Attachments

Financial statement information: 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.

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Does the corporation have any non-resident shareholders?	151		19
Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered *Yes* to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
Is the corporation a member of a partnership for which an identification number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168		22
Did the corporation have any foreign affiliates during the year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*?	170		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		-----
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Is the net income/loss shown on financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202		2
Has the corporation received dividends or paid taxable dividends for purposes of the dividend refund	203	X	3
Is the corporation claiming any type of losses?	204		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210		10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming reserves of any kind?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or logging tax credits?	221		21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26 *
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the corporation subject to Part 1.3 tax?	233	X	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	236	X	36
Is the corporation claiming a surtax credit?	237	X	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax?	255		92 *

Attachments - Continued from page 2

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

Additional information

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

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

If the major 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 service provided, giving the approximate percentage of the total revenue that each product or service represents.

284	Dist. Electricity	285	100.000 %
286		287	%
288		289	%

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	1,852,057	A
Deduct: Charitable donations from Schedule 2	311				
Gifts to Canada or a province, or a territory from Schedule 2	312				
Cultural gifts from Schedule 2	313				
Ecological gifts from Schedule 2	314				
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320				
Part VI.1 tax deduction from Schedule 43 *	325				
Non-capital losses of preceding taxation years from Schedule 4	331				
Net capital losses of preceding taxation years from Schedule 4	332				
Restricted farm losses of preceding taxation years from Schedule 4	333				
Farm losses of preceding taxation years from Schedule 4	334				
Limited partnership losses of preceding taxation years from Schedule 4	335				
Taxable capital gains or taxable dividends allocated from a central credit union	340				
Prospector's and grubstaker's shares	350				
Subtotal			▶		B
Subtotal (amount A minus amount B) (if negative, enter "0")				1,852,057	C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions			355		D
Taxable income (amount C plus amount D)			360	1,852,057	
Income exempt under paragraph 149(1)(t)			370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)					Z

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	1,852,057	A
Taxable income from line 360 on page 3, **minus** 10/3 of the amount on line 632* on page 7, **minus** 3 times the amount on line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax	405	1,852,057	B

Calculation of the business limit:

For all CCPCs, calculate the amount at line 4 below

$225,000 x	Number of days in the taxation year in 2003 / Number of days in the taxation year	/ 365	=		1
$250,000 x	Number of days in the taxation year in 2004 / Number of days in the taxation year	/ 365	=		2
$300,000 x	Number of days in the taxation year after 2004 / Number of days in the taxation year	365 / 365	=	300,000	3
	Add amounts at line 1, 2, and 3			300,000	4

Business limit (see notes 1 and 2 below)	410	300,000	C

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

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

Business limit reduction:

Amount C 300,000 X **415** *** 3,629 D / 11,250 = 96,773 E

Reduced business limit (amount C minus amount E) (if negative, enter "0")	425	203,227	F
Small business deduction – 16% of whichever amount is the least: A, B, C, or F .	430	32,516	G

(enter amount G of line 9 on page 7)

Accelerated tax reduction

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

Reduced business limit (amount from line 425)	______ x ______ =			a
Net active business income (amount from line 400)*				b
Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax			c	
Deduct:				
Aggregate investment income (amount from line 440 of page 6)			d	
Amount c minus amount d (if negative, enter "0")		▶		e
Amount a, b, or e above, whichever is less				f
Amount Z from Part 9 of Schedule 27	______ x 100 / 7 =		g	
Amount QQ from Part 13 of Schedule 27			h	
Taxable resource income from line 435 on page 5			i	
Amount used to calculate the credit union deduction (amount e in Part 3 of Schedule 17)			j	
Amount on line 400, 405, 410 or 425 of the small business deduction, whichever is less			k	
Total of amounts g, h, i, j, and k		▶		l
Amount f minus amount l (if negative, enter "0")				m
Accelerated tax reduction - 7% of amount m				n

(enter amount n on line 637 of page 7)

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

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

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]			435	H
Amount H ____ x	Number of days in the taxation year in 2003 / Number of days in the taxation year	____ / 365	x 1% =	I
Amount H ____ x	Number of days in the taxation year in 2004 / Number of days in the taxation year	____ / 365	x 2% =	J
Amount H ____ x	Number of days in the taxation year in 2005 / Number of days in the taxation year	365 / 365	x 3% =	K
Amount H ____ x	Number of days in the taxation year in 2006 / Number of days in the taxation year	____ / 365	x 5% =	L
Amount H ____ x	Number of days in the taxation year after 2006 / Number of days in the taxation year	____ / 365	x 7% =	M
Resource deduction – total of amounts I, J, K, L , and M			438	N

(enter amount N on line 10 of page 7)

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 page 3			1,852,057	A
Amount Z from Part 9 of Schedule 27 ____ x 100 / 7 =		B		
Amount QQ from Part 13 of Schedule 27		C		
Taxable resource income from line 435 above		D		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		E		
Amounts on lines 400, 405, 410, and 425 on page 4, whichever is less	203,227	F		
Aggregate investment income from line 440 of page 6		G		
Amount used to calculate the accelerated tax reduction (amount m of page 4)				
Subtotal	203,227	▶	203,227	H
Amount A minus amount H (if negative, enter "0")			1,648,830	I

Amount I 1,648,830 x	Number of days in the taxation year in 2003 / Number of days in the taxation year	____ / 365	x 5% =		J
Amount I 1,648,830 x	Number of days in the taxation year after 2003 / Number of days in the taxation year	365 / 365	x 7% =	115,418	K
General tax reduction for Canadian-controlled private corporations - total of amounts J and K				115,418	L

(enter amount L on line 638 of page 7)

General tax reduction

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

Taxable income from line 360 on page 3				M
Amount Z from Part 9 of Schedule 27 ____ x 100 / 7 =		N		
Amount QQ from Part 13 of Schedule 27		O		
Taxable resource income from line 435 above		P		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		Q		
Total of amounts N, O, P, and Q		▶		R
Amount M **minus** amount R (if negative, enter "0")				S

Amount S ____ x	Number of days in the taxation year in 2003 / Number of days in the taxation year	____	x 5% =		T
Amount S ____ x	Number of days in the taxation year after 2003 / Number of days in the taxation year	____	x 7% =		U
General tax reduction - total of amounts T and U					V

(enter amount V on line 639 of page 7)

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income (Amount P from Part 1 of Schedule 7)	440	X 26 2/3 % =			A
Foreign non-business income tax credit from line 632 on page 7					
Deduct:					
Foreign investment income (Amount O from Part 1 of Schedule 7)	445	X 9 1/3 % =			
		(if negative, enter "0")			B
Amount A **minus** amount B (if negative, enter "0")					C
Taxable income from line 360 on page 3			1,852,057		
Deduct:					
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least		203,227			
Foreign non-business income tax credit from line 632 of page 7	x 25/9 =				
Foreign business income tax credit from line 636 of page 7	x 3 =				
		203,227	203,227		
			1,648,830 X 26 2/3% =	439,688	D
Part I tax payable minus investment tax credit refund (line 700 minus line 780 on page 8)			391,385		
Deduct: Corporate surtax from line 600 of page 7			20,743		
Net amount			370,642	370,642	E
Refundable portion of Part I tax – Amount C, D, or E, whichever is the least			450	0	F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding tax year	460			
Deduct: Dividend refund for the previous taxation year	465			
				G
Add the total of:				
Refundable portion of Part I tax from line 450 above				
Total Part IV tax payable from line 360 on page 2 of Schedule 3				
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480			
				H
Refundable dividend tax on hand at the end of the taxation year - Amount G **plus** amount H		485	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	600,000 X 1/3	200,000	I
Refundable dividend tax on hand at the end of the taxation year from line 485 above			J
Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 of page 8)		0	

Part I tax

Base amount of Part I tax - 38% of taxable income (line 360 or amount Z, whichever applies) from page 3			550	703,782 A

Corporate surtax calculation

Base amount from line A above		703,782	1
Deduct:			
10% of taxable income (line 360 or amount Z, whichever applies) from page 3		185,206	2
Investment corporation deduction from line 620 below			3
Federal logging tax credit from line 640 below			4
Federal qualifying environment trust tax credit from line 648 below			5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is the least:			
28% of taxable income from line 360 on page 3	a		
28% of taxed capital gains	b		6
Part I tax otherwise payable (line A **plus** line C and D **minus** line F)	370,642 c		
Total of lines 2 to 6		185,206	7
Net amount (line 1 minus line 7)		518,576	8

Corporate surtax - 4% of the amount on line 8	600	20,743	B
Recapture of investment tax credit from line PPP in Part 21 of Schedule 31	602		C

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

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 3	1,852,057		
Deduct:			
Amount on line 400, 405, 410, or 425 of page 4, whichever is the least	203,227		
Net amount	1,648,830 ▶	1,648,830	ii

Refundable tax on CCPC's investment income – 6 2/3% of whichever is less: amount i or ii	604		D
Subtotal (add lines A, B, C, and D)		724,525	E

Deduct:

Small business deduction from line 430 on page 4		32,516	9	
Federal tax abatement	608	185,206		
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616			
Investment corporation deduction	620			
(taxed capital gains 624)				
Additional deduction – credit unions from Schedule 17	628			
Federal foreign non-business income tax credit from Schedule 21	632			
Federal foreign business income tax credit from Schedule 21	636			
Accelerated tax reduction from amount n of page 4	637			
Resource deduction from line 438 of page 5			10	
General tax reduction for CCPCs from amount L on page 5	638	115,418		
General tax reduction from amount V on page 5	639			
Federal logging tax credit from Schedule 21	640			
Federal political contribution tax credit	644			
Federal political contributions 646				
Federal qualifying environmental trust tax credit	648			
Investment tax credit from Schedule 31	652			
Subtotal		333,140 ▶		333,140 F
Part I tax payable – Line E **minus** line F (enter amount G on line 700 of page 8)				391,385 G

Summary of tax and credits

Federal tax

Part I tax payable from page 7	**700**	391,385
Part I.3 tax payable from Schedule 33, 34, or 35	**704**	
Part II surtax tax payable from Schedule 46	**708**	
Part IV tax payable from Schedule 3	**712**	
Part IV.1 tax payable from Schedule 43	**716**	
Part VI tax payable from Schedule 38	**720**	
Part VI.1 tax payable from Schedule 43	**724**	
Part XIII.1 tax payable from Schedule 92	**727**	
Part XIV tax payable from Schedule 20	**728**	
Total federal tax		391,385

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**		
Provincial tax on large corporations (New Brunswick and Nova Scotia)	**765**		
Total tax payable	**770**		391,385 A

Deduct other credits:

Investment tax credit refund from Schedule 31	**780**	
Dividend refund from page 6	**784**	
Federal capital gains refund from Schedule 18	**788**	
Federal qualifying environmental trust tax credit refund	**792**	
Canadian film or video production tax credit refund (Form T1131)	**796**	
Film or video production services tax credit refund (Form T1177)	**797**	
Tax withheld at source	**800**	
Total payments on which tax has been withheld **801**		
Allowable refund for non-resident-owned investment corporations - Schedule 26	**804**	
Provincial and territorial capital gains refund from Schedule 18	**808**	
Provincial and territorial refundable tax credits from Schedule 5	**812**	
Royalties deductible under Syncrude Remission Order **815**		
Tax remitted under Syncrude Remission Order	**816**	
Tax instalments paid	**840**	500,119
Total credits	**890**	500,119

500,119 B

Refund Code **894** 1 Overpayment 108,734

Balance (line A minus line B) (108,734) I

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 $2 or less.

