



February 9, 2012

Ms. Kirsten Walli
Ontario Energy Board
PO Box 2319
27th Floor, 2300 Yonge Street
Toronto, Ontario M4P 1E4

**Re: Final Disposition of Account 1562 Deferred Payments in Lieu of Taxes
Board File No.: EB-2012-0058**

Dear Ms. Walli,

Please find enclosed our application for final disposition of Middlesex Power Distribution Corp – Dutton's Account 1562 Deferred Payments in Lieu of Taxes.

If you have any questions or concerns regarding this application, please do not hesitate to contact me at (519) 352-6300 ext 243 or via email at: regulatory@ckenergy.com.

Regards,

[Original Signed By]

Andrya Eagen
Senior Regulatory Specialist
Phone: (519) 352-6300 Ext. 243
Email: andryaeagen@ckenergy.com

CC: Dan Charron, President of Chatham-Kent Hydro
Chris Cowell, Chief Financial and Regulatory Officer
David Ferguson, Director of Regulatory Affairs and Risk Management

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On behalf of Middlesex Power Distribution Corp - Dutton

Application for Final Disposition of Account 1562 Deferred PILs

Board File No.: EB-2012-0058

Filed: February 9, 2012

Introduction

On December 16, 2012, the Ontario Energy Board approved the amalgamation of Chatham-Kent Hydro Inc. (“CKH”) and Middlesex Power Distribution Corp. (“MPDC”). Subsequently, on January 20, 2012, the electrical distribution licence of CKH was updated to include MPDC’s former service territories and MPDC’s licence was cancelled. CKH therefore submits this application on behalf of MPDC – Dutton.

Basis for Application

On November 28, 2008, the Board initiated a combined proceeding on its own motion to determine the accuracy of the final account balances with respect to ‘Account 1562 Deferred Payments in Lieu of Taxes’ for the period of October 1, 2001 to April 30, 2006 (“Affected Period”). The Board determined that ENWIN Utilities Ltd., Halton Hills Hydro Inc., and Barrie Hydro Distribution Inc. should provide their specific evidence on the disposition of account 1562. The proceeding was assigned file number EB-2008-0381.

On June 24, 2011, the Board issued its decision regarding the combined proceeding, in which the Board stated:

“Each remaining distributor will be expected to apply for final disposition of account 1562 with its next general rates application (either IRM or cost of service). If the distributor files evidence in accordance with all the various decisions made in the course of this proceeding, including the use of the updated model referenced above and certifies to that effect, the distributor may expect that the determination of the final account balance will be handled expeditiously and in a largely administrative manner.”

On August 2, 2011, the Board issued a letter with respect to the process and deadlines for 2012 IRM applications. This letter established a filing deadline of November 25, 2011 for MPDC, for an IRM application to include rates for MPDC's three service territories – MPDC – Main, MPDC – Dutton and MPDC – Newbury.

In a letter to the Board dated November 16, 2011 (please see Attachment 7), MPDC acknowledged the Board’s EB-2008-0381 Combined Deferred PILs decision, and the expectation that distributors would apply for the final disposition of Account 1562 Deferred PILs with their next rate applications. However, MPDC explained that locating and validating the PILS related pre-acquisition accounting records of the three MPDC predecessor utilities was proving challenging. Subsequently, in a letter to MPDC dated November 23, 2011 (please see attachment 8), the Board directed MPDC – Main, MPDC – Dutton and MPDC – Newbury to file stand-alone applications for the disposition of Account 1562 by no later than April 1, 2012.

With the exception of the disposition of Account 1562, MPDC filed complete IRM applications for MPDC – Main, MPDC – Dutton and MPDC – Newbury rates in accordance with the November 25, 2011 deadline.

Background on Corporate Structure

On March 24, 2005, Chatham-Kent Energy (“CKE”) submitted MAAD application EB-2005-0255 requesting Board approval to acquire all shares of the former MPDC. The Board approved this acquisition in its Decision and Order issued on June 24, 2005. CKE’s acquisition of MPDC subsequently closed June 30, 2005.

On October 15, 2008, Middlesex Power Distribution Corporation (“MPDC”) submitted MAAD applications EB-2008-0332 and EB-2008-0350 requesting Board approval to acquire all shares of the former Dutton Hydro Inc. and the former Newbury Power Corporation, and to subsequently amalgamate both entities into MPDC. The Board approved these acquisitions and subsequent amalgamation in its Decision and Order issued February 9, 2009. MPDC subsequently closed the respective purchase transactions on April 30, 2009. Since that date, MPDC has been serving the distribution areas formerly licensed to each of MPDC, Dutton Hydro Inc. and Newbury Power Corporation and has maintained separate rates for each of the three former areas.

On August 31, 2011, Chatham-Kent Hydro (“CKH”), a subsidiary of CKE and an affiliate of MPDC, filed MAAD application EB-2011-0328 with the Board seeking leave to amalgamate with MPDC. Contemporaneously, CKH and MPDC jointly filed an application for the amendment of the licence of the CKH to include all of the MPDC service territories and the cancellation of the licence of MPDC. On December 16, 2011, the Board approved this application. On January 11, 2012, CKH notified the Board that the resolutions of amalgamation of CKH and Middlesex Power Distribution Corp (“MPDC”), dated January 1, 2012, had been filed with, and certified by, the Ontario Ministry of Government Services. Subsequently, on January 20, 2012 the Board confirmed the amendment of the CKH licence and cancelled the MPDC licence.

Application

MPDC – Dutton has located the majority of the applicable financial records of Dutton Hydro Inc. (“DHI”). MPDC – Dutton has and validated the applicable records with assistance from the previous ownership of DHI, its predecessor public accountant and the Ministry of Finance.

MPDC – Dutton now submits herein its application for disposition of Account 1562 Deferred Payments in Lieu of Taxes for the period October 1, 2001 to April 30, 2006.

No PILs Included in Rates for the Affected Period

MPDC – Dutton has reviewed the rates charged to customers for the Affected Period and noted that no PILs adjustments were included in rates nor collected from customers. This is also noted in the Decision and Order regarding the MAAD application issued by the Board on February 9, 2009. The Board stated the following:

“Dutton Hydro’s rates have not been adjusted since 2001. Most distributors updated their base distribution rates in 2006 based on an historical test year cost of service application. In the interim period 2002-2005, most distributors received rate adjustments related to (among other matters) regulatory asset recoveries and an updating of their respective Payments in Lieu of Taxes proxies.”¹

MPDC – Dutton confirms that no amounts relating to PILs were included in rates, nor collected from customers, for the Affected Period.

No PILs Paid During the Affected Period

Although financial statements for the period ended December 31, 2001 and provincial tax returns for the years ended December 31, 2002 and December 31, 2003 could not be located, MPDC – Dutton was able to confirm with the Ministry of Finance that DHI was not in a taxable position until 2009. This confirmation is consistent with MPDC – Dutton’s review of the financial records in its possession for the Affected Period, including federal and provincial tax returns for the period ended December 31, 2001, and the federal tax returns for the years ended December 31, 2002 and December 31, 2003.

The fact that MPDC – Dutton had no taxable income from a provincial standpoint throughout the Affected Period is further validated by Schedule 4 (“Ontario Loss Continuity”) of the provincial tax return for the year ended December 31, 2005, which shows the existence of non-capital losses for each period or year.

Submission

MPDC – Dutton therefore requests a final disposition of a \$nil balance for Account 1562 Deferred PILs. Accordingly, MPDC – Dutton is seeking an order for final disposition of \$nil.

Supporting Evidence

MPDC – Dutton includes the following evidence attachments in support of this application:

Attachment 1: 2001 federal and provincial tax returns
Attachment 2: 2002 financial statements and federal tax return
Attachment 3: 2003 financial statements and federal tax return
Attachment 4: 2004 financial statements, federal tax return and provincial tax return
Attachment 5: 2005 financial statements, federal tax return and provincial tax return
Attachment 6: Decision and Order for EB-2008-0332/EB-2008-0350
Attachment 7: MPDC – Dutton Letter to Board dated November 16, 2011
Attachment 8: Letter from Board dated November 23, 2011

¹ EB-2008-0332/EB-2008-0350, Decision and Order, Pg 5

MPDC – Dutton

Attachment 1
2001 Supporting Documentation



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

2001 CT23 Corporations Tax and Annual Return

(Revised)

For taxation years commencing after May 4, 1999
Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the 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 3-18, together with the applicable schedules on pages 19-22. **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 Schedules A or K on pages 23 and 24) contains non-tax information collected under the authority of the **Corporations Information Act** for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

MCBS Annual Return Required? (Refer to Guide) Yes ☒ No ☐

Page 1 of 24

Ontario Corporation Tax Account No. (MOF) 6966864	
This CT23 Return covers the Taxation Year Start 2001/10/01 End 2001/12/31	
Date of Incorporation or Amalgamation 2000/03/28	
Ontario Corporation No. (MCBS) 1390779	
Canada Customs and Revenue Agency Business No. 871493722R00001	
Jurisdiction Incorporated <u>ONTARIO</u>	
If not incorporated in Ontario, indicate date Ontario business activity commenced and ceased: Commenced _____ Ceased _____ (Not Applicable) <input checked="" type="checkbox"/>	
Preferred Language / Langue de préférence English <input checked="" type="checkbox"/> French <input type="checkbox"/> anglais français	
Ministry Use 	

Corporation's legal name and mailing address DUTTON HYDRO LIMITED 199 MAIN STREET City DUTTON Province ON Country CA Postal code N0L 1J0			
F. address changed since last filed return? Yes <input type="checkbox"/> Date of change _____			
Registered/Head Office Address 199 MAIN STREET City DUTTON Province ON Country CA Postal code N0L 1J0			
Location of books and records 199 MAIN STREET City DUTTON Province ON Country CA Postal code N0L 1J0			
Name of person to contact regarding this Return KEN LOVELAND		Telephone no. (519) 762-2204	Fax no. (519) 762-2278
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS) City _____ Province _____ Country _____ Postal code _____			
Former Corporation Name (Extra-Provincial Corporations only) Not applicable <input type="checkbox"/> (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). <input type="text" value="3"/> No. of Schedule(s)			
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please check <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS). <input checked="" type="checkbox"/> No Change			

Certification (MCBS)

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

Name of Authorized Person
KEN LOVELAND

Title: ☐ Director ☒ Officer ☐ Other individual having knowledge of the affairs of the Corporation

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



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)
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____ declare that:
The above corporation satisfies **all** of the exempt from filing criteria (a) through (f) below for the taxation year and therefore qualifies under the *Corporations Tax Act* as exempt from filing an Ontario Corporations Tax Return.

Criteria for exempt from filing status:

- ☐ has filed a federal income tax return (T2) with Canada Customs and Revenue Agency for the taxation year;
- ☐ had no Ontario taxable income for the taxation year (subject to the provisions in NOTE 2 below);
- ☐ had no Ontario Corporations Tax payable for the taxation year;
- ☐ 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));
- ☐ had provided its Canada Customs and Revenue Agency business number to the Ministry of Finance, Corporations Tax Branch; and
- ☐ 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*.

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

NOTE 2: EFF corporations filing losses to be carried back and applied to prior years or applied to future years, **must file a tax return** completed with all the related schedules for the taxation year of the loss and for the taxation year to which the loss is being applied.

The following 3 items **MUST** be completed if the EFF declaration only is being submitted at this time. In cases where the annual return, which includes page 1, is **also** being filed, completion of these fields is NOT necessary

1. Corporation's Mailing Address

City	Province	Country	Postal code
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2. Ontario Corporation No. (MCBS)

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3. Canada Customs and Revenue Agency Business No.

RC

A corporation **must file** an **Exempt From Filing Corporations Tax Return Declaration** form for each taxation year that the corporation is exempt from filing, **within 6 months** after the end of its taxation year, to the address shown at the top of Page 1.

If you check "Yes" to ALL of the following criteria you are eligible to file the CT23 Short-Form Corporations Tax Return. To obtain a copy contact the Revenue Operations and Client Services Branch. (Refer to Guide)

Yes ☒ No ☐

(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 100 % (nearest whole percent)

☒ ☐

(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)

☒ ☐

(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.

☒ ☐

(d) The corporation's taxation year ends on or after January 1, 2000 and its gross revenue and total assets are each \$1,000,000 or less and the corporation is not a financial institution; **OR** 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.

☒ ☐

(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) or Graduate Transitions Tax Credit (GTTC).

☒ ☐

(f) The corporation's Ontario allocation factor is 100%.

NOTE: Family Farm or Fishing corporations that have a 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 ☒ 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
ELECTRIC UTILITY

- ☒ 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 Corp 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 institutions prescribed by Regulation only
- ☐ 17 ☐ Investment Dealer
- ☐ 18 ☐ Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- ☐ 19 ☐ Hydro successor, Municipal Electrical Utility or subsidiary of either
- ☐ 20 ☐ Producer and seller of steam for uses other than for the generation of electricity
- ☐ 21 ☐ Insurance Exchange s.74.4
- ☐ 22 ☐ Farm Feeder Finance Co-operative Corporation
- ☐ 23 ☐ Professional Corporation (incorporated professionals only)

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

- ☒ First Year of Filing
- ☐ Amended Return
- ☐ Taxation Year End has changed - Canada Customs and Revenue Agency approval required
- ☐ Final Taxation Year up to Dissolution (wind-up)
- ☐ Final Taxation Year before Amalgamation
- ☐ Floating Fiscal Year End
- ☐ Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- ☐ Acquisition of Control fed s.249(4)
- Date control was acquired: _____

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

come Tax

ocation - If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of
able income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Inter.Bulletin 2617). Attach a schedule (or a copy of federal T2
H 5) showing allocation of gross revenue, salaries and wages, including applicable percentages.

st income (loss) for Ontario purposes (per reconciliation schedule, page 16) From 690± (12,868)

1 -

ubtract: Charitable donations 2 -

ubtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule) 3 -

ubtract: Taxable dividends deductible, per federal T2 SCH 3 4 -

ubtract: Ontario political contributions (Attach schedule) 5 -

ubtract: Federal Part VI.1 tax X 9/4 From 704-

ubtract: Prior years' losses applied - Non-capital losses From 715 inclusion

Net capital losses (page 17) X rate 50.000000 % 714-

Farm losses From 724-

Restricted farm losses From 734-

Limited partnership losses From 754-

10 = (12,868)

axable income (Non-capital loss)

ddition to taxable income for unused foreign tax deduction for federal purposes 11 +

adjusted taxable income 10 + 11 (if 10 is negative, enter 11) 20 =

Taxable Income

Number of days in Taxation Year

Days after May 1, 2000 and before Jan 1, 2001 Total days

From 10 (or 20) X30 100.0000 % X 14.5 % X 24 + 73 92 = 25+

Ontario Allocation

Days after Dec 31, 2000 and before Oct 1, 2001 Total days

From 10 (or 20) X30 100.0000 % X 14.0 % X 26 + 73 92 = 27+

Ontario Allocation

Days after Sept 30, 2001 and before Jan 1, 2003 Total days

From 10 (or 20) X30 100.0000 % X 12.5 % X 28 92 + 73 92 = 29+

Ontario Allocation

Days after Dec 31, 2002 and before Jan 1, 2004 Total days

From 10 (or 20) X30 100.0000 % X 11.0 % X 31 + 73 92 = 32+

Ontario Allocation

40 =

Taxable Income Payable (before deduction of tax credits) 25 + 27 + 29 + 32

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

Federal taxable income, less adjustment for foreign tax credit 51 +

(fed.s.125(1)(b)) 52 +

Add: Losses of other years deducted for federal purposes (fed.s.111) 53 -

Subtract: Losses of other years deducted for Ontario purposes (s.34) = 54

Federal Business limit for the year before application of fed.s.125(5.1) 55 + 50,411

(not exceeding \$200,000) (Attach T2 SCH 23 if associated)

Add: Ontario enhancement of federal business limit

Number of days in Taxation Year

Days from 26 above Total Days From

40,000 X + 73 92 X 55 50,411 +200,000 42+

Days from 28 above Total Days From

80,000 X 92 + 73 92 X 55 50,411 +200,000 43+ 20,164

Days from 31 above Total Days From

120,000 X + 73 92 X 55 50,411 +200,000 46+

Ontario enhancement of federal business limit 42 + 43 + 46 = 20,164

44+ 20,164

= 70,575 45 70,575

Business Limit for Ontario purposes 55 + 44

Income eligible for the IDSBC From 30 100.0000 % X

*Ontario Allocation

56 Least of 50, 54 or 45 60 =

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

Calculation of IDSBC Rate

7.5% X 76

Days after Dec 31, 1999 and before Oct 1, 2001

Total Days

92 77 +

6.5% X 28

Days after Sept 30, 2001 and before Jan 1, 2003

Total Days

92 79 + 6.5000

5.5% X 31

Days after Dec 31, 2002 and before Jan 1, 2004

Total Days

92 89 + 78 = 6.5000

IDSBC Rate for Taxation Year 77 + 79 + 89

From 60 X From 78 6.5000 % 70 =

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

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

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

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

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

* Taxable income of the corporation

From 10 (or 20 if applicable) 80 +

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

Taxable income of associated corporations (Attach schedule) 82 + 85 =

Aggregate Taxable Income

Number of days in Taxation Year

Days before Jan 1, 2001

Total Days

73 92 = 111 +

Subtract: 200,000 X 558 +

Days after Dec 31, 2000 and before Oct 1, 2001

Total Days

73 92 = 112 +

240,000 X 26 +

Days after Sept 30, 2001 and before Jan 1, 2003

Total Days

73 92 = 113 + 280,000

280,000 X 28 +

Days after Dec 31, 2002 and before Jan 1, 2004

Total Days

73 92 = 115 +

320,000 X 31 +

111 + 112 + 113 + 115 = 280,000

114 - 280,000 86 =

Calculation of Specified Rate for Surtax

5.0% X 76

Days after Dec 31, 1999 and before Oct 1, 2001

Total Days

92 93 +

4.333% X 28

Days after Sept 30, 2001 and before Jan 1, 2003

Total Days

92 95 + 4.3330

3.667% X 31

Days after Dec 31, 2002 and before Jan 1, 2004

Total Days

92 96 + 94 = 4.3330

Specified rate of surtax for Taxation Year 93 + 95 + 96

From 86 X From 94 4.3330 % =

From 87 X From 60 + From 114 280,000 88 =

100 =

Surtax: Lesser of 70 or 88

110

Additional Deduction for Credit Unions (s.51(4)) (Attach schedule)**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 the federal T2 SCH 27 including necessary changes for Ontario tax purposes (e.g. different C.A. claimed).

