balance K – L (*if negative, enter zero*) ..... = M 21,826

Note: Any amount up to the maximum deduction of 7% may be claimed. 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.

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

Only complete this part if the amount at line K is negative

Amount from line K above (*show as a positive amount*)			N 0
Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988		1 0	
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA		2 0	
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	3 0		
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	4 0		
Line 3 deduct line 4	0	5 0	
Total lines 1 + 2 + 5		6 0	
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000		7 0	
Deduct line 7 from line 6		0	O 0
N - O (*cannot be negative*)			P 0
Amount on line 5	0	X 1/2	Q 0
P - Q			R 0
Amount on line R	0	X 2/3 *	S 0
Lesser of line N or line O			T 0
Amount to be included in income S + T			0

* Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate S

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Taxable Capital of Associated Corporations

(Applicable to an associated group that has a permanent establishment in Canada)

Schedule CT21

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2002-12-31

This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

Name of Associated Corporation (Must have a PE in Canada)	Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
Niagara-on-the-Lake Energy Inc.	1800139	2002-12-31	+ 10,598
Energy Services Niagara Inc.	1800074	2002-12-31	+ 169,414
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
		Aggregate of taxable capital	= 180,012

Transfer to box 540 *of the CT23*