Balance unpaid

Enclosed payment **898**

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 is due? **896** 1 Yes ☐ 2 No ☒ NA ☐

Certification

950 CUNNINGHAM (Surname) **951** STEWART (First name) **954** TREASURER (Position, office or rank)

955 ________ (Date) **956** (905) 372-2193 (Telephone number)

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

958 ________ (Name) **959** ( ) - (Telephone number)

Language of correspondence - Langue de correspondance

990 Language of choice/Langue de choix 1 English / Anglais ☒ 2 Français / French ☐

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES — Schedule 1

- 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.

Net income (loss) after taxes and extraordinary items per financial statements			A	951,412
Add:				
Provision for income taxes - current	101	667,000		
Interest and penalties on taxes	103	27,263		
Amortization of tangible assets	104	749,415		
Total of fields 101 to 199	500	1,443,678	▶	1,443,678
Deduct:				
Capital cost allowance - Schedule 8	403	525,188		
Total of fields 300 to 394	499	17,845		
Total of fields 401 to 499	510	543,033	▶	543,033
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)				1,852,057

Deduct:
Other deductions:

700 Provincial capital tax	390	17,845
Total of fields 300 to 394 (Enter this amount at line 499)		17,845

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

DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION

Schedule 3

- This schedule is for the use of any corporation to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
  - taxable dividends paid for purposes of a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- A recipient corporation is connected with a payer corporation at any time in a taxation year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- If you need more space, continue on a separate schedule.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return.*
- For more information, see the sections about Schedule 3 in the *T2 Corporation Income Tax Guide*.

Part 1 - Dividends received during the taxation year

Do not include dividends received from foreign non-affiliates.

	A	B	C	D	E	F
	Name of payer corporation **200**	Connected? **205**	Dividends from foreign source?	Dividends subject to Part IV tax?	Dividends deductible from income under s.112, 113, and 138(6) **240**	Non-taxable dividends deductible under section 83 **230**

Note: If your corporation's taxation year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one taxation year of the payer corporation. If so, use a separate line to provide the information for each taxation year of the payer corporation.

	Complete if payer corporation is connected and a private or subject corporation				
	G	H	I	J	K
	Business number **210**	Taxation year end of the payer corporation in which the dividend was paid **220**	Total taxable dividends paid by connected payer corporation **250**	Dividend refund of the connected payer corporation **260**	Part IV tax before deductions ** **270**
	RC		0	0	0

Total non-taxable dividends deductible under section 83 ____

Total dividends deductible from income under sections 112, 113, and 138(6) ____

** For dividends received from non-connected corporations, Part IV tax = the amount entered in column E x 1/3
For dividends received from connected corporations, do the following calculation: Part IV tax = column E x column J / column I
Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 2 - Calculation of Part IV tax payable

Part IV tax before deductions (total of column K in Part 1) ____

Deduct:

Part IV.I tax payable on dividends subject to Part IV tax **320** ____

Subtotal ____

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax **330** ____

Non-capital losses from previous years claimed to reduce Part IV tax **335** ____

Current-year farm loss claimed to reduce Part IV tax **340** ____

Farm losses from previous years claimed to reduce Part IV tax **345** ____

Total losses applied against Part IV tax ____ x 1/3 = ____

Part IV tax payable (enter amount on line 712 of the T2 return) **360** 0

DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION

Part 3 - Taxable dividends paid in the taxation year for purposes of a dividend refund

A	B	C	D
Name of connected recipient corporation **400**	Business number **410**	Taxation year end of connected recipient corporation in which the dividend was received **420**	Taxable dividends paid to connected corporations **430**
Town of Cobourg Holdings Inc.	RC	2005/12/31	600,000
	RC		
		Total	600,000

Note

If your corporation's taxation year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one taxation year of the recipient corporation. If so, use a separate line to provide the information for each taxation year of the recipient corporation.

Total taxable dividends paid in the taxation year to other than connected corporations	**450**	
Total taxable dividends paid in the taxation year for the purposes of a dividend refund (total of column D above plus line 450)	**460**	600,000

Part 4 - Total dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

			500	
Deduct:				
Dividends paid out of capital dividend account	**510**			
Capital gains dividends	**520**			
Dividends paid on shares described in subsection 129(1.2)	**530**			
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	**540**			
Subtotal				
Total taxable dividends paid in the taxation year for purposes of a dividend refund				0

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

CAPITAL COST ALLOWANCE

Schedule 8

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes ☐ 2 No ☒

1 Class **200**	2 UCC at start of year **201**	3 Cost of additions in the year **203**	4 Net adjustments **205**	5 Proceeds of dispositions in the year **207**	7 Adjustment for additions (1/2 x (col 3 - 5)) **211**	8 Base amount for CCA	9 Rate % **212**	10 CCA for the year (col 8 x 9 or a lower amount) **217**	11 Recapture of CCA **213**	12 Terminal loss **215**	13 UCC at the end of the year **220**
1	206,271	286,209			143,105	349,375	4	13,975			478,505
1	9,986,051	440,455			220,228	10,206,278	4	408,251			10,018,255
10	118,657	32,776			16,388	135,045	30	40,514			110,919
10	42,482					42,482	30	12,745			29,737
12	14,470	63,040			31,520	45,990	100	45,990			31,520
45		16,503			8,252	8,251	45	3,713			12,790
Totals	10,367,931	838,983			419,493	10,787,421		525,188			10,681,726

S8Supp

Reconciliation of NBV and UCC

NBV of capital assets, beginning of year		9,830,870		
Less: Land	-	219,284		
NBV of depreciable capital assets, beginning of year		9,611,586		9,611,586
UCC beginning of year		10,367,931		
Less: Opening Class 14 balance	-			
Adjusted UCC		10,367,931	-	10,367,931
Timing difference, beginning of year				(756,345) A
CCA and amortization				
CCA claimed (except class 14)	+	525,188		
Terminal loss	+			
Recapture	-			
Amortization per financial statements	-	749,415		
Class 10.1				
Difference on purchase (cost ______ less ceiling ______)	+			
Beginning UCC less CCA in year of disposal	+			
NBV of class 10.1 asset prior to sale (proceeds, if financial statement gain)	-			
Gains and losses				
Gain on disposal of capital assets per financial statements	+			
Capital loss portion of total loss	+			
Loss on disposal of capital assets per financial statements	-			
Capital gain portion of total gain	-			
Other				
Operating leases capitalized for financial statement purposes	+			
Deductible items capitalized for financial statement purposes	+			
Section 85 difference	+			
Pre-valuation day depreciation	+			
	+			
Timing difference, current year		(224,227)	+	(224,227) B
Timing difference, end of year (A + B)				(980,572) C
Proof				
NBV of capital assets, end of year		9,920,441		
Less: Land	-	219,284		
NBV of depreciable capital assets, end of year		9,701,157		9,701,157
UCC end of year		10,681,726		
Less: Ending Class 14 balance	-			
Adjusted UCC		10,681,726	-	10,681,726
Timing difference as at 2005/12/31 (amount D should equal amount C)				(980,569) D

Notes

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

RELATED AND ASSOCIATED CORPORATIONS

Schedule 9

This form is to be completed by a corporation having one or more of the following:

- related corporation(s)
- associated corporation(s)

Name	Country (if not Canada)	Business # (Canadian corporation only)	Code note 1	Common shares		Preferred shares		Book value of capital stock
				# owned	% owned	# owned	% owned	
100	**200**	**300**	**400**	**500**	**550**	**600**	**650**	**700**
Town of Cobourg Holdings		NR	1					
Lakefront Utility Services Inc		NR	3					
Cobourg Networks Inc.		NR	3					

Note 1 : Enter the code number of the relationship that applies: 1- Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

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

Schedule 23

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.

Allocation of the business limit

Date filed (for departmental use only) **025** ______

Enter the calendar year to which the agreement applies **050** 2005

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

	1 Names of associated corporations **100**	2 Business Number of associated corporations **200**	3 Association code **300**
1	Lakefront Utilities Inc.	11111 1118 RC 0001	1
2	Town of Cobourg Holdings	NR	1
3	Lakefront Utility Services Inc	NR	1
4	Cobourg Networks Inc.	NR	1

Allocate business limit using: ☒ % ☐ $

	Taxation year		4 Business limit for the year (before allocation) $	Allocating business limit 5 Percentage of the business limit (%) **350**	6 Business limit allocated $ **400**	7 Gross Part I.3 tax for business limit reduction
	Start	End				
1	2005/01/01	2005/12/31	300,000	100.000	300,000	3,629
2	2005/01/01	2005/12/31	300,000			
3	2005/01/01	2005/12/31	300,000			
4	2005/01/01	2005/12/31	300,000			
TOTALS				100.000	A 300,000	3,629

If the taxation year of the corporation filing this form is less than 51 weeks, enter the prorated business limit in this box. $ 300,000

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

PART I.3 TAX ON LARGE CORPORATIONS

Schedule 33

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

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

Part 1 - Capital

	Line	Amount		Total	
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	244,494			
Capital stock (or members' contributions if incorporated without share capital)	103	4,684,456			
Retained earnings	104	1,916,292			
Contributed surplus	105				
Any other surpluses	106				
Deferred unrealized foreign exchange gains	107				
All loans and advances to the corporation	108	7,286,171			
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109				
Any dividends declared but not paid by the corporation before the end of the year	110				
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111				
Proportion of the amount, if any, by which the total of all amounts (see note below) for the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses	112				
Subtotal		14,131,413	▶	14,131,413	A
Deduct the following amounts:					
Deferred tax debit balance at the end of the year	121				
Any deficit deducted in computing its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122				
Any amount deducted under subsection 135(1) in computing income under Part I for the year, to the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above	123				
The amount of deferred unrealized foreign exchange losses at the end of the year	124				
Subtotal			▶		B
Capital for the year (amount A minus amount B) (if negative, enter "0")			190	14,131,413	

PART I.3 TAX ON LARGE CORPORATIONS

Part 2 - Investment allowance

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

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	2,461,986
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend receivable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were other corporations (other than financial institutions) that were not exempt from tax under Part I.3 (other than by reason of paragraph 181.1(3)(d))	406	
An interest in a partnership (see note 1 below)	407	
Investment allowance for the year	490	2,461,986

Part 3 - Taxable capital

Capital for the year (line 190)		14,131,413	C
Deduct: Investment allowance for the year (line 490)		2,461,986	D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500	11,669,427	

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) 11,669,427 × (Taxable income earned in Canada 610 1,852,057 / Taxable income 1,852,057) = 690 11,669,427 **Taxable capital employed in Canada**

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

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

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

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

PART I.3 TAX ON LARGE CORPORATIONS

Part 5 - Calculation of gross Part I.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies) 11,669,427

Deduct: Capital deduction claimed for the year (enter $50,000,000 or, for related corporations, the amount allocated on Schedule 36) **801** 50,000,000

Excess of taxable capital employed in Canada over capital deduction **811** ______

Line 811 ______ x (Number of days in the taxation year before 2004 ______ / Number of days in the taxation year 365) x 0.00225 = ______ F

Line 811 ______ x (Number of days in the taxation year in 2004 ______ / Number of days in the taxation year 365) x 0.002 = ______ G

Line 811 ______ x (Number of days in the taxation year in 2005 365 / Number of days in the taxation year 365) x 0.00175 = ______ H

Line 811 ______ x (Number of days in the taxation year in 2006 ______ / Number of days in the taxation year 365) x 0.00125 = ______ I

Line 811 ______ x (Number of days in the taxation year in 2007 ______ / Number of days in the taxation year 365) x 0.000625 = ______ J

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

Subtotal (add amounts F to J) ______ K

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

Amount K ______ X (Number of days in the year (______) / 365) = ______ L

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

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

Taxable capital employed in Canada (line 690 or 790, whichever applies) 11,669,427 M

Deduct: Line 801 above 50,000,000 x 1/5 = 10,000,000 N

Excess (amount M minus amount N) (if negative, enter "0") 1,669,427 O

Amount O 1,669,427 x 0.00225 = 3,756 P

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

Amount P ______ x (Number of days in the year (______) / 365) = ______ Q

Gross Part I.3 tax for purposes of the unused surtax credit (amount P or Q, whichever applies) **821** 3,756

PART I.3 TAX ON LARGE CORPORATIONS

Part 7 - Calculation of current year surtax credit available

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

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

a) line 600 from the T2 return			**a**		
b) line 700 from the T2 return			**b**		R

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

c) line 600 from your T2 return	20,743 x (line 690 ÷ line 500) =	20,743	**c**		
d) line 700 from the T2 return		391,385	**d**	20,743	S
Current year surtax credit available (amount R or S, whichever applies)			**830**	20,743	

Part 8 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)		20,743
Less: Gross Part I.3 tax for purposes of the unused surtax credit (line 821)		3,756
Current-year unused surtax credit (if negative, enter "0")	**850**	16,987

Enter this amount at line 600 on Schedule 37.