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

Eligible Canadian Profits

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 120 +

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 + From 30 100.0000 % + From 78 6.5000 % = 121

*Ontario Allocation

Lesser of 56 or 121

120 - 56 + 122

Taxable income

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 10 + (12,868)

Add: Adjustments for Surtax on Canadian-controlled private corporations

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

Number of Days in Taxation Year

Days before Oct 1, 2001 Total Days
Claim 143 X From 30 100.0000 % 2.0% X 152 + 73 92 = 153 +
*Ontario Allocation

Days after Sept 30, 2001 and before Jan 1, 2003 Total Days
Claim 143 X From 30 100.0000 % 1.5% X 28 + 73 92 = 154 +
*Ontario Allocation

Days after Dec 31, 2002 and before Jan 1, 2004 Total Days
Claim 143 X From 30 100.0000 % 1.0% X 31 + 73 92 = 155 +
*Ontario Allocation

M&P claim for taxation year 153 + 154 + 155

*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

Note: The M&P for corporations that generate electrical energy for sale, or produce steam for use in the generation of electrical energy for sale, or produce steam for uses other than the generation of electricity, has not yet received legislative authority at the time of printing. (Refer to Guide.)

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Info. Bulletins 15-79 & 2739) (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

Specified Tax Credits (Refer to Guide)

Ontario Innovation Tax Credit (OITC) (s.43.3) <i>Applies to research and development in Ontario.</i> Eligible credit from 5620 OITC claim form (Attach original Claim Form)	191	+	
Co-operative Education Tax Credit (CETC) (s.43.4) <i>Applies to employment of eligible students.</i> Eligible credit from 5798 Summary Schedule F	192	+	
Ontario Film and Television Tax Credit (OFTTC) (s.43.5) <i>Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.</i> Eligible credit from 5899 Claim Form Certified by Ontario Film Development Corp. <i>Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.</i>	193	+	
Graduate Transitions Tax Credit (GTTC) (s.43.6) <i>Applies to employment of eligible unemployed graduate students.</i> Eligible Credit from 6598 Summary Schedule G	No. of Graduates from 6596 194	+	
Ontario Book Publishing Tax Credit (OBPTC) (s.43.7) <i>Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.</i> Eligible Credit from 6900 OBPTC Claim Form (Attach only the original Claim Form. Retain the Certification Form)	196	+	
Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8) <i>Applies to labour relating to computer animation and special effects on an eligible production.</i> Eligible Credit from 6700 Claim Form certified by Ontario Film Development Corp. <i>Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.</i>	197	+	
Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9) <i>Applies to qualifying R&D expenditures under an eligible research institute contract.</i> Eligible Credit from 7100 OBRITC Claim Form (Attach original Claim Form)	198	+	
Ontario Production Services Tax credit (OPSTC) (s.43.10) <i>Applies to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.</i> Eligible Credit from 7300 Claim Form certified by Ontario Film Development Corporation <i>Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.</i>	199	+	
Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11) <i>Applies to qualifying labour expenditures of eligible products for the taxation year.</i> Eligible Credit from 7400 Claim Form certified by Ontario Film Development Corporation <i>(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.)</i>	200	+	
Ontario Sound Recording Tax Credit (OSRTC) (s.43.12) <i>Applies to qualifying expenditures in respect to eligible Canadian sound recordings.</i> Eligible Credit from 7500 OSRTC Claim Form (Attach only the original Claim Form. Retain the Certification Form)	201	+	
Total Specified Tax Credits: 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201	220	=	
Specified Tax Credits Applied to reduce Income Tax	225	=	
Income Tax 190 - 225 OR Enter NIL if reporting Non-Capital Loss	230	=	

Income Tax 190 - 225 OR Enter NIL if reporting Non-Capital Loss

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 18**.

OR

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

Corporate Minimum Tax (CMT)

Determination of Applicability

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

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

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

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

* Total Assets of the corporation **240** + 632,787 **241** + 177,541
 * Total Revenue of the corporation

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

Total Assets of associated corporations (Attach schedule) **243** + **244** +

Total Revenue of associated corporations (Attach schedule) **249** = 632,787 **250** = 177,541

Aggregate Total Assets **250** = 177,541

Aggregate Total Revenue

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E on pages 19, 20 and 21 of CT23.**

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on page 19.)

Gross CMT Payable CMT Base From **213** 5 X From **30** 100.0000 % X 4% **276** =
 If negative, enter zero Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) **277** -

Subtract: Income Tax **280** =

Net CMT Payable (if negative, enter Nil on page 18.)

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 18.**

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 18** and transfer **280** to **Page 18, and to Schedule D: Continuity of CMT Credit Carryovers, on Page 21.**

CMT Credit Carryover available From **2307**

Application of CMT Credit Carryovers

Income Tax (before deduction of specified credits) From **190** +

Gross CMT payable From **276** +

Subtract: Foreign Tax Credit for CMT purposes From **277** -

If **276 - 277** is negative, enter NIL in **290** **290** -

Income Tax eligible for CMT Credit **300** =

B. Income Tax (after deduction of specified credits) From **230** +

Subtract: CMT credit used to reduce income taxes **310** -

Income Tax **320** =

Transfer to Page 18

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

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

Capital Tax (Refer to Guide)

If your corporation is a Financial Institution (s.58(2)), proceed to page 14.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,000,000 or less and the taxation year ends on or after January 1, 2000, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, it is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 13 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. 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 an investment allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Inf.B.15-79, Int.B.L-12 and Int.B.L-16).

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).

Paid-up Capital

	350 +	475,885
Paid-up capital stock	351 ±	(18,877)
Retained earnings (if deficit, deduct)	352 +	
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	353 +	
Loans and advances (Attach schedule)	354 +	
Bank loans	355 +	
Bankers acceptances	356 +	
Bonds and debentures payable	357 +	
Mortgages payable	358 +	
Lien notes payable	359 +	
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 corporation tax)	360 +	
Contingent, investment, inventory and similar reserves	361 +	
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	362 +	
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	370 =	457,008
Subtotal		
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	371 -	
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	372 -	
	380 =	457,008
Total Paid-up Capital	381 -	
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	390 =	457,008
Net Paid-up Capital		

Eligible Investments (Refer to Guide)

Attach computations and list of corporations' names and investment amounts. Short-term investments (bankers acceptances, commercial paper, term deposits, 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.

Term deposits and investment certificates in foreign financial institutions for taxation years ending prior to December 15, 1999 (Refer to Guide)	400 +	
Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	402 +	
Mortgages due from other corporations	403 +	
Shares in other corporations (certain restrictions apply) (Refer to Guide)	404 +	
Loans and advances to unrelated corporations	405 +	
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	406 +	
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	407 +	
	410 =	
Total Eligible Investments		

Total Assets

Total Assets per balance sheet	420 +	632,787
Mortgages or other liabilities deducted from assets	421 +	
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	422 +	
Subtract: Investment in partnership(s)/joint venture(s)	423 -	
Total Assets as adjusted	430 =	632,787
Amounts in 360 and 361 (if deducted from assets)	440 +	
Subtract: Amounts in 371 , 372 and 381	441 -	
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (<i>specify on an attached schedule</i>)	443 ±	
Total Assets	450 =	632,787

Investment Allowance (410 + 450) X 390	Not to exceed 410	460 =	
Taxable Capital 390 - 460		470 =	457,008

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)			
Gross Revenue of the corporation	177,541		
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue (<i>Attach schedule</i>)			
Aggregate of Gross Revenue	177,541	480	177,541
Total Assets (as adjusted)	From 430		632,787

Calculation of Capital Tax for all corporations except Financial Institutions

Note: This version (2001) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.

(Financial Institutions use calculations on page 14.)

- Important:** If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.
- OR** If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B on pages 10 to 11 and select and complete the one specific subsection (e.g. B4) that applies to the corporation.
- OR** If the corporation IS a member of an associated group and/or partnership, complete Section C on page 12. Next review, and if applicable, complete Section D on page 12. If Section D is not applicable review Section E on page 13 and complete the applicable subsection: either E1 or E2. **Note:** if the corporation is a member of a connected partnership, please refer to the 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.

Enter NIL in **550** on page 13 and complete the return from that point.

SECTION B

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

- B1.** If the taxation year ends before January 1, 2001 and **430** and **480** are both \$1,000,000 or less, enter NIL in **550** on page 13 and complete the return from that point.
- B2.** If the taxation year end is after December 31, 2000 and **430** and **480** are both \$1,500,000 or less, enter NIL in **550** on page 13 and complete the return from that point.
- B3.** If the taxation year commences after September 30, 2001 and **430** and **480** on page 10 of the 2001 CT23 are both \$3,000,000 or less, enter NIL in **550** on page 13 of the 2001 CT23 and complete the return from that point.
- B4.** If taxable capital, **470** on page 10, is \$2,000,000 or less, enter NIL in **550** on page 13 and complete the return from that point.

5. If taxable capital, 470 on page 10, exceeds \$2,000,000 but is \$5,000,000 or less, complete the following calculations and transfer the total from 508 to 543 on page 13 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

a) From 470 _____ x 0.3% = 490 + _____

Deduct: From 470 _____
 \$2,800,000 - _____ x 0.75% = 493 - _____ (NIL if negative)

Days in taxation year
 after Dec 31, 1999
 and before Jan 1, 2001

(506 = 490 - 493) 506 = _____ x From 30 _____ % x 553 _____ = 507 + _____
 Ontario Allocation **365/366

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before October 1, 2001

b) From 470 _____ x 0.3% = 490 + _____

Deduct: From 470 _____
 \$3,200,000 - _____ x 0.5% = 495 - _____ (NIL if negative)
 (509 = 490 - 495) 509 = _____

Days in taxation year
 after Dec 31, 2000
 and before Oct 1, 2001

x From 30 _____ % x 558 _____ = 522 + _____
 Ontario Allocation **365/366

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(c) Capital Tax for that portion of a taxation year after September 30, 2001 for a corporation whose taxable capital is \$5,000,000 or less and that is not associated, is NIL.

+ _____ 0

508 = _____

Total Capital Tax for the taxation year 507 + 522

Transfer to 543 on Page 13 and complete the return from that point.

B6. If taxable capital, 470 on page 10 exceeds \$5,000,000, complete the following calculation and transfer the amount from 508 to 543 on page 13 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

(a) From 470 _____ x From 30 _____ x 0.3% x 559 _____ = 502 + _____
 Ontario Allocation **365/366

Days in taxation year
 before October 1, 2001

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) + From 470 _____
 - 5,000,000
 = 471 _____ x From 30 _____ x 0.3% x 560 _____ = 523 + _____
 Ontario Allocation **365/366

Days in taxation year
 after September 30, 2001

508 = _____

Total Capital Tax for the taxation year 502 + 523

Transfer to 543 and complete the return from that point

** If floating taxation year, refer to Guide

SECTION C

If the corporation is a member of an associated group and/or partnership, complete the following, and (✓) 510 (Yes)

Note: Calculation #2 is not required if the taxation year commences after September 30, 2001.

From 470 + 457,008

Calculation 1
Determine aggregate taxable capital of an associated group and/or partnership having a permanent establishment in Canada

Taxable Capital of associated corporations (Attach schedule) 531 + 540 = 457,008

Aggregate Taxable Capital 470 + 531

If 540 above is \$5,000,000 or less, the corporation's Capital Tax for the portion of the taxation year after September 30, 2001, is NIL. Enter NIL in 523 in E1(c) or E2(b) as applicable.
If 540 above is greater than \$5,000,000, the corporation must compute its share of the \$5,000,000 exemption below in order to calculate its Capital Tax for the portion of the taxation year after September 30, 2001.

From 470 457,008 + From 540 457,008 X 5,000,000 541 = 5,000,000
Transfer to Section E2(b)

Calculation 2
Determine aggregate taxable capital of an associated group and/or partnership that does NOT have a permanent establishment in Canada

Taxable Capital of associated corporations (Attach schedule) 514 + 520 = 457,008

Total Aggregate Taxable Capital 540 + 514

If 520 above is greater than \$2,000,000, and less than \$3,200,000 and a portion of the taxation year is before October 1, 2001, the corporation must compute the following ratio.

From 470 + From 520 521 =
Transfer to section E1(a) and/or (b) as applicable
Note: 521 cannot exceed 1.00000

SECTION D

This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital, 520 is \$2,000,000 or less.

Enter NIL in 550 on page 13 and complete the return from that point.

SECTION E

This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital, 20 on page 12, exceeds \$2,000,000.

E1. If aggregate taxable capital 520 exceeds \$2,000,000 but is \$3,200,000 or less, complete the following calculations and transfer the total from 508 to 543 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

a) From 470 _____ x 0.3% _____ = 490 + _____
Deduct: From 520 _____ From 521 _____
(\$2,800,000 - _____) x 0.75% x _____ = 493 - _____
(506 = 490 - 493) 506 = _____
x 30 _____ % x 553 _____ = 507 + _____
Ontario Allocation **365/366

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before October 1, 2001

(b) From 470 _____ x 0.3% _____ = 490 + _____
Deduct: From 520 _____ From 521 _____
(\$3,200,000 - _____) x 0.5% x _____ = 495 - _____
(509 = 490 - 495) 509 = _____
x 30 _____ % x 557 _____ = 522 + _____
Ontario Allocation **365/366

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(c) Capital tax for that portion of a taxation year that is after September 30, 2001 for a corporation whose total aggregate taxable capital at 540 is \$5,000,000 or less, is NIL. 523 + _____ 0
508 = _____

Total Capital Tax for the taxation year 507 + 522 + 523 _____ Transfer to 543 and complete the return from that point

E2. If the aggregate taxable capital 520 on page 12, exceeds \$3,200,000 complete the following calculation and transfer the amount from 508 to 543 on this page, and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

(a) From 470 _____ x _____ From 30 _____ x 0.3% x 555 _____ = 502 + _____
Ontario Allocation 365/366

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) From 470 _____ Days in taxation year after September 30, 2001 = _____
- From 541 _____ = 523 + _____
471 _____ x _____ From 30 _____ x 0.3% x 560 _____ = 523 + _____
Ontario Allocation 365/366

Total Capital Tax for the taxation year 502 + 523 _____ 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 = _____
Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide) 546 = _____
Capital Tax: 543 - 546 550 = _____
Transfer to Page 18

Calculation of Capital Tax for Financial Institutions**I.1. Credit Unions Only**For taxation years commencing **after May 4, 1999** enter NIL in **550** on page 13, and complete the return from that point.**I.2 Other than Credit Unions***(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)*

565 x 0.6% x From 30 100.0000 % x 555 92 + **365/366 = 569 +
 Lesser of adjusted TPUC
 and Basic Capital Amount
 in accordance with
 Division B.1 Ontario Allocation

570 x 571 x From 30 100.0000 % x 555 92 + **365/366 = 574 +
 Adjusted TPUC Capital Tax Rate
 in accordance with (Refer to Guide)
 Division B.1 in excess
 of Basic Capital Amount Ontario Allocation

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

**** If floating taxation year, refer to Guide****II. Small Business Investment Tax Credit***(Retain details of eligible investment calculations 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 13

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 18

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ**Net Income (loss) for federal income tax purposes, per federal T2 SCH 1**600± (12,868)
Transfer to Page 16**Add:**

Federal capital cost allowance	601+
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	609+
Federal depletion allowance	610+
Federal foreign exploration and development expenses	611+
Management fees, rents, royalties and similar payments to non-arm's length non-residents	

Number of days in Taxation Year

Days after
May 1, 2000 and
before Jan 1, 2001 Total days

612 X 5/14.5 X 24 + 73 92 = + 631

Days after Dec 31, 2000
and before Oct. 1, 2001 Total days

612 X 5/14.0 X 26 + 73 92 = + 632

Days after Sept. 30, 2001
and before Jan. 1, 2003 Total days

612 X 5/12.5 X 28 92 + 73 92 = + 633

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

612 X 5/11.0 X 31 + 73 92 = + 634

Total add-back amount for Management fees, etc. 631 + 632 + 633 + 634 =	▶ 613+
Federal Scientific Research Expenses claimed in year from fed form T661	615+
Federal allowable business investment loss	620+
Total of other items not allowed by Ontario but allowed federally (Attach schedule)	614+
Sub Total of Additions 601 to 615 + 620	= 640

Transfer to Page 16

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

Net income (loss) for federal income tax purposes, per federal T2 SCH 1	From 600±	(12,868)
Sub Total of Additions	From 640=	

Deduct:

Ontario capital cost allowance	650+
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	659+
Ontario research and development super allowance (Attach schedule)	660+
Government Assistance relating to provincial deductions for scientific research and experimental development added back for federal income tax purposes as a result of the Federal 2000 Budget	674+
Ontario current cost adjustment (Attach schedule)	661+
Ontario Scientific Research Expenses claimed in year from Ont form CT161	679+

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 Gross-up of CCA	
662 x 100/ 30 100.0000 - From 662	663=
Ontario allocation	

Workplace Child Care Tax Incentive: (Applies to qualifying expenditures incurred after May 5, 1998)

Qualifying expenditures 665 x 30% x 100/ 30 100.0000	666=
Ontario Allocation	

Workplace Accessibility Tax Incentive: (Applies to qualifying expenditures incurred after July 1, 1998)

Qualifying expenditures: 667 x 100% x 100/ 30 100.0000	668=
Ontario Allocation	

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI): (Applies to the eligible acquisition of school buses made within the 3 year period commencing after May 4, 1999.) (Refer to Guide)

Qualifying expenditures 670 x 30% x 100/ 30 100.0000	671=
Ontario Allocation	

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

Qualifying expenditures 672 x 15% x 100/ 30 100.0000	673=
Ontario Allocation	

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

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

Sub Total of Deductions 650 to 660 + 674 + 661 + 679 + 663 + 666 + 668 + 671 + 673 + 678 + 664	=	680
--	---	-----

Net income (loss) for Ontario purposes 600 + 640 - 680	690=	(12,868)
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Transfer to Page 4

Continuity of Losses Carried Forward

Page 17 of 24

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2)	720 (2)	730	740	750
Add:	701	711	721	731	741	751
Current year's losses (7)	12,868					
Losses from predecessor corporations (3)	702	712	722	732		752
	703	713	723	733	743	753
Subtotal	12,868					
Subtract:	704	715 (4)	724	734 (4)	744 (4)	754 (4)
Utilized during the year to reduce taxable income	705		725	735	745	
Expired during the year						
Carried back to prior years to reduce income (5)	706 (2) To Pg 18	716 (2) To Pg 18	726 (2) To Pg 18	736 (2) To Pg 18	746	
	707	717	727	737	747	757
Subtotal						
Balance at End of Year	709	719	729	739	749	759

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

Analysis of Balance 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 (9) (10)	Farm Losses	Restricted Farm Losses
800				850	870
801				851	871
802				852	872
803	820	830	840	853	873
804	821	831	841	854	874
805	822	832	842	855	875
806	823	833	843	856	876
807 2000/09/30	824	834	844	857	877
808 2001/09/30	825	835	845	858	878
809 2001/12/31	826	836	846	859	879
Total	829	839	849	869	889

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:
 - the first day of the taxation year after the loss year,
 - the day on which the corporation's return for the loss year is delivered to the Minister, or
 - 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 12,868	920	930	940
Effect: Loss to be carried back to preceding taxation years and applied to reduce taxable income.				
Predecessor Corporation's Account No. (MOF) Taxation Year Ending	911	921	931	941
i) 3rd preceding 901	912	922	932	942
ii) 2nd preceding 902 2000/09/30	913	923	933	943
iii) 1st preceding 903 2001/09/30	From 706	From 716	From 726	From 736
Total loss to be carried back	919	929	939	949
Balance of loss available for carryforward	12,868			

Summary

Income Tax	From 230 or 320	
Corporate Minimum Tax	From 280	
Capital Tax	From 550	
Premium Tax	From 590	
Total Tax Payable	950	
Subtract:		
Payments	960	
Capital Gains Refund (s.48)	965	
Qualifying Environmental Trust Tax Credit (Refer to Guide)	985	
Specified Tax Credits (Refer to Guide)	955	
Balance	970 =	
If payment due	Enclosed * 990	
If overpayment: Refund	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.

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
KEN LOVELAND

Title
SECRETARY

Full Residence Address
199 MAIN STREET

City
DUTTON

Province ON	Country CA	Postal Code N0L 1J0
Signature		Date 2002/11/15

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

Schedule A:**Information on Ontario Corporations**

(Corporations that are incorporated, continued or amalgamated under the Ontario Business Corporations Act)

**MCBS**
Schedule A
Page 7 of 8

Identification				
Corporation's Legal Name (including punctuation)		Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation	
DUTTON HYDRO LIMITED		1390779	2000/03/28	
Director/Officer Information				
Full Name and Address for Service:				
Last Name Vowel		First Name Bonnie	Middle Name(s) Jean	
Street Number and Name 259 Mary Street		Suite		
City/Town/Village Dutton		Province/State ON	Country CA	
		Postal/Zip Code N0L 1J0		
Director	Officer		Other Titles (please specify)	
Are you a resident Canadian? <i>Applies to directors of business corporations only</i> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Indicate the appointment period for each of the following:			
	President	Date Appointed 2000/03/28		Date Ceased
Date Elected 2000/03/28	Secretary			
Date Ceased	Treasurer General Manager			
	Other (specify)			
			<input type="checkbox"/> Chair <input type="checkbox"/> Chair Person <input type="checkbox"/> Chairman <input type="checkbox"/> Chairwoman <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Vice-President <input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager <input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director <input type="checkbox"/> Chief Executive Officer <input type="checkbox"/> Chief Financial Officer <input type="checkbox"/> Chief Info. Officer <input type="checkbox"/> Chief Operating Officer <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/> Comptroller <input type="checkbox"/> Authorized Signing Officer <input type="checkbox"/> Other (untitled)	

Director/Officer Information				
Name and Address for Service:				
Last Name Loveland		First Name Ken	Middle Name(s)	
Street Number and Name 199 Main Street		Suite		
City/Town/Village Dutton		Province/State ON	Country CA	
		Postal/Zip Code N0L 1J0		
Director	Officer		Other Titles (please specify)	
Are you a resident Canadian? <i>Applies to directors of business corporations only</i> Yes <input type="checkbox"/> No <input type="checkbox"/>	Indicate the appointment period for each of the following:			
	President	Date Appointed		Date Ceased
Date Elected	Secretary	2000/03/28		
Date Ceased	Treasurer General Manager			
	Other (specify)			
			<input type="checkbox"/> Chair <input type="checkbox"/> Chair Person <input type="checkbox"/> Chairman <input type="checkbox"/> Chairwoman <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Vice-President <input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager <input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director <input type="checkbox"/> Chief Executive Officer <input type="checkbox"/> Chief Financial Officer <input type="checkbox"/> Chief Info. Officer <input type="checkbox"/> Chief Operating Officer <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/> Comptroller <input type="checkbox"/> Authorized Signing Officer <input type="checkbox"/> Other (untitled)	

Schedule A: Information on Ontario Corporations

(Corporations that are incorporated, continued or amalgamated under the
Ontario Business Corporations Act)



MCBS
Schedule A
Page 7 of 8

Identification			
Corporation's Legal Name (including punctuation) DUTTON HYDRO LIMITED		Ontario Corporation No. (MCBS) 1390779	Date of Incorporation or Amalgamation 2000/03/28
Director/Officer Information			
Full Name and Address for Service:			
Last Name Van Brenk		First Name Rien	Middle Name(s)
Street Number and Name 31760 Erin Line		Suite	
City/Town/Village R.R. #1, Fingal		Province/State ON	Country CA
		Postal/Zip Code N0L 1K0	
Director	Officer		Other Titles (please specify)
Are you a resident Canadian? <i>Applies to directors of business corporations only</i> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Indicate the appointment period for each of the following:		
Date Elected 2000/03/28	President	Date Appointed _____ Date Ceased _____	
Date Ceased _____	Secretary	_____	
	Treasurer	_____	
	General Manager	_____	
	Other (specify)	_____ ▶	
			<input type="checkbox"/> Chair <input type="checkbox"/> Chair Person <input type="checkbox"/> Chairman <input type="checkbox"/> Chairwoman <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Vice-President <input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager <input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer <input type="checkbox"/> Chief Financial Officer <input type="checkbox"/> Chief Info. Officer <input type="checkbox"/> Chief Operating Officer <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/> Comptroller <input type="checkbox"/> Authorized Signing Officer <input type="checkbox"/> Other (untitled)

Director/Officer Information			
Name and Address for Service:			
Last Name Yokom		First Name John	Middle Name(s)
Street Number and Name 32543 Pioneer Line		Suite	
City/Town/Village R.R. #1, Iona Station		Province/State ON	Country CA
		Postal/Zip Code N0L 1P0	
Director	Officer		Other Titles (please specify)
Are you a resident Canadian? <i>Applies to directors of business corporations only</i> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Indicate the appointment period for each of the following:		
Date Elected 2000/12/06	President	Date Appointed _____ Date Ceased _____	
Date Ceased _____	Secretary	_____	
	Treasurer	_____	
	General Manager	_____	
	Other (specify)	_____ ▶	
			<input type="checkbox"/> Chair <input type="checkbox"/> Chair Person <input type="checkbox"/> Chairman <input type="checkbox"/> Chairwoman <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Vice-President <input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager <input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer <input type="checkbox"/> Chief Financial Officer <input type="checkbox"/> Chief Info. Officer <input type="checkbox"/> Chief Operating Officer <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/> Comptroller <input type="checkbox"/> Authorized Signing Officer <input type="checkbox"/> Other (untitled)

Schedule A: Information on Ontario Corporations

(Corporations that are incorporated, continued or amalgamated under the
Ontario Business Corporations Act)



MCBS
Schedule A
Page 7 of 8

Identification			
Corporation's Legal Name (including punctuation) DUTTON HYDRO LIMITED		Ontario Corporation No. (MCBS) 1390779	Date of Incorporation or Amalgamation 2000/03/28
Director/Officer Information			
Full Name and Address for Service:			
Last Name Leeson		First Name Gerry	Middle Name(s)
Street Number and Name 214 Jordon Street, Box 174		Suite	
City/Town/Village Dutton	Province/State ON	Country CA	Postal/Zip Code N0L 1J0
Director	Officer		Other Titles (please specify)
Are you a resident Canadian? <i>Applies to directors of business corporations only</i> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Indicate the appointment period for each of the following:		
Date Elected 2000/12/06	President	Date Appointed _____ Date Ceased _____	
Date Ceased _____	Secretary	_____	
	Treasurer	_____	
	General Manager	_____	
	Other (specify)	_____	
			<input type="checkbox"/> Chair <input type="checkbox"/> Chair Person <input type="checkbox"/> Chairman <input type="checkbox"/> Chairwoman <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Vice-President <input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager <input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer <input type="checkbox"/> Chief Financial Officer <input type="checkbox"/> Chief Info. Officer <input type="checkbox"/> Chief Operating Officer <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/> Comptroller <input type="checkbox"/> Authorized Signing Officer <input type="checkbox"/> Other (untitled)

Director/Officer Information			
Full Name and Address for Service:			
Last Name Sealey		First Name Rosemary	Middle Name(s)
Street Number and Name 20136 Pioneer Line		Suite	
City/Town/Village Dutton	Province/State ON	Country CA	Postal/Zip Code N0L 1J0
Director	Officer		Other Titles (please specify)
Are you a resident Canadian? <i>Applies to directors of business corporations only</i> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Indicate the appointment period for each of the following:		
Date Elected 2000/12/06	President	Date Appointed _____ Date Ceased _____	
Date Ceased _____	Secretary	_____	
	Treasurer	_____	
	General Manager	_____	
	Other (specify)	_____	
			<input type="checkbox"/> Chair <input type="checkbox"/> Chair Person <input type="checkbox"/> Chairman <input type="checkbox"/> Chairwoman <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Vice-President <input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager <input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer <input type="checkbox"/> Chief Financial Officer <input type="checkbox"/> Chief Info. Officer <input type="checkbox"/> Chief Operating Officer <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/> Comptroller <input type="checkbox"/> Authorized Signing Officer <input type="checkbox"/> Other (untitled)

OS4N
Schedule 4

Ontario non-capital loss continuity

Part 1: Non-capital loss**Non-capital loss continuity by year**

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
2000/09/30							
2001/09/30							
2001/12/31					12,868		12,868
Totals					12,868		12,868

Current year non-capital loss

Net income (loss) for Ontario tax purposes		(12,868)
Deduct:		
Net capital losses deducted in the year		
Taxable dividends deductible under sections 112, 113 or subsection 138(6)		
Amount of Part VI.1 tax deductible		
	Subtotal - if positive, enter "0"	(12,868)
Deduct: Section 110.5 - addition for foreign tax credits		
Add: Current year farm loss		
Current year non-capital loss (if positive, enter "0")		(12,868)

Non-capital loss continuity and carry-back request

Non-capital losses at end of preceding taxation year			
Losses expired after 7 years	-		
Non-capital losses - beginning balance	=		
Transfers from wind-up of wholly-owned subsidiary and amalgamation		+	
Current year non-capital loss from above	12,868		
Deduct - Non-capital loss carry back to:			
1st preceding taxation year against taxable income			
2nd preceding taxation year against taxable income			
3rd preceding taxation year against taxable income			
Current year non-capital loss net of carryback	12,868	+	12,868
	Subtotal	=	12,868
Deduct:			
Amount applied against taxable income (enter on line 704 of the CT23)			
Section 80 adjustments			
Other adjustments			
Non-capital losses - ending balance		=	12,868

Ontario non-capital loss continuity

Farm loss continuity by year

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
2000/09/30							
2001/09/30							
2001/12/31							
Totals							

Farm loss continuity and carry-back request

Farm losses at end of preceding taxation year		
Losses expired after 10 years	-	
Farm losses - beginning balance	=	
Transfers from wind-up of wholly-owned subsidiary and amalgamation		+
Current year farm loss		
Deduct - Farm loss carry back to:		
1st preceding taxation year against taxable income		
2nd preceding taxation year against taxable income		
3rd preceding taxation year against taxable income		
	Subtotal	
Current year farm loss net of carry-back		+
	Subtotal	=
Deduct:		
Amount applied against taxable income (enter on line 724 of the CT23)		
Section 80 adjustments		
Other adjustments		
		-
Farm losses - ending balance		=

Part 3 - Restricted farm loss

Restricted farm loss continuity by year

Restricted farm loss continuity by year							
Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
2000/09/30							
2001/09/30							
2001/12/31							
Totals							

Current year restricted farm loss

Net loss from farming business		
Deductible farm loss:		
Net loss from above	A	
\$2,500 plus 1/2 (A - \$2,500)	B	2,500
Maximum deduction	C	8,750
Deductible farm loss (lesser of A, B, and C)		-
Current year restricted farm loss		

Restricted farm loss continuity and carry-back request

Restricted farm losses at end of preceding taxation year		
Losses expired after 10 years	-	
Restricted farm losses - beginning balance	=	
Transfers from wind-up of wholly-owned subsidiary and amalgamation		+
Current year restricted farm loss		
Deduct - Restricted farm loss carry back to:		
1st preceding taxation year against farming income		
2nd preceding taxation year against farming income		
3rd preceding taxation year against farming income		
Current year restricted farm loss net of carry-back		+
Deduct:		
Amount applied against taxable income (enter on line 734 of the CT23)		
Section 80 adjustments		
Other adjustments		
Restricted farm losses - ending balance		-

ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name DUTTON HYDRO LIMITED	Ontario Corporations Tax Account No. (MOF) 6966864	Taxation Year End 2001/12/31
---	--	--

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	286,606	5,736			292,342	2,868	289,474	4				292,342
6	19,530				19,530		19,530	10				19,530
8	2,070	626			2,696	313	2,383	20				2,696
10		2,125			2,125	1,063	1,062	30				2,125
Totals	308,206	8,487				4,244	312,449					316,693

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.

**Ministry of Finance**Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9**General Allocation****Schedule 5**

(Applicable to corporations with a permanent establishment in more than one jurisdiction)

Calculation of Allocation

A	B	C	D	E	F
Jurisdiction	Salaries and Wages paid in A	(B ÷ G) 100	Gross Revenue Attributable to a Jurisdiction	(D ÷ H) 100	(C + E) ÷ 2
British Columbia					
Alberta					
Saskatchewan					
Manitoba					
Ontario					100.0000 J
Québec					
New Brunswick					
Nova Scotia					
Prince Edward Island					
Newfoundland					
N.W. Territories					
Nunavut					
Outside Canada					
Totals	G		H		100.0000

Enter total from J in 30 of the CT23

NOTES

1. If the corporation is a member of a partnership, the partnership's portion of gross revenues, salaries and wages, based on the profit or loss sharing ratio, of the partnership must be included.
2. If only one factor is present, e.g. the corporation has revenue but does not pay any salary or wages in a particular jurisdiction, the single factor formula must be used.
3. If the corporation is one of the following, allocation must be calculated in accordance with regulation S. 304 to 309 and S. 321 to 328 of the *Corporations Tax Act*.