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

Gross Part I.3 tax (line 820)				T
Deduct:				
Current-year surtax credit applied (line 820 or 830, whichever is less)	**861**			
Unused surtax credit from previous years applied (amount from line 320 on Schedule 37)	**862**			
Subtotal (cannot be more than amount on line 820)				U
Net Part I.3 tax payable (amount T minus amount U)		**870**		

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

Schedule 36

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

Agreement

Date filed (for departmental use only) **010** ______

Is this an amended agreement? **020** ☐ 1 Yes ☒ 2 No

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

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

Names of all corporations which are members of the related group **200**	Business number (if a corporation is not registered, enter "NR") **300**	Allocation of capital deduction for the year $ **400**	Taxation year end to which this agreement applies * **500**
Lakefront Utilities Inc.	11111 1118 RC 0001	50,000,000	yyyy/mm/dd
Town of Cobourg Holdings	NR	0	yyyy/mm/dd
Lakefront Utility Services Inc	NR	0	yyyy/mm/dd
Cobourg Networks Inc.	NR	0	yyyy/mm/dd
	Total	50,000,000	

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

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

CALCULATION OF UNUSED SURTAX CREDIT (2000 and later taxation years)

SCHEDULE 37

- Use this schedule to calculate a corporation's unused surtax credit.
- You should also use this schedule to request a carry-back of unused surtax credit. This request should be filed by the required filing date of the T2 return for the year in which the surtax credit arose.
- Any unused surtax credit can be carried back three years and carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subection 181.1(7) of the *Income Tax Act* when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.
- Attach this schedule to the T2 return or mail it separately to the tax centre where the return is filed.

Part 1 - Unused surtax credits

Year of origin	Unused surtax credit at end of preceding tax year	Transfers on amalgamation or wind-up	Current year credit	Applied	Ending balance
		Expired			
2000/12/31					
2001/12/31					
2002/12/31					
2003/12/31	9,543				9,543
2004/12/31	16,496				16,496
2005/12/31			16,987		16,987
Totals	26,039				43,026

Calculation of closing balance of unused surtax credit

Unused surtax credit at the end of the preceding taxation year		26,039	
Deduct: Unused surtax credit expired after seven taxation years	**115**		
Unused surtax credit at beginning of taxation year	**120**	26,039	
Add: Unused surtax credit transferred on amalgamation or wind-up of subsidiary	**220**		
Subtotal		26,039	A
Deduct: Amount of unused surtax credit carried forward from previous years and applied to reduce Part I.3 tax payable in the current year (see line 862 of Schedule 33, line 862 of Schedule 34, or line 862 of Schedule 35, whichever applies)	**320**		
Unused surtax credit balance		26,039	
Deduct: Amount of unused surtax credit carried forward from previous years and applied to reduce Part VI tax payable in the current year (see line 887 of Schedule 38)	**420**		
Subtotal		26,039	
Add: Current year unused surtax credit (enter amount from line 850 of Schedule 33, line 850 of Schedule 34, or line 850 of Schedule 35)	**600**	16,987	
Subtotal		43,026	
Deduct: Unused surtax credit carried back to preceding taxation year(s) (complete Part 2 below)			B
Closing balance of unused surtax credit	**820**	43,026	

Part 2 - Request for carryback of unused surtax credit

				To Part I.3 tax		To Part VI tax	
1st preceding taxation year	2004/12/31	Credit to be applied	**901**		**911**		
2nd preceding taxation year	2003/12/31	Credit to be applied	**902**		**912**		
3rd preceding taxation year	2002/12/31	Credit to be applied	**903**		**913**		
		Subtotal			C		D

Total of C and D (enter this amount at line B in Part 1 above) ____

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

SHAREHOLDER INFORMATION

Schedule 50

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 (after name, indicate in brackets if the shareholder is a corporation, partnership, individual or trust) **100**	Business Number (If a corporation is not registered, enter "NR") **200**	Social Insurance Number * **300**	Percentage common shares **400**	Percentage preferred shares **500**
Town of Cobourg Holding Inc	NR		100.000	
	RC			

* If the shareholder is a trust, enter NR at field 200 or NA at field 300.

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

BUSINESS CONSENT FORM

Use this form to consent to the release of confidential information about your Business Number (BN) account(s) to the representative named below, or to cancel consent for an existing representative.

- Complete Parts 1, 2, and 5 to name a representative.
- Complete Parts 3, 4, and 5 to cancel consent for an existing representative.
- Complete all parts of this form if you want to both name a new representative and cancel consent for an existing representative.

If you have questions, such as where to send this form, call us at 1-800-959-5525.

Part 1 – Consent to release of information to a representative

Client's name: Lakefront Utilities Inc. Business Number: 111111118

I consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

BDO DUNWOODY LLP

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to specify a particular individual of that firm, enter that individual's first and last name.

(905) 946-1066

Representative's telephone number

(905) 946-9524

Representative's fax number

Part 2 – Details of consent

A. Which accounts?

I request that this consent apply to all accounts. ☒ OR

I request that this consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to authorize access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001 ☐	RC ________	RC ________
GST/HST	RT0001 ☐	RT ________	RT ________
Payroll deductions	RP0001 ☐	RP ________	RP ________
Import/Export	RM0001 ☐	RM ________	RM ________

B. Which years?

I request that this consent apply to all years. ☒ OR

I request that this consent apply only to the following years:

1. All year-ends up to: ________
2. All year-ends beginning in: ________ and all years after that.
3. The following year-ends only: ________ ________ ________ ________

BUSINESS CONSENT FORM

Part 3 – Cancellation of consent to release of information to a representative

Client's name: Lakefront Utilities Inc. Business Number: 111111118

I cancel all previous consents for all representatives. ☐ OR

I cancel my consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

____

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

____

If you named a firm as your representative, and you want to cancel the consent for a particular individual of that firm, enter that individual's first and last name.

( ) - Representative's telephone number

( ) - Representative's fax number

Part 4 – Details of cancellation of consent

A. Which accounts?

I request that this cancellation of consent apply to all accounts. ☐ OR

I request that this cancellation of consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to cancel access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001 ☐	RC ______	RC ______
GST/HST	RT0001 ☐	RT ______	RT ______
Payroll deductions	RP0001 ☐	RP ______	RP ______
Import/Export	RM0001 ☐	RM ______	RM ______

B. Which years?

I request that this consent apply to all years. ☐ OR

I request that this consent apply only to the following years:

1. All year-ends up to: ______
2. All year-ends beginning in: ______ and all years after that.
3. The following year-ends only: ______ ______

   ______ ______

Part 5 – Signature

Print your name STEWART CUNNINGHAM Title TREASURER

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here ▶ ________________ Date __________

Appendix 30

2005 CT23 Provincial Tax Return

Ontario

Ministry of Finance

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

2004/2005 CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2002

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

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

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

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

Page 1 of 20

Ministry Use: COPY FOR YOUR FILES

Corporation's Legal Name *(including punctuation)* Lakefront Utilities Inc.	Ontario Corporations Tax Account No. (MOF) 1800124
Mailing address 207 Division Street P.O.Box 577 City: Cobourg — Province: ON — Country: CA — Postal code: K9A 4L3	This Return covers the Taxation Year Start 2005/01/01 End 2005/12/31
Has the mailing address changed since last filed CT23 Return? ☐ Yes — Date of change (year month day):	Date of Incorporation or Amalgamation 2000/05/01
Registered/Head Office Address 207 Division Street P.O.Box 577 City: Cobourg — Province: ON — Country: — Postal code: K9A 4L3	Ontario Corporation No. (MCBS) 1412420
Location of Books and Records 207 Division Street P.O.Box 577 City: Cobourg — Province: ON — Country: — Postal code: K9A 4L3	Canada Customs and Revenue Agency Business No. 111111118RC0001
Name of person to contact regarding this CT23 Return: STEWART CUNNINGHAM — Telephone No.: (905) 372-2193 — Fax No.: (905) 372-2581	Jurisdiction Incorporated: ONTARIO
Address of Principal Office in Ontario (*Extra-Provincial Corporations only*) (MCBS) City — Province — Country — Postal code	If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced Ceased ☒ *Not Applicable*
Former Corporation Name (*Extra-Provincial Corporations only*) ☐ *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 check ☑ this box. Schedule(s) A and K are not required (MCBS). ☒ **No Change**	Preferred Language / *Langue de préférence* ☒ 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
STEWART CUNNINGHAM

Title: D ☐ Director O ☒ Officer P ☐ Other individual having knowledge of the Corporation's business activities

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

Taxation Year End

Exempt From Filing (EFF)
Corporations Tax Return Declaration

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)

This EFF Declaration must be filed for each taxation year that the corporation is exempt from filing and must be filed within 6 months after the corporation's taxation year end.

Criteria for exempt from filing status:

a) has filed a federal income tax return (T2) with Canada Customs and Revenue Agency for the taxation year;
b) had no Ontario taxable income for the taxation year (subject to the provisions in Note 2 below);
c) had no Ontario Corporations Tax payable for the taxation year;
d) was a Canadian-controlled private corporation throughout the taxation year (i.e. generally a private corporation with 50% or more shares owned by Canadian residents as defined by the *Income Tax Act* (Canada));
e) has provided its Canada Customs and Revenue Agency business number to the Ministry of Finance, Corporations Tax Branch; and
f) is **not** subject to the Corporate Minimum Tax (i.e. alone or as part of an associated group whose total assets exceed $5 million or whose total revenues exceed $10 million for the taxation year).

Note 1: Filing of this declaration and the Annual Return does not constitute the filing of a Corporations Tax Return under section 75 of the *Corporations Tax Act*.

Note 2: The following loss situations will require otherwise EFF corporations to file a CT23 tax return complete with all related schedules and financial statements:

- If a corporation has a loss in the current taxation year that is to be carried back and applied to a previous taxation year(s), regardless of whether the loss is the same as for federal purposes or not, a CT23 tax return is required for the current taxation year. The corporation must also provide information indicating that the loss is to be carried back and specify the year and the amount of loss to be carried back to each taxation year.
- If a corporation has a prior year loss, that is not the same for both federal and Ontario purposes and the corporation is applying a loss carryforward from the prior year to the current year, a CT23 tax return is required for the current taxation year, and if not previously filed, a CT23 tax return for the prior taxation year in which the loss was incurred is also required. Although a tax return for the loss year is not required where the loss is not being applied, the Corporations Tax Branch will accept the filing of a tax return for a loss year at the time the loss is incurred.
- If a corporation has a prior year loss, that is the same for both federal and Ontario purposes, but in the current taxation year the corporation is applying a different amount of loss for Ontario than the loss amount being applied for federal income tax purposes, the corporation is required to file a CT23 tax return for the current taxation year only.

The following 3 items MUST be completed for EFF declarations only. In cases where the Annual Return, which includes page 1, is **also** being filed, completion of these fields is **not** required.

1. Corporation's Mailing Address

City Province Country Postal code

2. Ontario Corporation No. (MCBS)

3. Canada Customs and Revenue Agency Business No. RC

I, ______________________________ declare that:

The above corporation meets **all** of the exempt from filing criteria (a) through (f) above for the taxation year and therefore qualifies under the *Corporations Tax Act* as exempt from filing an Ontario Corporations Tax Return.

Signature	Title/Relationship to Corporation	Telephone number	Date
		( ) -	

Please note that making a false statement to avoid compliance with the *Corporations Tax Act* is an offence which can result in a penalty and/or fine.

If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporation Tax Return. To obtain a copy, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.

Yes	No	
X		(a) The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year. Indicate Share Capital with full voting rights owned by Canadian Residents (nearest whole percentage) 100 %
	X	(b) The corporation's taxable income for the taxation year is $200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. (*Refer to Guide)*
	X	(c) The corporation is **not** a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.
	X	(d) The corporation's taxation year ends on or after January 1, 2001, and its gross revenue and total assets are each $1,500,000 or less and the corporation is not a financial institution; or The corporation's taxation year commences after September 30, 2001, and its gross revenue and total assets are each $3,000,000 or less and the corporation is not a financial institution.
	X	(e) The corporation is **not** claiming a tax credit other than the Incentive Deduction for Small Business Corporations (IDSBC), Co-operative Education Tax Credit (CETC), Graduate Transitions Tax Credit (GTTC) or Apprenticeship Training Tax Credit (ATTC).
X		(f) The corporation's Ontario allocation factor is 100%.

Note: Family Farm or Fishing corporations that have a taxation year ending on or after January 1, 2000 and that are **not** subject to the Corporate Minimum Tax, may also use the **CT23 Short-Form Corporations Tax Return** if the corporation checks "Yes" to a), b), c), e) and f) above.

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation - Please check (✓) 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 %) 100 %

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

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

Specify major business activity

[2]
- 1 [ ] Family Farm Corporation s.1(2)
- 2 [ ] Family Fishing Corporation s.1(2)
- 3 [ ] Mortgage Investment Corp 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 Corp 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 subsidary of either
- 20 [ ] Producer and seller of steam for uses other than for the generation of electricity
- 21 [ ] Insurance Exchange s.74.4
- 22 [ ] Farm Feeder Finance Co-operative Corporation
- 23 [ ] Professional Corporation (incorporated professionals only)

Please check (✓) box(es) if applicable:

- [ ] First Year of Filing
- [ ] Final Taxation Year up to Dissolution (wind-up) (*Note: For discontinued businesses, see Guide.*)
- [ ] Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- [ ] Amended Return
- [ ] Final Taxation Year before Amalgamation
- [ ] Acquisition of Control fed s.249(4)

  Date control was acquired: ______
- [ ] Taxation Year End has changed - Canada Customs and Revenue Agency approval required
- [ ] Floating Fiscal Year End

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

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)	From **690** ±	1,852,057
Subtract: Charitable donations	**1** -	
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property *(Attach schedule 2)*	**2** -	
Subtract: Taxable dividends deductible, per federal Schedule 3	**3** -	
Subtract: Ontario political contributions *(Attach schedule* 2A) (Int.B. 3002R)	**4**	
Subtract: Federal Part VI.1 tax ______ X 3	**5** -	
Subtract: Prior years' losses applied - Non-capital losses	From **704**	
Net capital losses (page 16) From **715** ______ X inclusion rate 50.000000 % =	**714**	
Farm losses	From **724** -	
Restricted farm losses	From **734** -	
Limited partnership losses	From **754** -	
Taxable income (Non-capital loss)	**10** =	1,852,057
Addition to taxable income for unused foreign tax deduction for federal purposes	**11** +	
Adjusted taxable income 10 + 11 (if **10** is negative, enter **11**)	**20** =	1,852,057

Taxable Income — **Number of days in Taxation Year**

		Ontario Allocation		Days		Total Days		
From **10** (or **20**)	1,852,057 X**30**	100.0000	% X 12.5 % X **33** (Days after Dec. 31, 2002 and before Jan. 1, 2004)		÷ **73**	365	= **29** +	
From **10** (or **20**)	1,852,057 X**30**	100.0000	% X 14.0 % X **34** (Days after Dec. 31, 2003)	365	÷ **73**	365	= **32** +	259,288

Income Tax Payable (before deduction of tax credits) **29 + 32** **40** = 259,288

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 year? (✓) ☒ Yes ☐ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))			**50**	1,852,057
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	**51** +	1,852,057		
Add: Losses of other years deducted for federal purposes (fed.s.111)	**52** +			
Subtract: Losses of other years deducted for Ontario purposes (s.34)	**53** -			
	=	1,852,057	▶ **54**	1,852,057
Federal Business limit (line 410 of the T2 return) for the year before application of fed.s.125(5.1)	**55** +	300,000		

Ontario Business Limit Calculation

320,000 X **31** ______ (Days after Dec. 31, 2002 and before Jan. 1, 2004) ÷** 365 =+ **46** ______

400,000 X **34** 365 (Days after Dec. 31, 2003) ÷** 365 =+ **47** 400,000

Business limit for Ontario purposes **46 + 47** = **44** 400,000 X **48** 100.0000 % (Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated) = **45** 400,000

Income eligible for the IDSBC From **30** 100.0000 (***Ontario Allocation) % X **56** 400,000 (Least of **50, 54** or **45**) **60** = 400,000

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

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

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

continued on Page 5

Income Tax *continued from Page 4*

Number of Days in Taxation Year

		Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days		
Calculation of IDSBC Rate	7.0 % X **31**		÷ **73**	365	= **89** +	
		Days after Dec. 31, 2003		Total Days		
	8.5 % X **34**	365	÷ **73**	365	= **90** +	8.5000
IDSBC Rate for Taxation Year **89 + 90**					**78** =	8.5000
Claim	From **60**	400,000	X From **78**	8.5000 %	**70** =	34,000

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.

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** +	1,852,057
If you are a member of an associated group (✓) **81** ☒ (Yes)			
Taxable income of associated corporations *(Attach schedule)*		**82** +	
Aggregate Taxable Income		**85** =	1,852,057

Number of days in Taxation Year

	Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days				
320,000 X **31**		÷ **73**	365	= **115** +			
	Days after Dec. 31, 2003		Total Days				
400,000 X **34**	365	÷ **73**	365	= **116** +	400,000		
			115 + 116	=	400,000 ▶	**114** -	400,000
(If negative, enter nil)						**86** =	1,452,057

Number of Days in Taxation Year

		Days after Dec. 31, 2002		Total Days		
Calculation of Specified Rate for Surtax	4.667% X **38**	365	÷ **73**	365	= **97** +	4.6670
From **86** 1,452,057	X From **97** 4.6670 % =				**87** =	67,768
From **87** 67,768	X From **60** 400,000	÷ From **114**	400,000		**88** =	67,768

Surtax: Lesser of **70** or **88**	**100** =	34,000

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

continued on Page 6

Income Tax *continued from Page 5*

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

110	

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

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

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

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

Eligible Canadian Profits	120 +	
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56 -	400,000

Add: Adjustment for Surtax on Canadian-controlled private corporations
From **100** 34,000 ÷ From **30** 100.0000 % (*Ontario Allocation) ÷ From **78** 8.5000 % = **121** 400,000

Lesser of **56** or **121**	122 +	400,000
120 - 56 + 122	130 =	
Taxable Income	From 10 +	1,852,057
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56 -	400,000
Add: Adjustments for Surtax on Canadian-controlled private corporations	From 122 +	400,000
Subtract: Taxable income **10** X Allocation % to jurisdictions outside Canada	140 -	
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	141 -	
10 - 56 + 122 - 140 - 141	142 =	1,852,057

Claim — **Number of Days in Taxation Year**

143 ______ (Lesser of **130** or **142**) X From **30** 100.0000 (*Ontario Allocation) % X 1.5% X **33** ______ (Days after Dec. 31, 2002 and before Jan. 1, 2004) ÷ **73** 365 (Total Days) = **154** +

143 ______ (Lesser of **130** or **142**) X From **30** 100.0000 (*Ontario Allocation) % X 2.0% X **34** 365 (Days after Dec. 31, 2003) ÷ **73** 365 (Total Days) = **156** +

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

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

161 =	

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

162 =	

Credit for Foreign Taxes Paid (s.40)

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

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit **175** ______ Credit Claimed **180**

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

190 =	259,288

continued on Page 7

Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

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

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

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

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

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

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

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

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

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

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

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

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

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

Income Tax 190 - 225 OR Enter NIL if reporting Non-Capital Loss (*amount cannot be negative*) **230** = 259,288

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)

Total Assets of the corporation	240 +	17,915,896		
Total Revenue of the corporation			241 +	27,203,169

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

If you are a member of an associated group (✓) **242** ☒ (Yes)

Total Assets of associated corporations *(Attach schedule)*	243 +			
Total Revenue of associated corporations *(Attach schedule)*			244 +	
Aggregate Total Assets	249 =	17,915,896		
Aggregate Total Revenue			250 =	27,203,169

Determination of Applicability

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

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

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

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

Calculation: CMT *(Attach Schedule 101.)*

Gross CMT Payable - CMT Base From Schedule 101 **2136** 1,618,412 X From **30** 100.0000 % X 4% **276** = 64,736
If negative, enter zero — Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes *(Attach schedule)*	277	
Subtract: Income Tax	From 190 -	259,288
Net CMT Payable (if negative, enter Nil on page 17.)	280 =	

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

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

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

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

Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)			From 190 +	259,288
	Gross CMT Payable	From 276 +	64,736		
	Subtract: Foreign Tax Credit for CMT purposes	From 277 -			
	If **276** - **277** is negative, enter NIL in **290**	=	64,736 ▶	290 -	64,736
	Income Tax eligible for CMT Credit			300 =	194,552
B.	Income Tax (after deduction of specified credits)			From 230 +	259,288
	Subtract: CMT credit used to reduce income taxes			310	
	Income Tax			320 =	259,288

Transfer to Page 17

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

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

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

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

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

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation.

If Investment Allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Int.B. 3017R).