Complete Schedule

a) Navigation Corporation	5A
b) Bank	5B
c) Loan or Trust Corporation	5C
d) Railway Corporation	5D
e) Airline Corporation	5E
f) Grain Elevator Operator	5F
g) Bus and Truck Operator	5G
h) Pipeline Operator	5H

4. The allocation factor for the Incentive Deduction for Small Business and the Manufacturing and Processing Profits Credit may differ from the above allocation percentage if taxable income is allocated to a foreign jurisdiction.



T2 CORPORATION INCOME TAX RETURN
(1998 and later taxation years)

Schedule 200

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, including proposed legislation, see the corresponding items in the *2001 T2 Corporation Income Tax Guide*.

You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

055 Do not use this area

Identification

Business number (BN) (item 11) 001 87149 3722 RC 0001

Corporation's name (item 12)

002

DUTTON HYDRO LIMITED

2001

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

If yes, do you have a copy of the articles of amendment? 004 ☐ Yes ☒ No

Address of head office (item 13)

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

011

City Province

015 016

Country (other than Canada) Postal code

017 018

To which taxation year does this return apply? (item 17)

From 060 2001/10/01 to 061 2001/12/31

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

If yes, provide date control was acquired 065

Is the corporation a professional corporation that is a member of a partnership? (item 18) 067 ☐ Yes ☒ No

Mailing address (if different from head office address) (item 14)
Has the address changed since the last time we were notified?

020 Yes ☐ No ☒

021 C/o

022

023

City Province

025 026

Country (other than Canada) Postal code

027 028

Is this the first year of filing after:

Incorporation? (item 19) 070 ☒ Yes ☐ No

Amalgamation? (item 20) 071 ☐ Yes ☒ No

If yes, please provide Schedule 24

Has there been a wind-up of a subsidiary under section 88 during the current taxation year? (item 21)

If yes, please provide Schedule 24 072 ☐ Yes ☒ No

Is this the final taxation year before amalgamation? (item 22) 076 ☐ Yes ☒ No

Is this the final return up to dissolution? (item 23) 078 ☐ Yes ☒ No

Is the corporation a resident of Canada? (item 24) 080 ☒ Yes ☐ No

If no, give the country of residence. 081

Location of books and records (item 15)

031 199 MAIN STREET

032

City Province

035 DUTTON 036 ON

Country (other than Canada) Postal code

037 038 NOL 1J0

040 Type of corporation at end of taxation year (item 16)

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

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

3 ☐ Public corporation

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

Is the non-resident corporation claiming an exemption under an Income Tax treaty? (item 24)

If yes, please provide Schedule 91 082 ☐ Yes ☒ No

If the corporation is exempt from tax under section 149, tick one of the following boxes: (item 25)

- 085 1 ☐ Exempt under 149(1)(e) or (l)
2 ☐ Exempt under 149(1)(j)
3 ☐ Exempt under 149(1)(t)
4 ☐ Exempt under other paragraphs of section 149

Do not use this area

091	092	093	094	095	096
097					

Guide item	Attachments	Yes	Schedule
27 Is the corporation related to any other corporations?	150	<input type="checkbox"/>	9
28 Does the corporation have any non-resident shareholders?	151	<input type="checkbox"/>	19
29 Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160	<input type="checkbox"/>	23
30 Is the corporation an associated CCPC that is claiming the expenditure limit?	161	<input type="checkbox"/>	49
32 Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162	<input type="checkbox"/>	11
33 If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	<input type="checkbox"/>	44
34 Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	<input type="checkbox"/>	14
35 Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	<input type="checkbox"/>	15
37 Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166	<input type="checkbox"/>	T5004
38 Is the corporation a member of a partnership for which an identification number has been assigned?	167	<input type="checkbox"/>	T5013
40 Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168	<input type="checkbox"/>	22
41 Did the corporation have any foreign affiliates during the year?	169	<input type="checkbox"/>	25
42 Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170	<input type="checkbox"/>	29
43 Has the corporation had any non-arm's length transactions with a non-resident?	171	<input type="checkbox"/>	T106
47 Has the corporation made payments to, or received amounts from a retirement compensation arrangement?	172	<input type="checkbox"/>	----
48 Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	<input checked="" type="checkbox"/>	50
55 Is the net income/loss shown on financial statements different from the net income for income tax purposes?	201	<input checked="" type="checkbox"/>	1
78-81 Has the corporation made any charitable donations or gifts of cultural or ecological property?	202	<input type="checkbox"/>	2
82,104 Has the corporation received dividends or paid taxable dividends for purposes of the dividend refund?	203	<input type="checkbox"/>	3
69-76 Is the corporation claiming any type of losses?	204	<input checked="" type="checkbox"/>	4
131 Is the corporation claiming a provincial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	<input type="checkbox"/>	5
56 Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206	<input type="checkbox"/>	6
102 (i) Is the corporation claiming the small business deduction and reporting income from : (a) property (other than dividends), (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	<input type="checkbox"/>	7
57 Does the corporation have any property that is eligible for capital cost allowance?	208	<input checked="" type="checkbox"/>	8
58 Does the corporation have any property that is eligible capital property?	210	<input type="checkbox"/>	10
59 Does the corporation have any resource-related deductions?	212	<input type="checkbox"/>	12
60 Is the corporation claiming reserves of any kind?	213	<input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216	<input type="checkbox"/>	16
62 Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing?	217	<input type="checkbox"/>	17
149 Is the corporation an investment corporation or a mutual fund corporation?	218	<input type="checkbox"/>	18
130 Is the corporation carrying on business in Canada while not a Canadian corporation?	220	<input type="checkbox"/>	20 *
117 Is the corporation claiming any federal or provincial foreign tax credits, or logging tax credits?	221	<input type="checkbox"/>	21
154 Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226	<input type="checkbox"/>	26 *
110 Does the corporation have any Canadian manufacturing and processing profits?	227	<input type="checkbox"/>	27
120 Is the corporation claiming an investment tax credit?	231	<input type="checkbox"/>	31
63 Is the corporation claiming any scientific research and experimental development expenditures?	232	<input type="checkbox"/>	T661/T665
123 Is the corporation subject to Part 1.3 tax?	233	<input type="checkbox"/>	33/34/35
123 Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	236	<input type="checkbox"/>	36
123 Is the corporation claiming a surtax credit?	237	<input type="checkbox"/>	37
127 Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	<input type="checkbox"/>	38
127 Is the corporation claiming a Part I tax credit?	242	<input type="checkbox"/>	42
128 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	<input type="checkbox"/>	43
128 Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	<input type="checkbox"/>	45
124 Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	<input type="checkbox"/>	46
127 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	<input type="checkbox"/>	39
127 For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251	<input type="checkbox"/>	40
127 For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252	<input type="checkbox"/>	41
151 Is the corporation claiming a Canadian film or video production tax credit refund?	253	<input type="checkbox"/>	T1131

Attachments - Continued from page 2**Guide item****Yes Schedule**

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

Additional information

Is the corporation inactive? (item 48)	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first time filers) (item 49)	281	1 Yes <input checked="" type="checkbox"/>	2 No <input type="checkbox"/>

What is the corporation's major business activity? (item 50) **282 ELECTRIC UTILITY**
(only complete if yes was entered at line 281.)

If the major activity involves the resale of goods, indicate whether is is wholesale or retail (item 51) **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. (item 52)

284 ELECTRICITY DISTRIBUTION	285 100.000 %
286	287 %
288	289 %

Did the corporation immigrate to Canada during the taxation year? (item 53) **291** 1 Yes ☐ 2 No ☒

Did the corporation emigrate from Canada during the taxation year? (item 54) **292** 1 Yes ☐ 2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements or GIFL (item 77) **300** (12,868) A

Deduct: Charitable donations from Schedule 2 (item 78)	311
Gifts to Canada or a province from Schedule 2 (item 79)	312
Cultural gifts from Schedule 2 (item 80)	313
Ecological gifts from Schedule 2 (item 81)	314
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 (item 82)	320
Part VI.1 tax deduction from Schedule 43 (item 83)	325
Non-capital losses of preceding taxation years from Schedule 4 (item 84)	331
Net capital losses of preceding taxation years from Schedule 4 (item 85)	332
Restricted farm losses of prior taxation years from Schedule 4 (item 86)	333
Farm losses of prior taxation years from Schedule 4 (item 87)	334
Limited partnership losses of prior years from Schedule 4 (item 88)	335
Taxable capital gains or taxable dividends allocated from a central credit union (item 89)	340
Prospector's and grubstaker's shares (item 90)	350

Subtotal **B**

Subtotal **C**

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions (item 91) **355** **D**

Taxable income (amount C plus amount D) (item 92) **360** **0**

Income exempt under paragraph 149(1)(t) (item 93) **370**

Taxable income for a corporation with exempt income under paragraph 149(1)(t)
(line 360 minus line 370) (item 94) **Z**

Small business deduction**Canadian-controlled private corporations throughout the taxation year**Income from active business carried on in Canada from Schedule 7 (item 95) **400** ATaxable income from line 360 or amount Z, whichever applies, minus 10/3 of the amount that would be deductible at line 632*, and 10/4 of line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax (item 96) **405** BBusiness limit (for associated corporations, enter business limit from Schedule 23) (item 97) **410** 50,411 C**Reduction to business limit: (item 98)**Amount C 50,411 X **415***** D = 11,250 EReduced business limit (amount C minus amount E) (if negative, enter "0") **425** 50,411 F**Small business deduction - 16% of the least of amounts A, B, C, and F** **430** 0 G

(enter amount G of line 9 on page 7)

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

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

*** **Large corporation tax for preceding year** - Enter the total gross Part I.3 tax for the corporation for its preceding taxation year, before deducting the surtax credits, increased to reflect a full-year tax liability if the previous year is less than 51 weeks. For associated corporations, see Schedule 23 for the special rules that apply.**Accelerated tax reduction (item 99)****Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**

Reduced business limit (amount from line 425) x 3/2 = A

Net active business income (amount from line 400)* B

Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/4 of 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) D

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

The least of amounts A, B, or E above F

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

Amount QQ from Part 13 of Schedule 27 H

Resource allowance (amount from line 346 of Schedule 1) x 3 = I

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

Least of amounts on lines 400, 405, 410, and 425 of the small business deduction K

Total of amounts G, H, I, J, and K L

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

Amount M x Days in the taxation year after December 31, 2000 = N
Days in the taxation year**Accelerated tax reduction - 7% of amount N** O

(Enter amount O on line 637 of page 7)

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

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

General tax reduction for Canadian-controlled private corporations (item 100)**Canadian-controlled private corporations throughout taxation year**

Taxable income from line 360 or amount Z of page 3				A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	B		
Amount QQ from Part 13 of Schedule 27		C		
Resource allowance (amount from line 346 of Schedule 1)	x 3 =	D		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		E		
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction		F		
Aggregate investment income from line 440 of page 6		G		
Amount used to calculate the accelerated tax reduction (amount M on page 4)		H		
Total of amounts B, C, D, E, F, G, and H			I	
Amount A minus amount I (if negative, enter "0")			J	
Amount J	x	Number of days in the taxation year in 2001	92	
		Number of days in the taxation year	92	x 1% =
				K
Amount J	x	Number of days in the taxation year in 2002	92	
		Number of days in the taxation year	92	x 3% =
				L
General tax reduction for Canadian-controlled private corporations - amount K plus amount L				M
(enter amount M on line 638 of page 7)				

General tax reduction (item 101)**Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or a non-resident-owned investment corporation**

Taxable income from line 360 or amount Z of page 3				A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	B		
Amount QQ from Part 13 of Schedule 27		C		
Resource allowance (amount from line 346 of Schedule 1)	x 3 =	D		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		E		
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction		E1		
Total of amounts B, C, D, E and E1			F	
Amount A minus amount F (if negative, enter "0")			G	
Amount G	x	Number of days in the taxation year in 2001		
		Number of days in the taxation year		x 1% =
				H
Amount G	x	Number of days in the taxation year in 2002		
		Number of days in the taxation year		x 3% =
				I
General tax reduction - amount H plus amount I				J
(enter amount J on line 639 of page 7)				

Refundable portion of Part I tax (item 102)**Canadian-controlled private corporations throughout the taxation year**

Aggregate investment income 440 X 26 2/3 % = _____ A
 (Amount P from Part 1 of Schedule 7)

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

Deduct:

Foreign investment income 445 X 9 1/3 % = _____ B
 (Amount O from Part 1 of Schedule 7) (if negative, enter "0")

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

Taxable income from line 360 on page 3 _____

Deduct:

Least of amounts on lines 400, 405, 410, and 425
 on page 4

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

Foreign business income tax credit from
 line 636 on page 7 _____ x 10/4 = _____

_____ X 26 2/3 % = _____ D

Part I tax payable minus investment tax credit refund
 (700 minus line 780 on page 8) _____

Deduct corporate surtax from line 600 on page 7 _____

Net amount _____ E

Refundable portion of Part I tax - the least of amounts C, D, and E 450 0 F

Refundable dividend tax on hand (item 103)

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

Deduct dividend refund for the previous taxation year 465 _____ A

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 _____ B

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

Dividend refund (item 104)**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 _____ X 1/3 _____ A

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

Dividend refund - Lesser of amounts A and B (enter this amount on line 784 on 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 (item 105)

550 0 A

Corporate surtax calculation (item 106)

Base amount from line A above

1

Deduct:

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

2

Investment corporation deduction from line 620 below

3

Federal logging tax credit from line 640 below

4

Federal qualifying environment trust tax credit from line 648 below

5

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

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)

c

Total of lines 2 to 6

7

Net amount (line 1 minus line 7)

8

Corporate surtax - 4% of the amount on line 8

600 B

Recapture of investment tax credit from line XX in Part 16 on page 8 of Schedule 31 (item 107)

602 C

Calculation for the refundable tax on Canadian-controlled private corporation's investment income
(for a CCPC throughout the taxation year) (item 108)

Aggregate investment income from line 440 on page 6

i

Taxable income from line 360 on page 4

Deduct:The least of amounts on lines 400, 405, 410, and 425
on page 4

Net amount

ii

Refundable tax on CCPC's investment income - 6 2/3 % of the lesser of amounts i or ii

604 D

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

Deduct:

Small business deduction from line 430 on page 4

9

General tax abatement (item 109)

608

Manufacturing and processing profits deduction from amount BB or VV
of Schedule 27 (item 110)

616

Investment corporation deduction (item 111)

620

(Taxed capital gains 624)

Additional deduction - credit unions from Schedule 17 (item 112)

628

Federal foreign non-business income tax credit from Schedule 21 (item 113)

632

Federal foreign business income tax credit from Schedule 21 (item 114)

636

Accelerated tax reduction from amount O of page 4 (item 115)

637

General tax reduction for CCPC's from amount L of page 5 (item 116)

638

General tax reduction from amount I of page 5 (item 116)

639

Federal logging tax credit from Schedule 21 (item 117)

640

Federal political contribution tax credit (item 118)

644

Federal political contributions

646

Federal qualifying environmental trust tax credit (item 119)

648

Investment tax credit from Schedule 31 (item 120)

652

Subtotal F

Part I tax payable - Line E minus line F (enter amount G on line 700 on page 8) (item 121)

0 G

Total federal tax	0
-------------------	---

Total tax payable	770	0	A
-------------------	-----	---	---

Total credits 890

Balance (line A minus line B)	0
-------------------------------	---

896 1 Yes ☐ 2 No ☒ NA ☐

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

**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	<u>(18,877)</u>
Add:				
Amortization of tangible assets	104	6,009		
	Total of fields 101 to 199 500	6,009	▶	<u>6,009</u>
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)				<u><u>(12,868)</u></u>

NON-CAPITAL LOSS CONTINUITY AND CARRY BACK

Part 3 - Restricted farm loss

Restricted farm loss continuity by year

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
	*	Expired					
2000/09/30							
2001/09/30							
2001/12/31							
Totals							

Current year restricted farm loss

Net loss from farming business		485
Deductible farm loss:		
Net loss from above	A	
\$2,500 plus 1/2 (A - \$2,500)	B	2,500
Maximum deduction	C	8,750
Deductible farm loss (lesser of A, B, and C)		-
Current year restricted farm loss		

Restricted farm loss continuity and carry-back request

Restricted farm losses at end of preceding taxation year		
Losses expired after 10 years	400 -	
Restricted farm losses - beginning balance	402 =	
Transfers from wind-up of wholly-owned subsidiary and amalgamation		405 +
Current year restricted farm loss (enter on line 233 of Schedule 1)	410	
Deduct - Restricted farm loss carry back to:		
1st preceding taxation year against farming income	941	
2nd preceding taxation year against farming income	942	
3rd preceding taxation year against farming income	943	
Current year restricted farm loss net of carry-back		+
Deduct:		
Amount applied against taxable income (enter on line 333 of T2 return)	430	
Section 80 adjustments	440	
Other adjustments	450	
Restricted farm losses - ending balance		480 =

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

1 Class	2 UCC at start of year	3 Cost of additions in the year	4 Net adjustments	5 Proceeds of dispositions in the year	7 Adjustment for additions (1/2 x (col 3 - 5))	8 Base amount for CCA	9 Rate %	10 CCA for the year (col 8 x 9 or a lower amount)	11 Recapture of CCA	12 Terminal loss	13 UCC at the end of the year
200	201	203	205	207	211		212	217	213	215	220
1	286,606	5,736	<i>o/h, w/c, hardware</i>		2,868	289,474	4				292,342
6	19,530		<i>water boats, land construction</i>			19,530	10				19,530
8	2,070	626	<i>tools</i>		313	2,383	20				2,696
10		2,125	<i>compressor</i>		1,063	1,062	30				2,125
Totals	308,206	8,487			4,244	312,449					316,693

**FIRST TIME FILER AFTER INCORPORATION,
AMALGAMATION, OR BY PARENT
WINDING-UP A SUBSIDIARY****Schedule 24**

This schedule must be filed by corporations for the first year of filing after incorporation, amalgamation, or by parent corporations filing for the first time after winding-up a wholly owned subsidiary corporation(s) under section 88 of the *Income Tax Act* during the current taxation year.