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	350 +	4,684,456
Retained earnings (if deficit, deduct) (Int.B. 3012R)	351 ±	1,916,292
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352 +	
Loans and advances *(Attach schedule)*(Int.B. 3013R)	353 +	286,171
Bank loans (Int.B. 3013R)	354 +	
Bankers acceptances (Int.B. 3013R)	355 +	
Bonds and debentures payable (Int.B. 3013R)	356 +	
Mortgages payable (Int.B. 3013R)	357 +	
Lien notes payable (Int.B. 3013R)	358 +	7,000,000
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	359 +	244,494
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	360 +	
Other reserves not allowed as deductions for income tax purposes *(Attach schedule)* (Int.B. 3012R)	361 +	
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))* (Int.B. 3017R)	362 +	
Subtotal	370 =	14,131,413
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)* (Int.B. 3012R)	371 -	(1,290,385)
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	372 -	
Total Paid-up Capital	380 =	15,421,798
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	381 -	
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the *Corporations Tax Act*, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382 -	
Net Paid-up Capital	390 =	15,421,798

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	402 +	
Mortgages due from other corporations	403 +	
Shares in other corporations (certain restrictions apply) *(Refer to Guide)*	404 +	
Loans and advances to unrelated corporations	405 +	
Eligible loans and advances to related corporations (certain restrictions apply) *(Refer to Guide)*	406 +	2,461,986
Share of partnership(s) or joint venture(s) eligible investments *(Attach schedule)*	407 +	
Total Eligible Investments	410 =	2,461,986

continued on Page 10

Capital Tax *continued from Page 9*

Total Assets (Int.B. 3015R)

Total Assets per balance sheet	420 +	17,915,896
Mortgages or other liabilities deducted from assets	421 +	
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	422 +	
Subtract: Investment in partnership(s)/joint venture(s)	423 -	
Total Assets as adjusted	430 =	17,915,896
Amounts in **360** and **361** (if deducted from assets)	440 +	
Subtract: Amounts in **371**, **372** and **381**	441 -	(1,290,385)
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (specify on an attached schedule)	443 ±	
Total Assets	450 =	19,206,281

Investment Allowance (410 ÷ 450) X 390	**Not to exceed 410**	460 =	1,976,866
Taxable Capital 390 - 460		470 =	13,444,932

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)

Gross Revenue of the corporation	27,203,169		
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue *(Attach schedule)*			
Aggregate of Gross Revenue	27,203,169	480	27,203,169
Total Assets (as adjusted)	From	430	17,915,896

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: *This version (2004/2005) of the CT23 may only be used for a taxation year that commenced after December 31, 2002.*
Financial Institutions use calculations on page 13.

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

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

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

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD) — **Number of Days in Taxation Year**

		Days		Total Days		
5,000,000 X	**35** Days before Jan. 1, 2005		÷ **73**	365	= **500** +	
7,500,000 X	**36** Days after Dec. 31, 2004 and before Jan.1, 2006	365	÷ **73**	365	= **501** +	7,500,000
10,000,000 X	**37** Days after Dec. 31, 2005 and before Jan.1, 2007		÷ **73**	365	= **502** +	
	Taxable Capital Deduction (TCD)			**500 + 501 + 502**	**503** =	7,500,000

SECTION C

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

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

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

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

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

If floating taxation year, refer to Guide.

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

continued on Page 11

Capital Tax Calculation *continued from Page 10*

SECTION D

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

D1. ☐ **509** (✓ if applicable) All corporations that you are associated with do **not** have a permanent establishment in Canada.

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

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

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

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

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

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

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

Taxable Capital form **470** on page 10 — From **470** + 13,444,932

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

Taxable Capital of associated corporations *(Attach schedule)* — **531** +

Aggregate Taxable Capital **470 + 531** — **540** = 13,444,932

If **540** above is equal to or less than the TCD **503** on page 10, the corporation's Capital Tax for the taxation year, is NIL. Enter NIL in **523** in section E on page 12, as applicable.
If **540** above is greater than the TCD **503** on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E on page 12.

From **470** 13,444,932 ÷ From **540** 13,444,932 X From **503** 7,500,000 **541** = 7,500,000

*Transfer to **542** in Section E on page 12*

Ss.69(2.1) Election Filed

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

continued on Page 12

Capital Tax Calculation *continued from Page 11*

SECTION E

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

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

+ From **470**	13,444,932						**Total Capital Tax for the taxation year**
- **542**	7,500,000				Days in the taxation year		
= **471**	5,944,932	x From **30**	100.0000 %	x 0.3% x	**555** 365	= **523** +	17,835
			Ontario Allocation		*365 (366 if leap year)		*Transfer to **543** and complete the return from that point*

SECTION F

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

+ From **470**		X From **30** 100.0000 x 0.3%		= **561** +	
		Ontario Allocation			
- Capital tax deduction from **995** relating to **your corporation's** Capital Tax deduction, on Schedule 591				From **995**	
				562 =	
Capital Tax	**562**	X	Days in taxation year **555** 365	= **563** +	
			*365 (366 if leap year)		*Transfer to **543** and complete the return from that point*

* *If floating taxation year, refer to Guide*

Capital Tax before application of specified credits	**543** =	17,835
Subtract: Specified Tax Credits applied to reduce capital tax payable *(Refer to Guide)*	**546**	
Capital Tax 543 - 546 *(amount cannot be negative)*	**550** =	17,835
		Transfer to Page 17

continued on Page 13

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

1.1. Credit Unions Only

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

1.2 Other than Credit Unions

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

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

Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1; Ontario Allocation

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

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

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

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

2. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments **585** ______

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

Capital Tax - Financial Institutions 575 - 585 **586** = ______

*Transfer to **543** on Page 12*

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

(1) Uninsured Benefits Arrangements **587** ______ x 2% **588** = ______
Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in **588** and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in **588**.)
Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

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

Premium Tax 588 - 589 **590** = ______

Transfer to Page 17

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

Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1 — 600 ± 1,852,057
Transfer to Page 15

Add:

Federal capital cost allowance	601 +	525,188
Federal cumulative eligible capital deduction	602 +	
Ontario taxable capital gain	603 +	
Federal non-allowable reserves. Balance beginning of year	604 +	
Federal allowable reserves. Balance end of year	605 +	
Ontario non-allowable reserves. Balance end of year	606 +	
Ontario allowable reserves. Balance beginning of year	607 +	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	608 +	
Federal resource allowance *(Refer to Guide)*	609 +	
Federal depletion allowance	610 +	
Federal foreign exploration and development expenses	611 +	
Crown charges, royalties, rentals, etc. deducted for Federal purposes *(Refer to Guide)*	617 +	

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

Number of Days in Taxation Year

612 ______ X 5/12.5 X **33** ______ (Days after Dec. 31, 2002 and before Jan. 1, 2004) ÷ **73** 365 (Total Days) = **633** + ______

612 ______ X 5/14.0 X **34** 365 (Days after Dec. 31, 2003) ÷ **73** 365 (Total Days) = **634** + ______

Total add-back amount for Management fees, etc. **633 + 634** =	613 +			
Federal Scientific Research Expenses claimed in year from line **460** of fed. form T661 excluding any negative amount in **473** from Ont. CT23 Schedule 161	615 +			
Add any negative amount in **473** from Ont. CT23 Schedule 161	616 +			
Federal allowable business investment loss	620 +			
Total of other items not allowed by Ontario but allowed federally *(Attach schedule)*	614 +			
Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614	=	525,188	640	525,188

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under **675**)	650 +	525,188
Ontario cumulative eligible capital deduction	651 +	
Federal taxable capital gain	652 +	
Ontario non-allowable reserves. Balance beginning of year	653 +	
Ontario allowable reserves. Balance end of year	654 +	
Federal non-allowable reserves. Balance end of year	655 +	
Federal allowable reserves. Balance beginning of year	656 +	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) *(Retain calculations. Do not submit.)*	657 +	
Ontario depletion allowance	658 +	
Ontario resource allowance *(Refer to Guide)*	659 +	
Ontario current cost adjustment *(Attach schedule)*	661 +	
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	675 +	
Subtotal of deductions for this page 650 to 659 + 661 + 675	681	525,188

Transfer to Page 15

continued on Page 15

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

continued from Page 14

Net income (loss) for federal income tax purposes, per federal Schedule 1 — From **600** ± 1,852,057

Total of Additions on page 14 — From **640** = 525,188

Sub Total of deductions on page 14 — From **681** = 525,188

Deduct:

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

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

ONTTI Gross-up deduction calculation:

From **662** ______ x 100/ **30** 100.0000 (Ontario Allocation) = Gross-up of CCA - From **662** ______ **663** =

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

Qualifying expenditures: **665** ______ x 30% x 100/ **30** 100.0000 (Ontario Allocation) **666** =

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

Qualifying expenditures: **667** ______ x 100% x 100/ **30** 100.0000 (Ontario Allocation) **668** =

Number of Employees accommodated **669**

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

Qualifying expenditures **670** ______ x 30% x 100/ **30** 100.0000 (Ontario Allocation) **671** =

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

Qualifying expenditures **672** ______ x 15% x 100/ **30** 100.0000 (Ontario Allocation) **673** =

Ontario allowable business investment loss **678** +

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

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

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

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 525,188 **680** 525,188

Net income (loss) for Ontario Purposes 600 + 640 - 680 — 690 = 1,852,057

Transfer to Page 4

Continuity of Losses Carried Forward

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

Analysis of Balance by Year of Origin

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

Notes:

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

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

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

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

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

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

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

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carryback adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Minister 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	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income. **Predecessor Corporation's Account No. (MOF)** / **Taxation Year Ending**				
i) 3rd preceding 901 2002/12/31	911	921	931	941
ii) 2nd preceding 902 2003/12/31	912	922	932	942
iii) 1st preceding 903 2004/12/31	913	923	933	943
Total loss to be carried back	From **706**	From **716**	From **726**	From **736**
Balance of loss available for carry-forward	919	929	939	949

Summary

Income Tax	From **230** or **320**	+	259,288
Corporate Minimum Tax	From **280**	+	
Capital Tax	From **550**	+	17,835
Premium Tax	From **590**	+	
Total Tax Payable	**950**	=	277,123
Subtract: Payments	**960**	-	162,431
Capital Gains Refund (s.48)	**965**	-	
Qualifying Environmental Trust Tax Credit *(Refer to Guide)*	**985**	-	
Specified Tax Credits *(Refer to Guide)*	**955**	-	
Balance	**970**	=	114,692
If payment due Enclosed *	**990**		
If overpayment: Refund *(Refer to Guide)*	**975**	=	
Apply to	**980**		

(Includes credit interest)

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

Title
TREASURER

Full Residence Address

City

Province	Country	Postal Code

Signature	Date

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

Ontario

Ministry of Finance

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Lakefront Utilities Inc.	1800124	2005/12/31

Part 1: Calculation of CMT Base

Banks - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.
Life Insurance corporations - Net income/loss before Special Additional Tax as determined under s.57.1(2)(c) or (d)

Net income/(loss) (unconsolidated, determined in accordance with GAAP)			2100 ±	951,412
Subtract (to the extent reflected in net income/loss):				
Provision for recovery of income taxes / benefit of current income taxes	2101 +			
Provision for deferred income taxes (credits) / benefit of future income taxes	2102 +			
Equity income from corporations	2103 +			
Share of partnership(s)/joint venture(s) income	2104 +			
Dividends received/receivable deductible under fed.s.112	2105 +			
Dividends received/receivable deductible under fed.s.113	2106 +			
Dividends received/receivable deductible under fed.s.83(2)	2107 +			
Dividends received/receivable deductible under fed.s.138(6)	2108 +			
Federal Part VI.1 tax on dividends declared and paid, under fed.s.191.1(1) ______ x 3 =	2109 +			
Subtotal	=		▶ 2110 -	
Add (to extent reflected in net income/loss):				
Provision for current taxes / cost of current income taxes	2111 +	667,000		
Provision for deferred income taxes (debits) / cost of future income taxes	2112 +			
Equity losses from corporations	2113 +			
Share of partnership(s)/joint venture(s) losses	2114 +			
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	2115 +			
Subtotal	=	667,000	▶ 2116 +	667,000

Add/Subtract:

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

Fed.s.85	2117 +		or	2118 -		
Fed.s.85.1	2119 +		or	2120 -		
Fed.s.97	2121 +		or	2122 -		
Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	2123 +		or	2124 -		
Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	2125 +		or	2126 -		
Amounts relating to s.57.10 election/ regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	2127 +		or	2128 -		
Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income				2150 -		
Subtotal (Additions)	=	▶			2129 +	
Subtotal (Subtractions)				=	▶ 2130 -	
Other adjustments					2131 ±	
Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131					2132 =	1,618,412
Share of partnership(s)/joint venture(s) **adjusted** net income/loss					2133 ±	
Adjusted net income (loss) (if loss, transfer to **2202** in ***Part 2: Continuity of CMT Losses Carried Forward.***)					2134 =	1,618,412
Deduct: CMT losses: pre-1994 Loss			From	2210 +		
CMT losses: other eligible losses				2211 +		
				=	▶ 2135 -	
CMT Base					2136 =	1,618,412

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

Corporate Minimum Tax (CMT)

Part 2: Continuity of CMT Losses Carried Forward

CMT loss continuity by year

Year of origin	Beginning balance	Transfers on amalgamation	Transfers on wind-up	Adjustments	Current year loss	Applied	Ending balance
							Expired
2000/12/31							
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
Totals							

Balance at Beginning of year Notes (1), (2) 2201 +

Add: Current year's losses 2202 +

Losses from predecessor corporations on amalgamation Note (3) 2203 +

Losses from predecessor corporations on wind-up Note (3) 2204 +

Amalgamation (✓) **2205** ☐ Yes Wind-up (✓) **2206** ☐ Yes

Subtotal = ▶ **2207** +

Adjustments (attach schedule) **2208** ±

CMT losses available 2201 + 2207 ± 2208 **2209** =

Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income **2210** +

Other eligible losses utilized during the year to reduce adjusted net income Note (4) **2211** +

Losses expired during the year **2212** +

Subtotal = ▶ **2213** -

Balances at End of Year Note (5) **2209 - 2213** **2214** =

Notes:

(1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.

(2) Where acquisitions 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 **2134** and CMT losses available **2209**.

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

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

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

Year of Origin (oldest year first)	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	**2260**	**2280**
2241	**2261**	**2281**
2242	**2262**	**2282**
2243	**2263**	**2283**
2244 2000/12/31	**2264**	**2284**
2245 2001/12/31	**2265**	**2285**
2246 2002/12/31	**2266**	**2286**
2247 2003/12/31	**2267**	**2287**
2248 2004/12/31	**2268**	**2288**
2249 2005/12/31	**2269**	**2289**
Totals	**2270**	**2290**

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

Corporate Minimum Tax (CMT)

Part 4: Continuity of CMT Credit Carryovers

CMT credit continuity by year

Year of origin	Beginning balance	Transfers on amalgamation or wind-up	Adjustments	Current year credit	Applied	Expired	Ending balance
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
Totals							

Balance at Beginning of year Note (1) 2301 +

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

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

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

Subtotal (If negative, enter NIL) = ▶ **2305** -

Current year's CMT credit (If negative, enter NIL) **280** or **347** – **2305** = ▶ **2310** +

CMT Credit Carryovers from predecessor corporations Note (3) **2325** +

Amalgamation (✓) **2315** ☐ Yes Wind-up (✓) **2320** ☐ Yes

Subtotal 2301 + 2310 + 2325 **2330** +

Adjustments *(Attach schedule)* **2332** ±

CMT Credit Carryover available 2330 ± 2332 **2333** =

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

Subtract: CMT credit utilized during the year to reduce income tax
(**310** on page 8 of the CT23 or **351** on page 6 of the CT8.) From **310 or 351**
CMT Credit expired during the year **2334** +

Subtotal = ▶ **2335** -

Balance at End of Year Note (4) **2333 - 2335** **2336** =

Notes:

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

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

Year of Origin (oldest year first)		CMT Credit Carryovers of Corporation		CMT Credit Carryovers of Predecessor Corporation(s)	
2340		2360		2380	
2341		2361		2281	
2342		2362		2382	
2343		2363		2383	
2344		2364		2384	
2345	2001/12/31	2365		2385	
2346	2002/12/31	2366		2386	
2347	2003/12/31	2367		2387	
2348	2004/12/31	2368		2388	
2349	2005/12/31	2369		2389	
Totals		2370		2390	

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

Ontario

Ministry of Finance

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

Ontario Capital Cost Allowance
Schedule 8

ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Lakefront Utilities Inc.	1800124	2005/12/31

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes ☐ 2 No ☒

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the the year See note 1 below	4 Net adjustments	5 Proceeds of dispositions during the year	6 Ontario undepreciated capital cost (col 2 + 3 or col 2 - 4 - 5)	7 50% rule See note 2 below	8 Reduced undepreciated capital cost (col 6 - 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (col 8 x 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
1	206,271	286,209			492,480	143,105	349,375	4			13,975	478,505
1	9,986,051	440,455			10,426,506	220,228	10,206,278	4			408,251	10,018,255
10	118,657	32,776			151,433	16,388	135,045	30			40,514	110,919
10	42,482				42,482		42,482	30			12,745	29,737
12	14,470	63,040			77,510	31,520	45,990	100			45,990	31,520
45		16,503			16,503	8,252	8,251	45			3,713	12,790
Totals	10,367,931	838,983				419,493	10,787,421				525,188	10,681,726

Enter in box **650** on the CT23

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

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

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

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

Ontario

Ministry of Finance

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

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
Lakefront Utilities Inc.	1800124	2005/12/31

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
Town of Cobourg Holdings		2005/12/31	
Lakefront Utility Services Inc		2005/12/31	
Cobourg Networks Inc.		2005/12/31	
		Aggregate of taxable capital	

Transfer to **540** 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
Lakefront Utilities Inc.	1800124	2005/12/31

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)

Customer deposits	286,171
Total	286,171

*Transfer to **353** on the CT23*

Ontario Consent Form

This form authorizes the Ontario Ministry of Finance to release confidential client information to a designated third party representative in matters pertaining to applicable legislation. **Note: This authorization is valid until the client or authorized signing person cancels it in writing. Please complete a separate form for each representative.**

The purpose of this form is:
☒ **To authorize** a third party representative or ☐ **To cancel** a third party representative

1. Client identification

Name
Lakefront Utilities Inc.

Ontario Corporations Tax Account Number 1800124

2. Authorized third party identification

Authorized individuals' name

Address
Phone number
( ) -

Authorized firm's name
BDO DUNWOODY LLP

Address
60 COLUMBIA WAY SUITE 400 MARKHAM, ONTARIO L3R 0C9

Phone number
(905) 946-1066

3. Details of authorization

Indicate the period for which authorization or cancellation applies:

All years ☒

OR

Specific years

OR

All years prior to

4. Authorized signature (client or authorized signing officer)

STEWART CUNNINGHAM
Name

(905) 372-2193
Telephone number

Date signed

Signature of client or authorized signing officer

TREASURER
Position, office or rank

Appendix 31

2005 Notice of Assessments

ITAS_CT_AssessmentSummar

LegalName	: LAKEFRONT UTILITIES INC.
ClientNumber	: 1510194611
AccountNumber	: 001
StatuteAccountNo	: 1800124
RegionalOfficeId	: 35
DecodeOfRegionalOfficeId	:
DecodeResolvedStatuteId	: HYDRO PIL
DecodeOfStatuteId	:
DecodeOfStatusId	:
NetAccountBalance	: -565,155.00
NotepadInd	: Y
WorkStackCount	: 0
NumberObjection	: 0
PHONE_NO	: 905-372-2193
PhoneExtensionNumber	:
OrigAtpStartDate	: 2005-01-01
OrigAtpEndDate	: 2005-12-31
ReturnReceiptDate	: 2006-07-06
ReturnDueDate	: 2006-06-30
AssessmentTransactionId	: 62
AssessmentIssueDate	: 2006-10-18
DecodeAssessmentReason	: ASSESSMENT
PrevAssessmentTranId	: 0
TaxAssessed	: 668,508.00
CapitalGainsRefund	: 0.00
MrtCreditRefund	: 0.00
SpecifiedCrDeemedPymt	: 0.00
FraudPenalty	: 0.00
PenaltyLateFiling	: 848.73
AssessmentInterest	: 11,352.38
TotalAssessmentLiab	: 680,709.11
H_subtotal	: 680,709.11
PaymentsTransfers	: -668,508.47
TotAssessmentRefund	: 0.00
NonAssessmentPenalty	: 0.00
SmallBalanceAdj	: 0.00
Waivers	: 0.00
Subtotal	: -668,508.47
Total	: 12,200.64

Appendix 32

March 1, 2002 to March 31, 2004 PILS Recoveries

2002 Rate Year

Effective Date Mar. 1, 2002
Conclusion Date Feb. 29, 2004

Rate Class	Approved Rates Fixed	Approved Rates Variable	Q4 2001 PILS Portion Fixed	Q4 2001 PILS Portion Variable	2002 PILS Portion Fixed	2002 PILS Portion Variable	
Residential	$ 12.05	$ 0.0094	$ 0.59	$ 0.000462	$ 2.03	$ 0.001587	(bi monthly billing, assumes a 75% / 25% allocation to new and old rates over a rate change period i.e. 75% of Mar 2002 billings relate to 2001 rate year and 25% relate to 2002 billings, 25% of April billings relate to 2001 Rate Year while 75% relate to 2002 rate year)
General Service < 50 kW	$ 32.25	$ 0.0084	$ 1.59	$ 0.000416	$ 5.45	$ 0.001428	(monthly billing, assumes a 50% / 50% split to new and old rates over a change period i.e. 50% of March billings relate to 2001 rate year and 50% relate to 2002 billings, 100% of april billing relate to 2002 year)
General Service > 50 kW	$ 257.49	$ 2.8679	$ 12.68	$ 0.141208	$ 43.51	$ 0.484552	(monthly billing, assumes a 50% / 50% split to new and old rates over a change period i.e. 50% of March billings relate to 2001 rate year and 50% relate to 2002 billings, 100% of april billing relate to 2002 year)
General Service > 50 kW (TOU)	$ 1,248.54	$ 0.3685	$ 61.48	$ 0.018147	$ 210.95	$ 0.062272	(monthly billing, assumes a 50% / 50% split to new and old rates over a change period i.e. 50% of March billings relate to 2001 rate year and 50% relate to 2002 billings, 100% of april billing relate to 2002 year)
Intermediate Use	$ 2,247.69	$ 0.3018	$ 110.68	$ 0.014857	$ 379.80	$ 0.050980	(monthly billing, assumes a 50% / 50% split to new and old rates over a change period i.e. 50% of March billings relate to 2001 rate year and 50% relate to 2002 billings, 100% of april billing relate to 2002 year)
Sentinel Lights	$ 2.28	$ 4.7151	$ 0.11	$ 0.232212	$ 0.39	$ 0.796830	(monthly billing, assumes a 50% / 50% split to new and old rates over a change period i.e. 50% of March billings relate to 2001 rate year and 50% relate to 2002 billings, 100% of april billing relate to 2002 year)
Street Lights	$ 0.19	$ 0.7200	$ 0.01	$ 0.035452	$ 0.03	$ 0.121652	(monthly billing, assumes a 50% / 50% split to new and old rates over a change period i.e. 50% of March billings relate to 2001 rate year and 50% relate to 2002 billings, 100% of april billing relate to 2002 year)
Unmetered Scattered Load	$ 14.37	$ 0.0250	$ 0.72	$ 0.001250	$ 2.47	$ 0.004284	(monthly billing, assumes a 50% / 50% split to new and old rates over a change period i.e. 50% of March billings relate to 2001 rate year and 50% relate to 2002 billings, 100% of april billing relate to 2002 year)