Part 1 - Type of operation

100 For those corporations filing for the first time after incorporation or amalgamation, please identify the type of operation that applies to your corporation:

- | | |
|---|---|
| <input type="checkbox"/> 01 <u>C</u> rown corporation that is an agent of Her Majesty | <input type="checkbox"/> 10 <u>M</u> utual fund corporation |
| <input type="checkbox"/> 02 <u>L</u> ife insurance corporation | <input type="checkbox"/> 11 <u>M</u> ortgage investment corporation |
| <input type="checkbox"/> 03 <u>D</u> eposit insurance corporation | <input type="checkbox"/> 12 <u>T</u> raveling corporation |
| <input type="checkbox"/> 04 <u>G</u> eneral insurance corporation | <input type="checkbox"/> 13 <u>S</u> ubject corporation |
| <input type="checkbox"/> 05 <u>C</u> o-operative corporation | <input type="checkbox"/> 14 <u>L</u> abour-sponsored venture capital corporation |
| <input type="checkbox"/> 06 <u>C</u> redit union | <input type="checkbox"/> 15 <u>I</u> nvestment corporations subject to Part IV tax |
| <input type="checkbox"/> 07 <u>B</u> ank | <input type="checkbox"/> 16 <u>C</u> rown corporation that is not an agent of Her Majesty |
| <input type="checkbox"/> 08 <u>N</u> on-resident owned investment corporation | <input type="checkbox"/> 17 <u>N</u> on-resident insurer exempt from Part XIII withholding tax |
| <input type="checkbox"/> 09 <u>I</u> nvestment corporation | <input checked="" type="checkbox"/> 99 <u>O</u> ther - if none of the previous descriptions apply |

Part 2 - First year of filing after amalgamation

For the first year of filing after an amalgamation, please provide the following information

Name of predecessor corporation(s)	Business number (Canadian corporations only)
200	300
	RC

Part 3 - First year of filing after wind-up of subsidiary corporation(s)

For the parent corporation filing for first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act*, please provide the following information:

Name of subsidiary corporation(s)	Business number (Cdn corporations only)	Commencement date of wind-up	Date of wind-up
400	500	600	700
	RC		

**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 100	Business Number * 200	Social Insurance Number * 300	Percentage common shares 400	Percentage preferred shares 500
Municipality of Dutton/Dunwich	87078 6936 RC 0001		100.000	
	RC			

* If the shareholder is a trust, fields 200 and 300 will be blank.

**BALANCE SHEET INFORMATION****Schedule 100**

	Assets	Code	Amount
Cash and deposits		1000	92,682
Accounts Receivable		1060	183,397
Inventories		1120	15,200
Prepaid expenses		1484	1,492
Other machinery and equipment		1785	528,060
Accumulated amortization of other machinery and equipment		1786	(255,000)
Other tangible capital assets		1900	75,656
Accumulated amortization of other tangible capital assets		1901	(56,058)
Other deferred items / charges		2424	47,358
Total assets		2599	632,787

	Liabilities	Code	Amount
Bank overdraft		2600	
Amounts payable and accrued liabilities		2620	168,103
Deposits received		2961	7,676
Total liabilities		3499	175,779

	Equity	Code	Amount
Common shares		3500	475,885
Retained earnings / deficit		3600	(18,877)
Total equity		3620	457,008
Total liabilities and equity		3640	632,787

	Retained earnings	Code	Amount
Retained earnings/deficit-start		3660	
Net income / loss		3680	(18,877)
Total retained earnings		3849	(18,877)



OPENING BALANCE SHEET INFORMATION

Schedule 101

Assets		Code	Amount
Cash and deposits		1000	105,550
Accounts Receivable		1060	183,397
Inventory		1120	15,200
Prepaid expenses		1484	1,492
Other machinery and equipment		1785	528,060
Accumulated amortization of other machinery and equipment		1786	(250,180)
Other tangible capital assets		1900	75,656
Accumulated amortization of other tangible capital assets		1901	(54,869)
Other deferred items / charges		2424	47,358
Total assets		2599	651,664

Liabilities		Code	Amount
Bank overdraft		2600	
Amounts payable and accrued liabilities		2620	168,103
Deposits received		2961	7,676
Total liabilities		3499	175,779

Equity		Code	Amount
Common shares		3500	475,885
Retained earnings / deficit		3600	
Total equity		3620	475,885
Total liabilities and equity		3640	651,664

Retained earnings		Code	Amount
Retained earnings/deficit-start		3660	
Total retained earnings		3849	



INCOME STATEMENT INFORMATION

Schedule 125

Details

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

	Revenue	Code	Amount
Trade sales of goods and services		8000	172,952
Total sales of goods and services		8089	172,952
Other revenue		8230	4,589
Total revenue		8299	177,541

	Cost of sales	Code	Amount
Opening inventory		8300	
Purchases / cost of materials		8320	163,357
Cost of sales		8518	163,357
Gross profit / loss (item 8089 - item 8518)		8519	9,595

	Operating expenses	Code	Amount
Amortization of tangible assets		8670	6,009
Repairs and maintenance		8960	9,902
General and administrative expenses		9284	17,150
Total operating expenses		9367	33,061
Total expenses		9368	196,418
Net non-farming income		9369	(18,877)

	Farming revenue	Code	Amount
Grains and oilseeds		9370	
farm revenue		9659	

	Farming expenses	Code	Amount
Crop expenses		9660	
Total farm expenses		9898	
Net farm income		9899	
Net income / loss before taxes and extraordinary items		9970	(18,877)

Summary

Complete this section if only one Schedule 125 is filed, Schedule 140 is used to summarize the information from multiple Schedules 125.

Extraordinary items	9975-	
Legal settlements	9976-	
Unrealized gains / losses	9980+	
Unusual items	9985-	
Current income taxes	9990-	
Deferred income tax provision	9995-	
Net income / loss after taxes and extraordinary items	9999=	(18,877)



NOTES CHECKLIST

Schedule 141

Involvement of accountant

0100 Who reported on/prepared the corporation's financial statements?

- 1 an independent auditor with a report that expressed no reservation ☐
- 2 an independent auditor with a report that expressed a reservation ☐
- 3 an independent accountant with a review engagement report that expressed no reservation ☐
- 4 an independent accountant with a review engagement report that expressed a reservation ☐
- 5 an independent accountant who conducted a compilation engagement with no review ☒
- 6 an independent accountant with a compilation engagement and review engagement resulting in no reservation ☐
- 7 an independent accountant with a compilation engagement and review engagement resulting in a reservation ☐
- 8 prepared by an employee/associate/management of the company, or a person on behalf of the company, without the involvement of an independent accountant ☐

Other information

Were any notes to the financial statements prepared? 101 ☒ Yes ☐ No

If yes, complete the following:

- Are any values presented at other than cost? 102 ☐ Yes ☒ No ☐ NA
- Has there been a change in accounting policies since the last return? 103 ☐ Yes ☒ No ☐ NA
- Are subsequent events mentioned in the notes? 104 ☐ Yes ☒ No ☐ NA
- Is re-evaluation of asset information mentioned in the notes? 105 ☐ Yes ☒ No ☐ NA
- Is contingent liability mentioned in the notes? 106 ☐ Yes ☒ No ☐ NA
- Is information regarding commitments mentioned in the notes? 107 ☐ Yes ☒ No ☐ NA
- Does the corporation have investments in joint venture(s) or partnerships? 108 ☐ Yes ☒ No ☐ NA
- If yes, are you filing financial statements of the joint venture(s) or partnership(s)? 109 ☐ Yes ☐ No ☒ NA

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MPDC – Dutton

Attachment 2
2002 Supporting Documentation

DUTTON HYDRO LIMITED
FINANCIAL STATEMENTS
PREPARED FOR INCOME TAX PURPOSES
YEAR ENDED DECEMBER 31, 2002

NOTICE TO READER

We have compiled the balance sheet of Dutton Hydro Limited as at December 31, 2002 and the statements of operations and deficit for the year then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Accordingly, readers are cautioned that these statements may not be appropriate for their purposes.

RAVEN & SHAW LLP
Chartered Accountants

St. Thomas, Ontario
August 27, 2003

DUTTON HYDRO LIMITED

STATEMENT OF OPERATIONS AND DEFICIT

YEAR ENDED DECEMBER 31, 2002

(unaudited - see Notice to Reader)

	<u>2002</u> (12 months)	<u>2001</u> (3 months)
SERVICE REVENUE		
Distribution revenue	\$728,157	\$172,952
Other	<u>16,087</u>	<u>4,589</u>
Total service revenue	744,244	177,541
COST OF POWER		
Power purchased	<u>641,894</u>	<u>163,357</u>
GROSS MARGIN ON SERVICE REVENUE	<u>102,350</u>	<u>14,184</u>
EXPENSES		
Plant operations and maintenance	35,423	9,902
Billing and collection	50,206	8,788
Administration	40,097	8,362
Bad debts	5,293	-
Amortization of capital assets	<u>24,369</u>	<u>6,009</u>
Total expenses	<u>155,388</u>	<u>33,061</u>
(LOSS) FOR THE YEAR	(53,038)	(18,877)
(DEFICIT), BEGINNING OF YEAR	<u>(18,877)</u>	<u>-</u>
(DEFICIT), END OF YEAR	<u>\$ (71,915)</u>	<u>\$ (18,877)</u>

DUTTON HYDRO LIMITED

BALANCE SHEET

DECEMBER 31, 2002

(unaudited - see Notice to Reader)

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ -	\$ 92,682
Accounts receivable	58,479	153,368
Unbilled revenue	95,985	30,029
Inventories	24,055	15,200
Prepaid expenses	4,280	1,492
Other current assets	<u>47,358</u>	<u>47,358</u>
	230,157	340,129
CAPITAL ASSETS (Note 1)	<u>275,210</u>	<u>292,658</u>
	<u>\$505,367</u>	<u>\$632,787</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Bank indebtedness	\$ 71	\$ -
Accounts payable and accrued liabilities	95,274	168,103
Current portion of customer deposits	<u>2,500</u>	<u>2,500</u>
	97,845	170,603
CUSTOMER DEPOSITS	<u>3,552</u>	<u>5,176</u>
	<u>101,397</u>	<u>175,779</u>
<u>SHAREHOLDER EQUITY</u>		
SHARE CAPITAL (Note 2)	475,885	475,885
DEFICIT	<u>(71,915)</u>	<u>(18,877)</u>
	<u>403,970</u>	<u>457,008</u>
	<u>\$505,367</u>	<u>\$632,787</u>

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

(unaudited - see Notice to Reader)

1. CAPITAL ASSETS

	<u>2002</u>		<u>2001</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Distribution lines	\$344,881	\$168,443	\$176,438
Transformers	123,329	71,603	51,726
Meters	65,170	34,404	30,766
Water heaters	40,614	29,203	11,411
Other equipment and tools	<u>36,642</u>	<u>31,773</u>	<u>4,869</u>
	<u>\$610,636</u>	<u>\$335,426</u>	<u>\$275,210</u>

2. SHARE CAPITAL

	<u>2002</u>	<u>2001</u>
Authorized:		
Unlimited number of common shares		
Issued:		
5,315,281 common shares	<u>\$475,885</u>	<u>\$485,885</u>



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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, including proposed legislation, see the corresponding items in the *T2 Corporation - Income Tax Guide 2002*.

You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

055 Do not use this area

Identification					
Business number (BN) (item 11) 001 87149 3722 RC 0001	2002				
Corporation's name (item 12) 002 DUTTON HYDRO LIMITED					
Has the corporation changed its name since the last time we were notified? 003 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, do you have a copy of the articles of amendment? 004 <input type="checkbox"/> Yes <input type="checkbox"/> No				
Address of head office (item 13) Has the address changed since the last time we were notified? 010 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 011 199 MAIN STREET City Province 015 DUTTON 016 ON Country (other than Canada) Postal code 017 018 NOL 1J0	To which taxation year does this return apply? (item 17) From 060 2002/01/01 to 061 2002/12/31 Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, provide date control was acquired 065				
Mailing address (if different from head office address) (item 14) Has the address changed since the last time we were notified? 020 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 021 C/o 022 199 MAIN STREET City Province 025 DUTTON 026 ON Country (other than Canada) Postal code 027 028 NOL 1J0	Is the corporation a professional corporation that is a member of a partnership? (item 18) 067 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is this the first year of filing after: Incorporation? (item 19) 070 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Amalgamation? (item 20) 071 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, complete Schedule 24 Has there been a wind-up of a subsidiary under section 88 during the current taxation year? (item 21) If yes, complete Schedule 24 072 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Location of books and records (item 15) 032 199 MAIN STREET City Province 035 DUTTON 036 ON Country (other than Canada) Postal code 037 038 NOL 1J0	Is this the final taxation year before amalgamation? (item 22) 076 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is this the final return up to dissolution? (item 23) 078 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is the corporation a resident of Canada? (item 24) 080 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, give the country of residence. 081				
040 Type of corporation at end of taxation year (item 16) 1 <input checked="" type="checkbox"/> Canadian controlled private corporation (CCPC) 2 <input type="checkbox"/> Other private corporation 3 <input type="checkbox"/> Public corporation 4 <input type="checkbox"/> Corporation controlled by a public corporation 5 <input type="checkbox"/> Other corporation (please specify, below) If the type of corporation changed during the taxation year, provide the effective date of the change 043	Is the non-resident corporation claiming an exemption under an income tax treaty? (item 24) 082 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, complete Schedule 91 If the corporation is exempt from tax under section 149, tick one of the following boxes: (item 25) 085 1 <input type="checkbox"/> Exempt under 149(1)(e) or (l) 2 <input type="checkbox"/> Exempt under 149(1)(j) 3 <input type="checkbox"/> Exempt under 149(1)(t) 4 <input checked="" type="checkbox"/> Exempt under other paragraphs of section 149				
Do not use this area					
091	092	093	094	095	096
097					