Customer Counts

	2002										2003												2004			
Rate Class	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Residential	7,339	7,339	7,339	7,339	7,339	7,339	7,339	7,339	7,339	7,339	7,534	7,534	7,534	7,534	7,534	7,534	7,511	7,526	7,495	7,487	7,489	7,539	7,511	7,493	7,410	7,410
General Service < 50 kW	947	947	947	947	947	947	947	947	947	947	963	963	963	963	963	963	976	977	971	973	969	968	967	987	968	
General Service > 50 kW	142	142	142	142	142	142	142	142	142	142	157	157	157	157	157	157	160	159	152	150	152	151	150	146	141	
General Service > 50 kW (TOU)	1	1	1	1	1	1	1	1	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	
Intermediate Use	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Sentinel Lights	48	48	48	48	48	48	48	48	48	48	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	
Street Lights	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,605	2,607	2,609	2,611	2,613	2,615	2,616	2,617	2,618	2,619	2,619	2,619	2,621	2,623	
Unmetered Scattered Load	80	80	80	80	80	80	80	80	80	80	83	83	83	83	83	83	83	82	83	83	81	81	80	80	79	

Billing Determinants

	2002										2003												2004			
Rate Class	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Residential	5,789,567	5,789,567	5,789,567	5,789,567	5,789,567	5,789,567	5,789,567	5,789,567	5,789,567	5,789,567	6,819,218	6,819,218	6,819,218	6,819,218	6,819,218	3,791,454	6,363,312	4,725,698	5,651,944	5,124,382	4,503,436	4,692,494	6,819,218	6,200,883	9,863,262	5,473,460
General Service < 50 kW	2,159,848	2,159,848	2,159,848	2,159,848	2,159,848	2,159,848	2,159,848	2,159,848	2,159,848	2,159,848	3,213,615	3,213,615	3,213,615	3,213,615	3,213,615	2,230,117	3,256,511	2,636,377	2,944,751	2,567,508	2,811,029	3,247,446	3,213,615	2,399,768	3,319,308	
General Service > 50 kW	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	24,086	24,086	24,086	24,086	24,086	24,086	24,086	24,086	24,086	24,086	24,086	24,086	29,891	29,891	22,000	
General Service > 50 kW (TOU)	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	-	-	-	-	-	-	-	-	-	-	-	-	-	3,748	3,346	
Intermediate Use	4,652	4,652	4,652	4,652	4,652	4,652	4,652	4,652	4,652	4,652	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,591	4,763	4,693	
Sentinel Lights	8	8	8	8	8	8	8	8	8	8	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
Street Lights	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	426	
Unmetered Scattered Load	46,102	46,102	46,102	46,102	46,102	46,102	46,102	46,102	46,102	46,102	45,302	45,302	45,302	45,302	45,302	2,375	86,597	45,152	45,152	45,152	45,152	45,346	45,302	44,402	45,302	

Calculated PILS Revenue

	2002										2003												2004			
Rate Class	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Residential	7,787	23,360	31,147	31,147	31,147	31,147	31,147	31,147	31,147	31,147	33,769	33,769	33,769	33,769	33,769	27,565	32,775	29,459	31,275	30,173	28,906	29,425	33,709	32,395	29,761	7,672
General Service < 50 kW	5,324	10,647	10,647	10,647	10,647	10,647	10,647	10,647	10,647	10,647	12,703	12,703	12,703	12,703	12,703	10,890	12,873	11,737	12,263	11,582	12,003	12,800	12,731	11,371	6,466	0
General Service > 50 kW	9,872	19,743	19,743	19,743	19,743	19,743	19,743	19,743	19,743	19,743	23,893	23,893	23,893	23,893	23,893	23,893	24,062	24,006	23,613	23,500	23,613	23,556	27,133	26,908	10,845	0
General Service > 50 kW (TOU)	249	498	498	498	498	498	498	498	498	498	-	-	-	-	-	-	-	-	-	-	-	-	-	574	271	0
Intermediate Use	398	797	797	797	797	797	797	797	797	797	818	818	818	818	818	818	818	818	818	818	818	818	793	804	400	0
Sentinel Lights	16	32	32	32	32	32	32	32	32	32	35	35	35	35	35	35	35	35	35	35	35	35	36	36	18	0
Street Lights	89	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	178	178	178	178	178	178	178	89	0
Unmetered Scattered Load	255	510	510	510	510	510	510	510	510	510	515	515	515	515	515	278	744	511	515	515	508	509	506	501	251	0
Total	23,734	55,255	63,042	63,042	63,042	63,042	63,042	63,042	63,042	63,042	71,396	71,396	71,396	71,396	71,396	63,379	70,741	66,232	68,181	66,286	65,552	66,812	74,579	72,266	47,849	7,672

Appendix 33

April 1, 2004 to February 28, 2005 PILS Recoveries

2004 Rate Year

Effective Date	Apr. 1, 2004
Conclusion Date	Feb. 28, 2005

	Approved Rates		PILS Portion		
Rate Class	**Fixed**	**Variable**	**Fixed**	**Variable**	
Residential	$ 12.05	$ 0.0101	$ -	$ 0.004021	**(bi monthly billing, assumes a 75% / 25% allocation to new and old rates over a rate change period)**
General Service < 50 kW	$ 32.25	$ 0.0095	$ -	$ 0.002265	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
General Service > 50 kW	$ 257.49	$ 4.1940	$ -	$ 1.281811	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
General Service > 50 kW (TOU)	$ 1,248.54	$ 1.5642	$ -	$ 0.126889	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
Intermediate Use	$ 2,247.69	$ 1.4706	$ -	$ 0.121281	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
Sentinel Lights	$ 2.28	$ 3.6195	$ -	$ 0.257265	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
Street Lights	$ 0.19	$ 1.2002	$ -	$ 0.291452	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
Unmetered Scattered Load	$ 14.37	$ 0.0204	$ -	$ 0.005112	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**

Billing Determinants

	2004										2005			
Rate Class	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Residential	9,863,262	5,473,460	5,580,993	6,617,703	4,538,419	5,546,869	4,075,743	4,676,472	5,471,873	5,432,348	7,520,896	6,958,919	6,304,089	7,613,743
General Service < 50 kW	3,319,308	2,863,998	2,434,497	2,500,150	2,307,433	2,644,261	2,412,649	2,648,976	2,354,901	2,420,058	2,409,463	2,887,000	2,730,653	
General Service > 50 kW	22,000	22,427	22,540	23,771	24,055	25,041	23,315	24,563	23,558	23,701	23,963	24,880	23,882	
General Service > 50 kW (TOU)	3,346	3,409	4,671	5,233	5,745	5,636	5,673	4,645	4,365	4,758	4,741	4,680	4,760	
Intermediate Use	4,693	4,568	4,344	4,780	5,098	4,768	5,060	5,331	4,986	4,916	5,029	4,674	4,798	
Sentinel Lights	9	9	9	9	9	9	9	9	9	9	9	9	9	
Street Lights	426	426	427	428	428	428	433	434	434	434	434	432	432	
Unmetered Scattered Load	45,302	45,302	45,302	45,302	45,302	46,549	44,055	45,302	45,302	43,502	44,402	44,402	44,402	

Calculated PILS Revenue

	2004										2005			
Rate Class	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Residential	9,914	16,505	22,439	26,607	18,247	22,302	16,387	18,802	22,000	21,842	30,239	27,979	19,010	7,653
General Service < 50 kW	3,760	6,488	5,515	5,664	5,227	5,990	5,465	6,001	5,335	5,482	5,458	6,540	3,093	
General Service > 50 kW	14,100	28,748	28,892	30,470	30,834	32,097	29,886	31,486	30,197	30,380	30,716	31,891	15,306	
General Service > 50 kW (TOU)	212	433	593	664	729	715	720	589	554	604	602	594	302	
Intermediate Use	285	554	527	580	618	578	614	647	605	596	610	567	291	
Sentinel Lights	1	2	2	2	2	2	2	2	2	2	2	2	1	
Street Lights	62	124	124	125	125	125	126	126	126	126	126	126	63	
Unmetered Scattered Load	116	232	232	232	232	238	225	232	232	222	227	227	113	
Total	28,334	52,854	58,093	64,112	55,783	61,810	53,200	57,653	58,819	59,032	67,753	67,699	38,066	7,653

Appendix 34

March 1, 2005 to April 30, 2006 PILS Recoveries

2005 Rate Year

Effective Date	Mar. 1, 2005
Conclusion Date	Apr. 30, 2006

	Approved Rates		PILS Portion		
Rate Class	**Fixed**	**Variable**	**Fixed**	**Variable**	
Residential	$ 9.81	$ 0.0175	$ -	$ 0.0031	**(bi monthly billing, assumes a 75% / 25% allocation to new and old rates over a rate change period)**
General Service < 50 kW	$ 26.24	$ 0.0143	$ -	$ 0.0024	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
General Service > 50 kW	$ 209.54	$ 3.7080	$ -	$ 0.4942	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
General Service > 50 kW (TOU)	$ 1,016.18	$ 0.2526	$ -	$ 0.0769	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
Intermediate Use	$ 1,829.33	$ 0.2158	$ -	$ 0.0814	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
Sentinel Lights	$ 1.90	$ 6.0552	$ -	$ 0.6630	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
Street Lights	$ 0.16	$ 1.0675	$ -	$ 0.2039	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**
Unmetered Scattered Load	$ 11.65	$ 0.0377	$ -	$ 0.0053	**(monthly billing, assumes a 50% / 50% split to new and old rates over a change period)**

Billing Determinants

	2005										2006					
Rate Class	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Residential	6,304,089	7,613,743	5,815,603	4,782,624	5,319,552	7,068,224	5,565,483	5,158,511	5,074,162	5,961,847	5,951,908	7,803,896	7,118,178	5,111,470	6,423,903	5,137,356
General Service < 50 kW	2,730,653	2,960,958	2,682,104	2,251,922	2,719,892	2,857,802	2,751,136	2,574,384	2,609,285	2,386,400	2,558,485	3,036,813	2,920,073	2,970,991	2,664,687	
General Service > 50 kW	23,882	24,181	23,261	23,979	25,214	25,654	25,325	25,172	24,976	24,618	25,126	24,407	24,257	24,941	24,061	
General Service > 50 kW (TOU)	4,760	4,967	4,082	6,426	6,588	4,585	4,929	3,597	3,569	3,718	3,825	5,397	6,217	6,300	5,784	
Intermediate Use	4,798	4,636	4,504	4,920	5,061	5,317	5,263	5,128	5,247	5,175	4,817	5,048	4,828	4,822	4,545	
Sentinel Lights	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
Street Lights	432	432	432	433	433	433	433	433	433	434	434	435	435	435	435	
Unmetered Scattered Load	44,402	44,402	44,437	46,095	46,095	46,095	46,095	45,973	47,123	47,123	46,833	48,281	48,281	49,841	1,247	

Calculated PILS Revenue

	2005										2006					
Rate Class	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Residential	4,862	17,617	17,942	14,755	16,412	21,807	17,171	15,915	15,655	18,393	18,363	24,076	21,961	15,770	14,864	3,962
General Service < 50 kW	3,252	7,052	6,388	5,364	6,478	6,807	6,553	6,132	6,215	5,684	6,094	7,233	6,955	7,076	3,173	
General Service > 50 kW	5,902	11,951	11,496	11,851	12,461	12,679	12,517	12,441	12,344	12,167	12,418	12,063	11,989	12,327	5,946	
General Service > 50 kW (TOU)	183	382	314	494	507	353	379	277	274	286	294	415	478	484	222	
Intermediate Use	195	377	367	400	412	433	428	417	427	421	392	411	393	392	185	
Sentinel Lights	3	6	6	6	6	6	6	6	6	6	6	6	6	6	3	
Street Lights	44	88	88	88	88	88	88	88	88	88	88	89	89	89	44	
Unmetered Scattered Load	118	236	236	245	245	245	245	245	251	251	249	257	257	265	3	
Total	14,441	37,474	36,601	32,959	36,364	42,172	37,141	35,276	35,009	37,046	37,655	44,292	41,870	36,144	24,438	3,962

Appendix 35

October 1, 2001 to December 31, 2001

Financial Statements

Lakefront Utilities Inc.
Financial Statements
For the three month period ended
December 31, 2001
(Unaudited - See Notice to Reader)

Contents

BDO

BDO

BDO Dunwoody LLP
Chartered Accountants
and Consultants

60 Columbia Way Suite 400
Markham Ontario Canada L3R 0C9
Telephone: (905) 946-1066
Telefax: (905) 946-9524

Notice to Reader

We have compiled the balance sheet of Lakefront Utilities Inc. as at December 31, 2001 and the statement of operations and retained earnings for the three month period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

BDO Dunwoody LLP

Chartered Accountants

Markham, Ontario
June 20, 2002

Lakefront Utilities Inc.

Balance Sheet

(Unaudited - see Notice to Reader)

December 31, 2001

Assets

Current	
Cash	$ 212,767
Accounts receivable	1,518,204
Unbilled revenue	1,141,000
Inventory	248,810
Prepaid expenses	18,743
Income taxes refundable	18,000
	3,157,524
Capital assets (Note 1)	10,298,795
Transition costs	843,901
	$ 14,300,220

Liabilities and Shareholder's Equity

Current	
Accounts payable and accrued liabilities	$ 1,993,474
Due to related party	102,413
Current portion of customer deposits	90,000
	2,185,887
Customer deposits	165,125
Note payable	7,000,000
	9,351,012
Shareholder's Equity	
Share capital	4,684,456
Retained Earnings	264,752
	4,949,208
	$ 14,300,220

BDO

Lakefront Utilities Inc.

Statement of Operations and Retained Earnings

(Unaudited - see Notice to Reader)

For the three month period ended December 31, 2001

Service Revenue	
Residential	$ 1,328,459
General	3,405,306
Street lighting	37,633
Unbilled revenue adjustment	44,000
	4,815,398
Cost of power	5,062,100
Gross margin on service revenue	(246,702)
Other operating revenue	79,425
	(167,277)
Expenses	
Distribution	173,173
Billing and collecting	53,571
General administration	178,469
Interest on long-term debt	126,875
Other interest expense	29,873
Amortization	165,432
	727,393
Net loss for the period	(894,670)
Retained earnings, beginning of period	1,159,422
Retained earnings, end of period	$ 264,752

BDO

Capital assets

	2001	
	Cost	Accumulated Amortization
Land	$ 219,284	$ -
Building	517,818	341,916
Distribution stations	2,517,601	833,685
Distribution lines - overhead	6,532,200	2,875,411
Distribution lines - underground	3,099,652	1,036,716
Distribution transformers	2,924,167	876,894
Distribution meters	655,241	266,638
Other capital assets	367,019	302,927
	$ 16,832,982	$ 6,534,187
		$ 10,298,795

Appendix 36

2002 Financial Statements

Lakefront Utilities Inc.

Financial Statements

For the year ended December 31, 2002

Contents

BDO

BDO

BDO Dunwoody LLP
Chartered Accountants
and Consultants

60 Columbia Way Suite 400
Markham Ontario Canada L3R 0C9
Telephone: (905) 946-1066
Telefax: (905) 946-9524

Auditors' Report

To the Shareholder of Lakefront Utilities Inc.

We have audited the balance sheet of Lakefront Utilities Inc. as at December 31, 2002 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Lakefront Utilities Inc. as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Markham, Ontario
June 16, 2003

Lakefront Utilities Inc.
Balance Sheet

December 31	2002	2001
Assets		
Current		
Cash	**$ 210,258**	$ 212,767
Due from related party (Note 1)	**1,799,235**	2,084,793
Accounts receivable	**1,737,479**	1,518,204
Unbilled revenue	**2,611,177**	1,141,000
Consumable inventory	**209,106**	248,810
Income taxes recoverable (Note 2)	**48,000**	18,000
Prepaid expenses	**17,751**	18,743
	6,633,006	5,242,317
Capital assets (Note 3)	**9,905,266**	10,298,795
Regulatory assets (Note 4)	**245,189**	843,901
	$ 16,783,461	$ 16,385,013
Liabilities and Shareholder's Equity		
Current		
Accounts payable and accrued liabilities (Note 5)	**$ 2,120,449**	$ 1,993,474
Due to related parties (Note 6)	**2,038,370**	2,187,206
Current portion of customer deposits	**90,000**	90,000
	4,248,819	4,270,680
Customer deposits	**323,338**	165,125
Note payable (Note 7)	**7,000,000**	7,000,000
	11,572,157	11,435,805
Shareholder's equity		
Share capital (Note 8)	**4,684,456**	4,684,456
Retained earnings	**526,848**	264,752
	5,211,304	4,949,208
	$ 16,783,461	$ 16,385,013

On behalf of the Board:

____________________ Director

____________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BDO

Lakefront Utilities Inc.
Statement of Operations and Retained Earnings

For the year ended December 31	2002	2001
Service revenue (Note 12)	$ 23,147,943	$ 19,267,108
Cost of power purchased (Note 12)	20,480,636	17,338,263
Gross margin on service revenue	2,667,307	1,928,845
Other operating revenue	230,030	308,076
	2,897,337	2,236,921
Operating and maintenance expense		
Distribution	482,432	461,327
Billing and collection	315,189	209,916
General and administration	544,293	559,771
	1,341,914	1,231,014
Income before amortization, interest and taxes	1,555,423	1,005,907
Interest on note payable	507,500	126,875
Other interest expense	60,958	109,797
Amortization	662,166	661,730
	1,230,624	898,402
Income before other income and income taxes	324,799	107,505
Other income		
Proceeds from settlement of lawsuit	-	80,775
Income before income taxes	324,799	188,280
Income taxes		
Payments-in-lieu of income taxes (Note 2)	62,703	-
Net income	262,096	188,280
Retained earnings, beginning of the year	264,752	76,472
Retained earnings, end of the year	$ 526,848	$ 264,752

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BDO

Lakefront Utilities Inc.
Statement of Cash Flows

For the year ended December 31	2002	2001
Cash provided by (used in)		
Operating activities		
Net income	$ 262,096	$ 188,280
Items not involving cash		
Amortization of capital assets	662,166	661,730
Provision - regulatory assets	2,453,984	-
Changes in non-cash working capital balances		
Accounts receivable	(219,275)	164,553
Accrued unbilled revenue	(1,470,177)	(44,000)
Consumable inventory	39,704	5,664
Income taxes	(30,000)	(18,000)
Prepaid expenses	992	4,613
Accounts payable and accrued liabilities	126,975	35,539
Customer deposits	158,213	18,369
	1,984,678	1,016,748
Investing activities		
Purchase of capital assets	(499,599)	(263,099)
Increase in regulatory assets	(1,855,272)	(546,575)
	(2,354,871)	(809,674)
Financing activities		
Due to (from) related parties	136,722	(455,406)
Contributions and grants received	230,962	257,533
	367,684	(197,873)
Net change in cash	(2,509)	9,201
Cash, beginning of year	212,767	203,566
Cash, end of year	$ 210,258	$ 212,767

Supplemental Cash Flow Information

	2002	2001
Cash paid for interest	$ 507,500	$ 84,583
Cash paid for payments-in-lieu of income taxes	$ 92,702	$ 18,000

BDO

Nature of Business

The Company was incorporated under the Business Corporations Act (Ontario) on April 12, 2000 and is engaged in the distribution of electricity and associated business activities.

Basis of Preparation

The financial statements have been prepared in accordance with accounting principles for electrical utilities in Ontario as required by the Ontario Energy Board under the authority of Sections 52, 70(2) and (78) of the Ontario Energy Board Act, 1998, and reflect the policies as set forth in the "Accounting Procedures Handbook for Utilities in Ontario". All principles employed are in accordance with Canadian generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue

Revenue is recognized in the financial statements on the accrual basis when the energy is supplied to the users, whether billed or unbilled.

Consumable Inventory

Consumable inventory is stated at the lower of cost and net realizable value, where cost is generally determined on the average cost basis.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided at rates established by the Ontario Energy Board. Capital assets are amortized on a straight line basis using the following rates:

Buildings	5.0%
Distribution stations	3.3%
Distribution lines - overhead	4.0%
Distribution lines - underground	4.0%
Distribution transformers	4.0%
Distribution meters	4.0%
Other capital assets	10.0 - 20.0%

Capital Contributions

Capital contributions in aid of construction consist of third party contributions toward the cost of constructing distribution assets and are recorded with capital assets as a contra account. Contributions are amortized at rates corresponding with the useful life of the related capital assets.

Regulatory Assets

The Ontario Government, through the establishment of rules affecting the electricity industry, allows for the establishment or contribution of deferral accounts for certain items until disposition can be addressed by the Ontario Energy Board ("OEB") during its rate setting process. Under Bill 210 local distribution company rates have been frozen until May 2006.

The Company records regulatory assets for amounts that it believes are likely to be collected in the future as a result of the OEB's rate setting process. Regulatory assets that have been accrued for include qualifying transition costs, retail settlement variance accounts, and pre-market opening energy variance account. It is the Company's intention to seek recovery of the regulatory assets, plus accrued interest in the allowable amount in its next rate application.

If as a result of future changes to the regulatory environment, it is unlikely that the Company will recover the regulatory assets, the accounts would be charged to operations in the period in which that determination is made.

Qualifying Transition Costs
These costs reflect amounts incurred to prepare for the opening of the electricity market to competition.

Retail Settlement Variance Accounts
These accounts reflect the difference between the cost of electricity and the amounts billed to consumers beginning May 1, 2002, the date the market became open to competition.

Pre-Market Opening Energy Variance Accounts
These accounts reflect the difference between the cost of electricity paid to Ontario Power Generation and the amount billed to customers for electricity usage for the period January 1, 2001 to April 30, 2002.

Income Taxes

Under the Electricity Act, 1998, the Company is required to make payments-in-lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC), for the period commencing October 1, 2001. These payments are recorded in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) and modified by the Electricity Act, 1998 and related regulations. Prior to October 1, 2001, the Company was not subject to income or capital taxes.

The Company provides for payments-in-lieu of corporate income taxes using the taxes payable method. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Future income taxes are expected to be reflected in future rates and accordingly, are not recognized in the financial statements

Financial Instruments

Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from its financial instruments, and the fair values of the financial instruments approximate their carrying values.