Guide item	Attachments	Yes	Schedule
27 Is the corporation related to any other corporations?	150	<input type="checkbox"/>	9
28 Does the corporation have any non-resident shareholders?	151	<input type="checkbox"/>	19
29 Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160	<input type="checkbox"/>	23
30 Is the corporation an associated CCPC that is claiming the expenditure limit?	161	<input type="checkbox"/>	49
32 Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162	<input type="checkbox"/>	11
33 If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	<input type="checkbox"/>	44
34 Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	<input type="checkbox"/>	14
35 Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	<input type="checkbox"/>	15
37 Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166	<input type="checkbox"/>	T5004
38 Is the corporation a member of a partnership for which an identification number has been assigned?	167	<input type="checkbox"/>	T5013
40 Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168	<input type="checkbox"/>	22
41 Did the corporation have any foreign affiliates during the year?	169	<input type="checkbox"/>	25
42 Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170	<input type="checkbox"/>	29
43 Has the corporation had any non-arm's length transactions with a non-resident?	171	<input type="checkbox"/>	T106
47 Has the corporation made payments to, or received amounts from a retirement compensation arrangement?	172	<input type="checkbox"/>	----
46 Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	<input checked="" type="checkbox"/>	50
55 Is the net income/loss shown on financial statements different from the net income for income tax purposes?	201	<input checked="" type="checkbox"/>	1
78-81 Has the corporation made any charitable donations or gifts of cultural or ecological property?	202	<input type="checkbox"/>	2
82,104 Has the corporation received dividends or paid taxable dividends for purposes of the dividend refund?	203	<input type="checkbox"/>	3
69-76 Is the corporation claiming any type of losses?	204	<input checked="" type="checkbox"/>	4
131 Is the corporation claiming a provincial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	<input type="checkbox"/>	5
56 Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206	<input type="checkbox"/>	6
102 (i) Is the corporation claiming the small business deduction and reporting income from : (a) property (other than dividends), (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	<input type="checkbox"/>	7
57 Does the corporation have any property that is eligible for capital cost allowance?	208	<input checked="" type="checkbox"/>	8
58 Does the corporation have any property that is eligible capital property?	210	<input type="checkbox"/>	10
59 Does the corporation have any resource-related deductions?	212	<input type="checkbox"/>	12
60 Is the corporation claiming reserves of any kind?	213	<input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216	<input type="checkbox"/>	16
62 Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing?	217	<input type="checkbox"/>	17
149 Is the corporation an investment corporation or a mutual fund corporation?	218	<input type="checkbox"/>	18
130 Is the corporation carrying on business in Canada while not a Canadian corporation?	220	<input type="checkbox"/>	20
117 Is the corporation claiming any federal or provincial foreign tax credits, or logging tax credits?	221	<input type="checkbox"/>	21
154 Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226	<input type="checkbox"/>	26 *
110 Does the corporation have any Canadian manufacturing and processing profits?	227	<input type="checkbox"/>	27
120 Is the corporation claiming an investment tax credit?	231	<input type="checkbox"/>	31
63 Is the corporation claiming any scientific research and experimental development expenditures?	232	<input type="checkbox"/>	T661/T665
123 Is the corporation subject to Part 1.3 tax?	233	<input type="checkbox"/>	33/34/35
123 Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	236	<input type="checkbox"/>	36
123 Is the corporation claiming a surtax credit?	237	<input type="checkbox"/>	37
127 Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	<input type="checkbox"/>	38
127 Is the corporation claiming a Part I tax credit?	242	<input type="checkbox"/>	42
128 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	<input type="checkbox"/>	43
128 Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	<input type="checkbox"/>	45
124 Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	<input type="checkbox"/>	46
127 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	<input type="checkbox"/>	39
127 For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251	<input type="checkbox"/>	40
127 For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252	<input type="checkbox"/>	41
151 Is the corporation claiming a Canadian film or video production tax credit refund?	253	<input type="checkbox"/>	T1131

Attachments - Continued from page 2

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

Additional information

Is the corporation inactive? (item 48)	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first time filers) (item 49)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (item 50) (Only complete if yes was entered at line 281.)	282		
If the major activity involves the resale of goods, indicate whether it is wholesale or retail (item 51)	283	1 Wholesale <input type="checkbox"/>	2 Retail <input checked="" type="checkbox"/>
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. (item 52)	284	ELECTRICITY DISTRIBUTION	285 100.000 %
	286		287 %
	288		289 %
Did the corporation immigrate to Canada during the taxation year? (item 53)	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the taxation year? (item 54)	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements or GIFL (item 77)	300	(28,669) A
Deduct:		
Charitable donations from Schedule 2 (item 78)	311	
Gifts to Canada or a province from Schedule 2 (item 79)	312	
Cultural gifts from Schedule 2 (item 80)	313	
Ecological gifts from Schedule 2 (item 81)	314	
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 (item 82)	320	
Part VI.1 tax deduction from Schedule 43 (item 83)*	325	
Non-capital losses of preceding taxation years from Schedule 4 (item 84)	331	
Net capital losses of preceding taxation years from Schedule 4 (item 85)	332	
Restricted farm losses of prior taxation years from Schedule 4 (item 86)	333	
Farm losses of prior taxation years from Schedule 4 (item 87)	334	
Limited partnership losses of prior years from Schedule 4 (item 88)	335	
Taxable capital gains or taxable dividends allocated from a central credit union (item 89)	340	
Prospector's and grubstaker's shares (item 90)	350	
Subtotal		B
Subtotal		C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions (item 91)	355	D
Taxable income (amount C plus amount D) (item 92)	360	0
Income exempt under paragraph 149(1)(t) (item 93)	370	
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) (item 94)		Z

* If the taxation year ends after December 31, 2002, use "3" instead of "9/4" in the calculation of the Part VI.1 tax deduction indicated in item 83 of the T2 Corporation Income Tax Guide.

Small business deduction**Canadian-controlled private corporations throughout the taxation year**Income from active business carried on in Canada from Schedule 7 (item 95) 400 ATaxable income from line 360 or amount Z, whichever applies, minus 10/3 of the amount that would be deductible at line 632*, and 10/4 of line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax (item 96) 405 B

Business limit:

$$\begin{array}{rcl} \$200,000 \times & \text{Number of days in the taxation year before 2003} & 365 \\ & \text{Number of days in the taxation year} & 365 \end{array} = 200,000$$

$$\begin{array}{rcl} \$225,000 \times & \text{Number of days in the taxation year in 2003} & \\ & \text{Number of days in the taxation year} & 365 \end{array} =$$
Maximum business limit before allocation to associated corporations 200,000Business limit (for associated corporations, enter business limit from Schedule 23) (item 97) 410 200,000 C**Reduction to business limit:** (item 98)
$$\begin{array}{rcl} \text{Amount C} & 200,000 & \times 415^{***} \\ & & \text{D} \\ & 11,250 & \end{array} =$$
 E
Reduced business limit (amount C minus amount E) (if negative, enter "0") 425 200,000 F**Small business deduction** - 16% of the least of amounts A, B, C, and F 430 0 G

(enter amount G of line 9 on page 7)

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

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

*** **Large corporation tax for preceding year** - Enter the total gross Part I.3 tax for the corporation for its preceding taxation year, before deducting the surtax credits, increased to reflect a full-year tax liability if the previous year is less than 51 weeks. For associated corporations, see Schedule 23 for the special rules that apply.

Accelerated tax reduction (item 99)**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**Reduced business limit (amount from line 425) x = ANet active business income (amount from line 400)* B

Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/4 of 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) DAmount C minus amount D (if negative, enter "0") EThe least of amounts A, B, or E above FAmount Z from Part 9 of Schedule 27 x 100 / 7 = GAmount QQ from Part 13 of Schedule 27 HResource allowance (amount from line 346 of Schedule 1) x 3 = IAmount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) JLeast of amounts on lines 400, 405, 410, and 425 of the small business deduction KTotal of amounts G, H, I, J, and K LAmount F minus amount L (if negative, enter "0") M
$$\begin{array}{rcl} \text{Amount M} & \times & \text{Days in the taxation year after December 31, 2000} \\ & & \text{Days in the taxation year} \end{array} =$$
 N
Accelerated tax reduction - 7% of amount N O

(Enter amount O 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.

General tax reduction for Canadian-controlled private corporations (item 100)**Canadian-controlled private corporations throughout taxation year**

Taxable income from line 360 or amount Z of page 3				A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	B		
Amount QQ from Part 13 of Schedule 27		C		
Resource allowance (amount from line 346 of Schedule 1)	x 3 =	D		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		E		
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction		F		
Aggregate investment income from line 440 of page 6		G		
Amount used to calculate the accelerated tax reduction (amount M on page 4)		H		
Total of amounts B, C, D, E, F, G, and H		I		
Amount A minus amount I (if negative, enter "0")		J		
Amount J	x	Number of days in the taxation year in 2001		
		Number of days in the taxation year	365	x 1% = K
Amount J	x	Number of days in the taxation year in 2002	365	
		Number of days in the taxation year	365	x 3% = L
Amount J	x	Number of days in the taxation year in 2003		
		Number of days in the taxation year	365	x 5% = M
General tax reduction for Canadian-controlled private corporations - total of amounts K, L and M				N
(enter amount N on line 638 of page 7)				

General tax reduction (item 101)**Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or a non-resident-owned investment corporation**

Taxable income from line 360 or amount Z of page 3				A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	B		
Amount QQ from Part 13 of Schedule 27		C		
Resource allowance (amount from line 346 of Schedule 1)	x 3 =	D		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		E		
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction		E1		
Total of amounts B, C, D, E and E1		F		
Amount A minus amount F (if negative, enter "0")		G		
Amount G	x	Number of days in the taxation year in 2001		
		Number of days in the taxation year		x 1% = H
Amount G	x	Number of days in the taxation year in 2002		
		Number of days in the taxation year		x 3% = I
Amount G	x	Number of days in the taxation year in 2003		
		Number of days in the taxation year		x 5% = J
General tax reduction - total of amounts H, I and J				K
(enter amount K on line 639 of page 7)				

Refundable portion of Part I tax (item 102)**Canadian-controlled private corporations throughout the taxation year**

Aggregate investment income **440** X 26 2/3 % = _____ **A**
 (Amount P from Part 1 of Schedule 7)

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

Deduct:

Foreign investment income **445** X 9 1/3 % = _____ **B**
 (Amount O from Part 1 of Schedule 7) (if negative, enter "0")

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

Taxable income from line 360 on page 3 _____

Deduct:

Least of amounts on lines 400, 405, 410, and 425
 on page 4 _____

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

Foreign business income tax credit from
 line 636 on page 7 x 10/4 = _____

_____ X 26 2/3 % = _____ **D**

Part I tax payable minus investment tax credit refund
 (700 minus line 780 on page 8) _____

Deduct corporate surtax from line 600 on page 7 _____

Net amount _____ **E**

Refundable portion of Part I tax - the least of amounts C, D, and E **450** **0** **F**

Refundable dividend tax on hand (item 103)

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

Deduct dividend refund for the previous taxation year **465** _____ **A**

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** _____ **B**

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

Dividend refund (item 104)**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 _____ X 1/3 _____ **A**

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

Dividend refund - Lesser of amounts A and B (enter this amount on line 784 on 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 (item 105) 550 0 **A****Corporate surtax calculation** (item 106)Base amount from line A above 1**Deduct:**10% of taxable income (line 360 or amount Z, whichever applies) from page 3 2Investment corporation deduction from line 620 below 3Federal logging tax credit from line 640 below 4Federal qualifying environment trust tax credit from line 648 below 5

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

28% of taxable income from line 360 on page 3 a28% of taxed capital gains b 6Part I tax otherwise payable
(line A **plus** line C and D **minus** line F) cTotal of lines 2 to 6 7Net amount (line 1 minus line 7) 8**Corporate surtax** - 4% of the amount on line 8 600 **B**Recapture of investment tax credit from line XX in Part 16 on page 8 of Schedule 31 (item 107) 602 **C****Calculation for the refundable tax on Canadian-controlled private corporation's investment income**
(for a CCPC throughout the taxation year) (item 108)Aggregate investment income from line 440 on page 6 iTaxable income from line 360 on page 4 **Deduct:**The least of amounts on lines 400, 405, 410, and 425
on page 4 Net amount ii**Refundable tax on CCPC's investment income** - 6 2/3 % of the lesser of amounts i or ii 604 **D**Subtotal (add lines A, B, C, and D) E**Deduct:**Small business deduction from line 430 on page 4 9General tax abatement (item 109) 608Manufacturing and processing profits deduction from amount BB or VV
of Schedule 27 (item 110) 616Investment corporation deduction (item 111) 620(Taxed capital gains **624**)Additional deduction - credit unions from Schedule 17 (item 112) 628Federal foreign non-business income tax credit from Schedule 21 (item 113) 632Federal foreign business income tax credit from Schedule 21 (item 114) 636Accelerated tax reduction from amount O of page 4 (item 115) 637General tax reduction for CCPC's from amount N of page 5 (item 116) 638General tax reduction from amount K of page 5 (item 116) 639Federal logging tax credit from Schedule 21 (item 117) 640Federal political contribution tax credit (item 118) 644Federal political contributions **646** Federal qualifying environmental trust tax credit (item 119) 648Investment tax credit from Schedule 31 (item 120) 652Subtotal F**Part I tax payable** - Line E minus line F (enter amount G on line 700 on page 8) (item 121) 0 **G**

Summary of tax and credits**Federal tax**

Part I tax payable from page 5 (item 122)	700
Part I.3 tax payable from Schedule 33, 34, or 35 (item 123)	704
Part II tax payable from Schedule 46 (item 124)	708
Part IV tax payable from Schedule 3 (item 125)	712
Part IV.1 tax payable from Schedule 43 (item 126)	716
Part VI tax payable from Schedule 38 (item 127)	720
Part VI.1 tax payable from Schedule 43 (item 128)	724
Part XIII.1 tax payable from Schedule 92 (item 129)	727
Part XIV tax payable from Schedule 20 (item 130)	728
Total federal tax	0

Add provincial and territorial tax

Provincial or territorial jurisdiction (item 131)	750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)	
Net provincial and territorial tax payable (except Quebec, Ontario and Alberta) (item 132)	760
Provincial tax on large corporations (New Brunswick and Nova Scotia) (item 146)	765
Total tax payable	770 0 A

Deduct other credits

Investment tax credit refund from Schedule 31 (items 147)	780
Dividend refund from Page 4 (items 148)	784
Federal capital gains refund from Schedule 18 (item 149)	788
Federal qualifying environmental trust tax credit refund (item 150)	792
Canadian film or video production tax credit refund from Form T1131 (item 151)	796
Film or video production services tax credit refund from Form T1177 (item 152)	797
Tax withheld at source (item 153)	800
Total payments on which tax has been withheld (item 153)	801
Allowable refund for non-resident-owned investment corporations - Schedule 26 (item 154)	804
Provincial and territorial capital gains refund from Schedule 18 (item 155)	808
Provincial and territorial refundable tax credits from Schedule 5 (item 156)	812
Royalties deductible under Syncrude Remission Order	815
Tax remitted under Syncrude Remission Order (item 157)	816
Tax instalments paid (item 158)	840
Total credits	890 B
Refund Code 894 <input type="checkbox"/> (item 159)	Overpayment (item 162)
Balance (line A minus line B) 0 I	

Direct Deposit Request (item 163)

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

☐ Start ☐ Change information 910 Branch number

914 Institution number 918 Account number

If the result is negative, you have an **overpayment**.
 If the result is positive, you have a **balance unpaid**.
 Enter the amount on whichever line applies.
 We do not charge or refund a difference of less than \$2.
 Balance unpaid (item 162) _____
 Enclosed payment (item 161) 898 _____

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? (item 160)

896 1 Yes ☐ 2 No ☒ NA ☐

Certification (item 164)

950 LOVELAND Surname	951 KEN First name	954 SECRETARY Position, office or rank
955 2003/11/14 Date	956 (519) 762-2204 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 (item 165)

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

Canada Customs
and Revenue AgencyAgence 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** (53,038)

Add:

Amortization of tangible assets	104	<u>24,369</u>	
	Total of fields 101 to 199 500	<u>24,369</u>	▶ 24,369

Net income (loss) for income tax purposes (enter on line 300 of the T2 return) (28,669)



Part 1 - Non-capital loss

Non-capital loss continuity by year

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
		Expired					
2000/12/31							
2001/12/31	12,868						12,868
2002/12/31					28,669		28,669
Totals	12,868				28,669		41,537

Current year non-capital loss

Net income (loss) for income tax purposes		(28,669)
Deduct:		
Net capital losses deducted in the year		
Taxable dividends deductible under sections 112, 113 or subsection 138(6)		
Amount of Part VI.1 tax deductible		
Amount deductible as prospector's and grubstaker's shares - Paragraph 110(1)(d.2)		
	Subtotal - if positive, enter "0"	(28,669)
Deduct: Section 110.5 - addition for foreign tax credits		
Add: Current year farm loss		
Current year non-capital loss (if positive, enter "0")		(28,669)

Non-capital loss continuity and carry-back request

Non-capital losses at end of preceding taxation year		12,868	
Losses expired after 7 years	100 -		
Non-capital losses - beginning balance	102 =	12,868	12,868
Transfers from wind-up of wholly-owned subsidiary and amalgamation			105 +
Current year non-capital loss from above	110	28,669	
Deduct - Non-capital loss carry back to:			
1st preceding taxation year against taxable income	901		
2nd preceding taxation year against taxable income	902		
3rd preceding taxation year against taxable income	903		
1st preceding taxation year against taxable dividends subject to Part IV tax	911		
2nd preceding taxation year against taxable dividends subject to Part IV tax	912		
3rd preceding taxation year against taxable dividends subject to Part IV tax	913		
Current year non-capital loss net of carryback		28,669	+ 28,669
		Subtotal	= 41,537
Deduct:			
Amount applied against taxable income (enter on line 331 of T2 return)	130		
Amount applied against dividends subject to Part IV tax	135		
Section 80 adjustments	140		
Other adjustments	150		
Non-capital losses - ending balance			180 = 41,537

Election under paragraph 88(1.1)(f)

190 ☐ Yes

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

Farm loss continuity by year

Carry-over loss continuity by year							
Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
		Expired					
2000/12/31							
2001/12/31							
2002/12/31							
Totals							

Farm loss continuity and carry-back request

380 =

Restricted farm loss continuity by year

Current year restricted farm loss

Restricted farm loss continuity and carry-back request

Restricted farm losses at end of preceding taxation year		
Losses expired after 10 years	400	-
Restricted farm losses - beginning balance	402	=
Transfers from wind-up of wholly-owned subsidiary and amalgamation		405 +
Current year restricted farm loss (enter on line 233 of Schedule 1)	410	
Deduct - Restricted farm loss carry back to:		
1st preceding taxation year against farming income	941	
2nd preceding taxation year against farming income	942	
3rd preceding taxation year against farming income	943	
Current year restricted farm loss net of carry-back		+
Deduct:		
Amount applied against taxable income (enter on line 333 of T2 return)	430	
Section 80 adjustments	440	
Other adjustments	450	
Restricted farm losses - ending balance		480 =

**LIMITED PARTNERSHIP LOSSES****Schedule 4****Current year limited partnership losses**

1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at risk amount	Corp's share of partnership ITC, farming losses and resource expenses	Column 4 - 5 if negative, enter "0"	Current year limited partnership losses Column 3 - 6
600	602	604	606	608		620
Total (enter this amount on Schedule 1)						

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

1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at end of preceding taxation year	Corporation's at risk amount	Corp's share of partnership ITC, business/property losses & resource expenses	Column 4 - 5 if negative, enter "0"	Limited partnership losses that may be applied in the year The lesser of columns 3 and 6
630	632	634	636	638		650

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

Partnership identifier	Losses at end of preceding taxation year	Losses transferred from amalgamation or wind-up of subsidiary	Current year limited partnership loss (from column 620)	Limited partnership losses applied (cannot exceed 650)	Limited partnership losses closing balance
660	662	664	670	675	680
Total (enter this amount on line 335 of the T2 return)					



CAPITAL COST ALLOWANCE

Schedule 8

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

1 Class	2 UCC at start of year	3 Cost of additions in the year	4 Net adjustments	5 Proceeds of dispositions in the year	7 Adjustment for additions (1/2 x (col 3 - 5))	8 Base amount for CCA	9 Rate %	10 CCA for the year (col 8 x 9 or a lower amount)	11 Recapture of CCA	12 Terminal loss	13 UCC at the end of the year
200	201	203	205	207	211		212	217	213	215	220
1	292,342	5,319			2,660	295,001	4				297,661
6	19,530					19,530	10				19,530
8	2,696	1,601		<i>tools & equipment</i>	801	3,496	20				4,297
10	2,125			<i>computer</i>		2,125	30				2,125
Totals	316,693	6,920			3,461	320,152					323,613

S8Supp

Reconciliation of NBV and UCC

NBV of capital assets, beginning of year	292,658		
Less: Land			
NBV of depreciable capital assets, beginning of year	292,658	292,658	
UCC beginning of year		316,693	
Timing difference, beginning of year		(24,035)	A
CCA and amortization			
CCA claimed	+		
Terminal loss	+		
Recapture	-		
Amortization per financial statements	- 24,369		
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	(24,369)	+ (24,369)	B
Timing difference, end of year (A + B)		(48,404)	C
Proof			
NBV of capital assets, end of year	275,210		
Less: Land			
NBV of depreciable capital assets, end of year	275,210	275,210	
UCC end of year	323,613		
Less: Ending Class 14 balance	-		
Adjusted UCC	= 323,613	= 323,613	
Timing difference as at 2002/12/31 (amount D should equal amount C)		(48,403)	D

Notes

**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 100	Business Number * 200	Social Insurance Number * 300	Percentage common shares 400	Percentage preferred shares 500
Municipality of Dutton/Dunwich	87078 6936 RC 0001		100.000	
	RC			

* If the shareholder is a trust, fields 200 and 300 will be blank.

**BALANCE SHEET INFORMATION****Schedule 100**

Assets	Code	Amount
Cash and deposits	1000	
Accounts Receivable	1060	154,464
Inventory	1120	24,055
Prepaid expenses	1484	4,280
Other machinery and equipment	1785	533,380
Accumulated amortization of other machinery and equipment	1786	(274,450)
Other tangible capital assets	1900	77,256
Accumulated amortization of other tangible capital assets	1901	(60,976)
Other deferred items / charges	2424	47,358
Total assets	2599	505,367

Liabilities	Code	Amount
Bank overdraft	2600	71
Amounts payable and accrued liabilities	2620	95,274
Deposits received	2961	6,052
Total liabilities	3499	101,397

Equity	Code	Amount
Common shares	3500	475,885
Retained earnings / deficit	3600	(71,915)
Total equity	3620	403,970
Total liabilities and equity	3640	505,367

Retained earnings	Code	Amount
Retained earnings/deficit-start	3660	(18,877)
Net income / loss	3680	(53,038)
Total retained earnings	3849	(71,915)



INCOME STATEMENT INFORMATION

Schedule 125

Details

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

Revenue		Code	Amount
Trade sales of goods and services		8000	728,157
Total sales of goods and services		8089	728,157
Other revenue		8230	16,087
Total revenue		8299	744,244

Cost of sales		Code	Amount
Opening inventory		8300	
Other direct costs		8450	641,894
Cost of sales		8518	641,894
Gross profit / loss (item 8089 - item 8518)		8519	86,263

Operating expenses		Code	Amount
Bad debt expense		8590	5,293
Amortization of tangible assets		8670	24,369
Collection and credit costs		8717	50,206
Repairs and maintenance		8960	35,423
General and administrative expenses		9284	40,097
Total operating expenses		9367	155,388
Total expenses		9368	797,282
Net non-farming income		9369	(53,038)

Farming revenue		Code	Amount
Grains and oilseeds		9370	
Total farm revenue		9659	

Farming expenses		Code	Amount
Crop expenses		9660	
Total farm expenses		9898	
Net farm income		9899	
Net income / loss before taxes and extraordinary items		9970	(53,038)

Summary

Complete this section if only one Schedule 125 is filed, Schedule 140 is used to summarize the information from multiple Schedules 125.

Extraordinary items	9975-	
Legal settlements	9976-	
Unrealized gains / losses	9980+	
Unusual items	9985-	
Current income taxes	9990-	
Deferred income tax provision	9995-	
Net income / loss after taxes and extraordinary items	9999=	(53,038)

**Involvement of accountant****0100** Who reported on/prepared the corporation's financial statements?

- 1 an independent auditor with a report that expressed no reservation ☒
- 2 an independent auditor with a report that expressed a reservation ☐
- 3 an independent accountant with a review engagement report that expressed no reservation ☐
- 4 an independent accountant with a review engagement report that expressed a reservation ☐
- 5 an independent accountant who conducted a compilation engagement with no review ☐
- 6 an independent accountant with a compilation engagement and review engagement resulting in no reservation ☐
- 7 an independent accountant with a compilation engagement and review engagement resulting in a reservation ☐
- 8 prepared by an employee/associate/management of the company, or a person on behalf of the company, without the involvement of an independent accountant ☐

Other informationWere any notes to the financial statements prepared? **101** ☒ Yes ☐ No

If yes, complete the following:

Are any values presented at other than cost? **102** ☐ Yes ☒ NoHas there been a change in accounting policies since the last return? **103** ☐ Yes ☒ NoAre subsequent events mentioned in the notes? **104** ☐ Yes ☒ NoIs re-evaluation of asset information mentioned in the notes? **105** ☐ Yes ☒ NoIs contingent liability mentioned in the notes? **106** ☒ Yes ☐ NoIs information regarding commitments mentioned in the notes? **107** ☐ Yes ☒ NoDoes the corporation have investments in joint venture(s) or partnerships? **108** ☐ Yes ☒ NoIf yes, are you filing financial statements of the joint venture(s) or partnership(s)? **109** ☐ Yes ☐ No

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MPDC – Dutton

Attachment 3
2003 Supporting Documentation

DUTTON HYDRO LIMITED

Financial Statements
Year Ended December 31, 2003
and Auditors' Report to the Shareholder

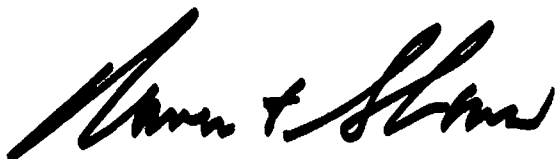
AUDITORS' REPORT

To the Shareholder of Dutton Hydro Limited:

We have audited the balance sheet of Dutton Hydro Limited as at December 31, 2003 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 Dutton Hydro Limited as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
April 27, 2004

DUTTON HYDRO LIMITED

BALANCE SHEET

DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 48,356	\$ -
Accounts receivable (Note 3)	121,404	58,479
Unbilled revenue	35,418	95,985
Inventories	18,486	24,055
Prepaid expenses	<u>6,898</u>	<u>4,280</u>
	230,562	182,799
CAPITAL ASSETS (Note 4)	<u>255,785</u>	<u>275,210</u>
	<u>\$ 486,347</u>	<u>\$ 458,009</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Bank indebtedness	\$ -	\$ 71
Accounts payable and accrued liabilities	117,533	95,274
Due to shareholder (Note 5)	30,000	-
Current portion of customer deposits	<u>2,000</u>	<u>2,500</u>
	149,533	97,845
CUSTOMER DEPOSITS	<u>11,424</u>	<u>3,552</u>
	<u>160,957</u>	<u>101,397</u>
CONTINGENT LIABILITY (Note 11)		
<u>SHAREHOLDER EQUITY</u>		
SHARE CAPITAL (Note 6)	475,885	475,885
DEFICIT	<u>(150,495)</u>	<u>(119,273)</u>
	<u>325,390</u>	<u>356,612</u>
	<u>\$ 486,347</u>	<u>\$ 458,009</u>
On behalf of the Board:		
..... Director		
..... Director		

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

DUTTON HYDRO LIMITED

STATEMENT OF OPERATIONS AND DEFICIT

YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
DISTRIBUTION REVENUE	\$ 634,262	\$ 728,157
COST OF POWER	<u>515,224</u>	<u>641,894</u>
GROSS MARGIN ON DISTRIBUTION REVENUE	<u>119,038</u>	<u>86,263</u>
EXPENSES		
Plant operations and maintenance	43,082	35,423
Billing and collection	51,939	50,206
Administration	37,038	40,097
Bad debts	-	5,293
Amortization of capital assets	<u>24,518</u>	<u>24,369</u>
Total expenses	<u>156,577</u>	<u>155,388</u>
(LOSS) FROM OPERATIONS	(37,539)	(69,125)
OTHER INCOME (Note 7)	<u>6,317</u>	<u>16,087</u>
(LOSS) FOR THE YEAR	(31,222)	(53,038)
DEFICIT, BEGINNING OF YEAR	<u>(119,273)</u>	<u>(66,235)</u>
DEFICIT, END OF YEAR	<u>\$(150,495)</u>	<u>\$(119,273)</u>

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

DUTTON HYDRO LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
OPERATING ACTIVITIES		
(Loss) for the year	\$(31,222)	\$(53,038)
Items not affecting cash:		
Amortization of capital assets	<u>24,518</u>	<u>24,369</u>
	(6,704)	(28,669)
Changes in non-cash working capital items		
Net increase (reduction) in non-cash working capital items	22,852	(55,539)
Increase (decrease) in customer deposits	<u>7,372</u>	<u>(1,624)</u>
Cash provided by (used in) operating activities	23,520	(85,832)
INVESTING ACTIVITIES		
Purchase of capital assets	(5,093)	(6,921)
FINANCING ACTIVITIES		
Advances from shareholder	<u>30,000</u>	<u>-</u>
NET CASH INFLOW (OUTFLOW)	48,427	(92,753)
CASH POSITION, BEGINNING OF YEAR	<u>(71)</u>	<u>92,682</u>
CASH POSITION, END OF YEAR	<u>\$ 48,356</u>	<u>\$ (71)</u>

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

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. BUSINESS OPERATIONS

Dutton Hydro Limited is a wholly owned subsidiary company of the Corporation of the Municipality of Dutton/Dunwich and commenced operations of electrical distribution services to the inhabitants of Dutton, Ontario on November 1, 2000.

The Ontario Energy Board (OEB) is responsible for regulating rates for the transmission and distribution of electricity, charges for repayment of the former Ontario Hydro's previous debt as well as the delivery charges to the consumer from the local distribution company. The OEB does not regulate the market price of the electricity (commodity) purchased.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies.

a) Revenue Recognition

Distribution revenue is recognized on the basis of regular meter readings and estimates of customer usage from the last meter reading to the end of the year.

b) Inventories

Inventories of materials and supplies are valued at the lower of cost and net realizable value.

c) Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated service lives as follows:

Distribution lines, transformers and meters	25 years
Water heaters	10 years
Other equipment	10 years

When a non-grouped capital asset is sold or otherwise disposed of, the related cost and accumulated amortization are removed from the respective accounts and any gain or loss on disposition is recognized in earnings.

Grouped assets are, by their nature, not readily identifiable as individual assets. The related cost and accumulated amortization is therefore removed from the respective accounts at the end of their estimated useful lives regardless of actual service life. Any proceeds on disposition are recognized in earnings in the year of disposition.

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

d) Contributions to capital costs

Contributions toward capital costs are included in capital assets as an offset against the related capital asset accounts and are amortized over their estimated service life.

3. ACCOUNTS RECEIVABLE

	<u>2003</u>	<u>2002</u>
Customer service revenue	\$ 86,454	\$27,898
Municipality of Dutton/Dunwich	29,618	18,833
Sundry	<u>6,532</u>	<u>12,948</u>
	122,604	59,679
Less: allowance for doubtful accounts	<u>1,200</u>	<u>1,200</u>
	<u>\$121,404</u>	<u>\$58,479</u>

4. CAPITAL ASSETS

	<u>2003</u>		<u>2002</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Distribution lines	\$349,975	\$183,064	\$166,911
Transformers	123,329	75,053	48,276
Meters	65,170	36,060	29,110
Water heaters	40,614	33,141	7,473
Other equipment and tools	<u>36,642</u>	<u>32,627</u>	<u>4,015</u>
	<u>\$615,730</u>	<u>\$359,945</u>	<u>\$255,785</u>

5. DUE TO SHAREHOLDER

The amount due to shareholder is non-interest bearing without stated repayment terms.

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

6. SHARE CAPITAL

	<u>2003</u>	<u>2002</u>
Authorized:		
Unlimited number of common shares		
Issued:		
5,315,281 common shares	<u>\$475,885</u>	<u>\$475,885</u>

7. OTHER INCOME

	<u>2003</u>	<u>2002</u>
Rentals	\$3,681	\$ 4,586
Interest	990	921
Late payment charges	867	101
Collection fees	554	1,245
Other	<u>225</u>	<u>9,234</u>
	<u>\$6,317</u>	<u>\$16,087</u>

8. INCOME TAXES

Dutton Hydro Limited is exempt from income taxes under the Income Tax Act (Canada) as a wholly owned subsidiary of the Municipality of Dutton/Dunwich. Effective October 1, 2000 and pursuant to the Electricity Act, 1998 (Ontario), Dutton Hydro Limited is required to make payments-in-lieu of taxes to the Ontario Electricity Financial Corporation. The payments-in-lieu of taxes are approximately equal to federal and provincial corporation income and capital taxes payable if the corporation was a taxable corporation under the Income Tax Act (Canada).

No recognition has been made in the accounts for possible tax reductions in future years resulting from tax losses carried forward in the amount of \$48,241, expiring in 2010.

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

9. RELATED PARTY TRANSACTIONS AND BALANCES

Dutton Hydro Limited, in the normal course of operations, has routine transactions with the Municipality of Dutton/Dunwich. These transactions have been carried out on the same terms as would apply with unrelated parties.

The following table details related party transactions and balances with the Municipality of Dutton/Dunwich for the year ended December 31, 2003:

Sale of electricity to Dutton/Dunwich	\$37,367
Purchase of labour, benefits, materials and services from Dutton/Dunwich	\$76,337
Accounts receivable balance from Dutton/Dunwich at the end of the year	\$29,618

10. FINANCIAL INSTRUMENTS

The carrying value of all financial assets and liabilities approximates their fair value.

11. CONTINGENT LIABILITY

Dutton Hydro Limited has provided a letter of credit in the amount of \$150,000 in favour of Enwin Utilities Ltd. in accordance with a credit support agreement dated September 18, 2002.



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

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

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

055 Do not use this area

Identification

Business number (BN) (item 11) 001 87149 3722 RC 0001

Corporation's name (item 12)

002

DUTTON HYDRO LIMITED

Has the corporation changed its name since the last time we were notified? 003 ☐ Yes ☒ NoIf yes, do you have a copy of the articles of amendment? 004 ☐ Yes ☐ No

Address of head office (item 13)

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

010 ☐ Yes ☒ No

011 199 MAIN STREET

012

City Province, territory, or state

015 DUTTON

016 ON

Country (other than Canada) Postal code/Zip code

017 018 NOL 1J0

Mailing address (if different from head office address) (item 14)

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

020 Yes ☐ No ☒

021 C/o

022 199 MAIN STREET

023

City Province, territory, or state

025 DUTTON

026 ON

Country (other than Canada) Postal code/Zip code

027 028 NOL 1J0

Location of books and records (item 15)

031 199 MAIN STREET

032

City Province, territory, or state

035 DUTTON

036 ON

Country (other than Canada) Postal code/Zip code

037 038 NOL 1J0

040 Type of corporation at end of taxation year (item 16)

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

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

043

To which taxation year does this return apply? (item 17)

From 060 2003/01/01 to 061 2003/12/31

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

If yes, provide date control was acquired 065

Is the corporation a professional corporation that is a member of a partnership? (item 18) 067 ☐ Yes ☒ No

Is this the first year of filing after:

Incorporation? (item 19)

070 ☐ Yes ☒ No

Amalgamation? (item 20)

071 ☐ Yes ☒ No

If yes, complete Schedule 24

Has there been a wind-up of a subsidiary under section 88 during the current taxation year? (item 21)

If yes, complete Schedule 24 072 ☐ Yes ☒ No

Is this the final taxation year before amalgamation? (item 22)

076 ☐ Yes ☒ No

Is this the final return up to dissolution? (item 23)

078 ☐ Yes ☒ No

Is the corporation a resident of Canada? (item 24)

080 ☒ Yes ☐ No

If no, give the country of residence.

081

Is the non-resident corporation claiming an exemption under an income tax treaty? (item 24)

082 ☐ Yes ☒ No

If yes, complete Schedule 91

If the corporation is exempt from tax under section 149, tick one of the following boxes: (item 25)

- 085 1 ☐ Exempt under 149(1)(e) or (l)
2 ☐ Exempt under 149(1)(j)
3 ☐ Exempt under 149(1)(t)
4 ☒ Exempt under other paragraphs of section 149

Do not use this area

091	092	093	094	095	096
097					

Guide item		Attachments	Yes	Schedule
27	Is the corporation related to any other corporations?	150	<input type="checkbox"/>	9
28	Does the corporation have any non-resident shareholders?	151	<input type="checkbox"/>	19
29	Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160	<input type="checkbox"/>	23
30	Is the corporation an associated CCPC that is claiming the expenditure limit?	161	<input type="checkbox"/>	49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162	<input checked="" type="checkbox"/>	11
33	If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	<input type="checkbox"/>	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	<input type="checkbox"/>	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	<input type="checkbox"/>	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166	<input type="checkbox"/>	T5004
38	Is the corporation a member of a partnership for which an identification number has been assigned?	167	<input type="checkbox"/>	T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168	<input type="checkbox"/>	22
41	Did the corporation have any foreign affiliates during the year?	169	<input type="checkbox"/>	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170	<input type="checkbox"/>	29
43	Has the corporation had any non-arm's length transactions with a non-resident?	171	<input type="checkbox"/>	T106
47	Has the corporation made payments to, or received amounts from a retirement compensation arrangement?	172	<input type="checkbox"/>	----
16	Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	<input checked="" type="checkbox"/>	50
35	Is the net income/loss shown on financial statements different from the net income for income tax purposes?	201	<input checked="" type="checkbox"/>	1
78-81	Has the corporation made any charitable donations, gifts to Canada, a province, or a territory, or gifts of cultural or ecological property?	202	<input type="checkbox"/>	2
82,104	Has the corporation received dividends or paid taxable dividends for purposes of the dividend refund?	203	<input type="checkbox"/>	3
69-76	Is the corporation claiming any type of losses?	204	<input checked="" type="checkbox"/>	4
132	Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	<input type="checkbox"/>	5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206	<input type="checkbox"/>	6
103	(i) Is the corporation claiming the small business deduction and reporting income from : (a) property (other than dividends), (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	<input type="checkbox"/>	7
57	Does the corporation have any property that is eligible for capital cost allowance?	208	<input checked="" type="checkbox"/>	8
58	Does the corporation have any property that is eligible capital property?	210	<input type="checkbox"/>	10
59	Does the corporation have any resource-related deductions?	212	<input type="checkbox"/>	12
60	Is the corporation claiming reserves of any kind?	213	<input type="checkbox"/>	13
61	Is the corporation claiming a patronage dividend deduction?	216	<input type="checkbox"/>	16
12	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217	<input type="checkbox"/>	17
50	Is the corporation an investment corporation or a mutual fund corporation?	218	<input type="checkbox"/>	18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	220	<input type="checkbox"/>	20
118	Is the corporation claiming any federal or provincial foreign tax credits, or logging tax credits?	221	<input type="checkbox"/>	21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226	<input type="checkbox"/>	26 *
111	Does the corporation have any Canadian manufacturing and processing profits?	227	<input type="checkbox"/>	27
121	Is the corporation claiming an investment tax credit?	231	<input type="checkbox"/>	31
63	Is the corporation claiming any scientific research and experimental development expenditures?	232	<input type="checkbox"/>	T661/T665
124	Is the corporation subject to Part 1.3 tax?	233	<input type="checkbox"/>	33/34/35
124	Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	236	<input type="checkbox"/>	36
124	Is the corporation claiming a surtax credit?	237	<input type="checkbox"/>	37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	<input type="checkbox"/>	38
128	Is the corporation claiming a Part I tax credit?	242	<input type="checkbox"/>	42
129	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243	<input type="checkbox"/>	43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	<input type="checkbox"/>	45
125	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	<input type="checkbox"/>	46
128	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250	<input type="checkbox"/>	39
128	For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251	<input type="checkbox"/>	40

Attachments - Continued from page 2**Guide item**

Yes Schedule

128 For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252	<input type="checkbox"/>	41
152 Is the corporation claiming a Canadian film or video production tax credit refund?	253	<input type="checkbox"/>	T1131
130 Is the corporation subject to Part XIII.1 tax?		<input type="checkbox"/>	92 *
153 Is the corporation claiming a film or video production services tax credit refund?		<input type="checkbox"/>	T1177
44 Did the corporation have any foreign affiliates that are not controlled foreign affiliates?		<input type="checkbox"/>	T1134-A
44 Did the corporation have any controlled foreign affiliates?		<input type="checkbox"/>	T1134-B
44 Did the corporation own specified foreign property in the year with a cost amount over \$100,000?		<input type="checkbox"/>	T1135
44 Did the corporation transfer or loan property to a non-resident trust?		<input type="checkbox"/>	T1141
44 Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?		<input type="checkbox"/>	T1142
- Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?		<input type="checkbox"/>	T1145
- Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?		<input type="checkbox"/>	T1146
- Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?		<input type="checkbox"/>	T1174

Additional information

Is the corporation inactive? (item 48)	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first time filers) (item 49)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (item 50)	282		
(Only complete if yes was entered at line 281.)			
the major activity involves the resale of goods, indicate whether is is wholesale or retail (item 51)	283	1 Wholesale <input type="checkbox"/>	2 Retail <input checked="" type="checkbox"/>
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. (item 52)	284	ELECTRICITY DISTRIBUTION	285 100.000 %
	286		287 %
	288		289 %
Did the corporation immigrate to Canada during the taxation year? (item 53)	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the taxation year? (item 54)	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements or GIFL (item 77)	300	(6,704) A
Deduct:		
Charitable donations from Schedule 2 (item 78)	311	
Gifts to Canada or a province, or a territory from Schedule 2 (item 79)	312	
Cultural gifts from Schedule 2 (item 80)	313	
Ecological gifts from Schedule 2 (item 81)	314	
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 (item 82)	320	
Part VI.1 tax deduction from Schedule 43 (item 83)*	325	
Non-capital losses of preceding taxation years from Schedule 4 (item 84)	331	
Net capital losses of preceding taxation years from Schedule 4 (item 85)	332	
Restricted farm losses of prior taxation years from Schedule 4 (item 86)	333	
Farm losses of prior taxation years from Schedule 4 (item 87)	334	
Limited partnership losses of prior years from Schedule 4 (item 88)	335	
Taxable capital gains or taxable dividends allocated from a central credit union (item 89)	340	
Prospector's and grubstaker's shares (item 90)	350	
Subtotal		B
Subtotal (amount A minus amount B) (if negative, enter "0")		C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions (item 91)	355	D
Taxable income (amount C plus amount D) (item 92)	360	0
Income exempt under paragraph 149(1)(t) (item 93)	370	
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) (item 94)		Z

* If the taxation year ends after December 31, 2002, use "3" instead of "9/4" in the calculation of the Part VI.1 tax deduction indicated in item 83 of the T2 Corporation Income Tax Guide.

Small business deduction**Canadian-controlled private corporations throughout the taxation year**

Income from active business carried on in Canada from Schedule 7 (item 95) 400 A

Taxable income from line 360 on page 3, **minus** 10/3 the amount at line 632* on page 7, **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax (item 96) 405 B

Calculation of the business limit: (item 97)

for all CCPCs, calculate the amount at line 4 below

\$200,000 x	Number of days in the taxation year before 2003	=	1	
	Number of days in the taxation year	365		
\$225,000 x	Number of days in the taxation year in 2003	365 =	225,000	2
	Number of days in the taxation year	365		
\$250,000 x	Number of days in the taxation year in 2004	=	3	
	Number of days in the taxation year	365		
	Add amounts at line 1, 2, and 3		225,000	4

Business limit (see notes 1 and 2 below) 410 225,000 C

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

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

Business limit reduction: (item 98)

Amount C 225,000 X 415 *** D = 11,250 E

Reduced business limit (amount C minus amount E) (if negative, enter "0") 425 225,000 F

Small business deduction - 16% of the least of amounts A, B, C, and F 430 0 G

(enter amount G of line 9 on page 7)

Accelerated tax reduction (item 99)**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 (item 96) 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, 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.



Part 1 - Capital loss

Capital loss continuity and carry-back request

Actual capital losses at end of preceding taxation year					200	
Transfers from wind-up of wholly-owned subsidiary and amalgamation					205	
Current year capital loss					210	
						Subtotal
Allowable business investment loss expired as a non-capital loss			X 4/3			220
						Subtotal
Deduct:						
Amount applied against current year capital gain (see note 1)					225	
Section 80 adjustments					240	
Other adjustments					250	
						Subtotal
Deduct - capital loss carry back to: (see note 2)						
	Net loss applied		Inclusion rate			Actual
1st preceding taxation year		+	50.0000 %	=	951	
2nd preceding taxation year		+	50.0000 %	=	952	
3rd preceding taxation year		+		=	953	
						Subtotal
Capital losses - ending balance						280

On line 332 of the T2 return, enter the amount from line 225 multiplied by the current year inclusion rate (see Schedule 6.)

Note 2

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

Part 2 - Listed personal property loss

Year of origin	Balance at end of prior year	Adjustments	Applied	Current year loss net of carry-back	Ending balance
		Expired			
2000/12/31					
2001/12/31					
2002/12/31					
2003/12/31					
Totals					

Listed personal property loss continuity and carry-back request

Listed personal property losses at end of preceding taxation year			
Deduct: Listed personal property losses expired after seven taxation years	500		
Listed personal property losses - beginning of taxation year	502		
Current year listed personal property loss (from Schedule 6)	510		
Deduct - Listed personal property loss carry back to:			
1st preceding taxation year	961		
2nd preceding taxation year	962		
3rd preceding taxation year	963		
Listed personal property losses net of carry-back			+
		Subtotal	=
Deduct:			
Amount applied against listed personal property gain (enter on line 655 of Schedule 6)	530	-	
Other adjustments	550	-	
Listed personal property losses - closing balance	580	=	

**LIMITED PARTNERSHIP LOSSES****Schedule 4**

Current year limited partnership losses						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at risk amount	Corp's share of partnership ITC, farming losses and resource expenses	Column 4 - 5 if negative, enter "0"	Current year limited partnership losses Column 3 - 6
600	602	604	606	608		620
Total (enter this amount on Schedule 1)						

Limited partnership losses from prior taxation years that may applied in the current year						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at end of preceding taxation year	Corporation's at risk amount	Corp's share of partnership ITC, business/property losses & resource expenses	Column 4 - 5 if negative, enter "0"	Limited partnership losses that may be applied in the year The lesser of columns 3 and 6
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future taxation years					
Partnership identifier	Losses at end of preceding taxation year	Losses transferred from amalgamation or wind-up of subsidiary	Current year limited partnership loss (from column 620)	Limited partnership losses applied (cannot exceed 650)	Limited partnership losses closing balance
660	662	664	670	675	680
Total (enter this amount on line 335 of the T2 return)					



C L COST ALLOWANCE

Schedule 8

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

1 Class	2 UCC at start of year	3 Cost of additions in the year	4 Net adjustments	5 Proceeds of dispositions in the year	7 Adjustment for additions (1/2 x (col 3 - 5))	8 Base amount for CCA	9 Rate %	10 CCA for the year (col 8 x 9 or a lower amount)	11 Recapture of CCA	12 Terminal loss	13 UCC at the end of the year
200	201	203	205	207	211		212	217	213	215	220
1	297,661	5,093			2,547	300,207	4				302,754
3	19,530					19,530	10				19,530
8	4,297					4,297	20				4,297
10	2,125					2,125	30				2,125
Totals	323,613	5,093			2,547	326,159					328,706

**TRANSACTIONS WITH SHAREHOLDERS,
OFFICERS, OR EMPLOYEES****Schedule 11**

Provide the details of any transactions with shareholders, officers or employees that involve:

- payments the corporation made or amounts credited to the account of shareholders, officers, or employees which were not part of their remuneration or reimbursement of expenses;
- assets the corporation sold to or purchased from shareholders, officers, or employees, including those for which an election was made under subsection 85; or
- loans or indebtedness to shareholders, officers, or employees, or persons connected with a shareholder which were not repaid by the end of the taxation year.

Relationship code (note 1)	Payments	Reimbursement	Loans	Assets sold or purchased	Does Section 85 apply to assets sold or purchased?
100	200	300	400	500	550
1			30,000		0
0					0

Note 1 : Enter the number of the relationship that applies: 1 - Shareholder
2 - Officer
3 - Employee

**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 100	Business Number * 200	Social Insurance Number * 300	Percentage common shares 400	Percentage preferred shares 500
Municipality of Dutton/Dunwich	87078 6936 RC 0001		100.000	
	RC			

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

**BALANCE SHEET INFORMATION****Schedule 100**

Assets	Code	Amount
Cash and deposits	1000	48,356
Accounts Receivable	1060	156,822
Inventories	1120	18,486
Prepaid expenses	1484	6,898
Other machinery and equipment	1785	538,474
Accumulated amortization of other machinery and equipment	1786	(294,177)
Other tangible capital assets	1900	77,256
Accumulated amortization of other tangible capital assets	1901	(65,768)
Other deferred items / charges	2424	47,358
Total assets	2599	533,705

Liabilities	Code	Amount
Bank overdraft	2600	
Amounts payable and accrued liabilities	2620	117,533
Deposits received	2961	13,424
Due to individual shareholder(s)	3261	30,000
Total liabilities	3499	160,957

Equity	Code	Amount
Common shares	3500	475,885
Retained earnings / deficit	3600	(103,137)
Total equity	3620	372,748
Total liabilities and equity	3640	533,705

Retained earnings	Code	Amount
Retained earnings/deficit-start	3660	(71,915)
Net income / loss	3680	(31,222)
Total retained earnings	3849	(103,137)



INCOME STATEMENT INFORMATION

Schedule 125

Details

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

Revenue	Code	Amount
Trade sales of goods and services	8000	634,262
Total sales of goods and services	8089	634,262
Other revenue	8230	6,317
Total revenue	8299	640,579

Cost of sales	Code	Amount
Opening inventory	8300	
Other direct costs	8450	515,224
Cost of sales	8518	515,224
Gross profit / loss (item 8089 - item 8518)	8519	119,038

Operating expenses	Code	Amount
Amortization of tangible assets	8670	24,518
Collection and credit costs	8717	51,939
Repairs and maintenance	8960	43,082
General and administrative expenses	9284	37,038
Total operating expenses	9367	156,577
Total expenses	9368	671,801
Net non-farming income	9369	(31,222)

Farming revenue	Code	Amount
Grains and oilseeds	9370	
Total farm revenue	9659	

Farming expenses	Code	Amount
Crop expenses	9660	
Total farm expenses	9898	
Net farm income	9899	
Net income / loss before taxes and extraordinary items	9970	(31,222)

Summary

Complete this section if only one Schedule 125 is filed, Schedule 140 is used to summarize the information from multiple Schedules 125.

Extraordinary items	9975-	
Legal settlements	9976-	
Unrealized gains / losses	9980+	
Unusual items	9985-	
Current income taxes	9990-	
Deferred income tax provision	9995-	
Net income / loss after taxes and extraordinary items	9999=	(31,222)



NOTES CHECKLIST

Schedule 141

- This form is to be used by all corporations that do not use a software package to prepare financial statement information and are that not eligible to use the GIFI-Short form.
- Use this schedule to report a notes checklist for the corporation's financial statement information.
For more information, see the *Guide to the General Index of Financial Information (GIFI) for Corporations* and the *T2 Corporation – Income Tax Guide*.
- For the purposes of this schedule, the person who reported on or prepared the financial statements of the corporation is referred to as the "accounting practitioner".

Part 1 – Accounting practitioner information

Choose only one of the following three options, whichever applies to the accounting practitioner:

096

Chartered accountant

1 ☒

Other professional designation

2 ☐

No professional designation

3 ☐

Is the accounting practitioner connected* with the corporation?

097 ☐ Yes ☒ No

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

Part 2 – Type of involvement

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

098

Completed an auditor's report

1 ☐

Completed a review engagement report

2 ☐

Compiled the financial statements along with reviewing the books

3 ☒

Conducted a compilation engagement

4 ☐**Part 3 – Reservations**If you selected option "1" or "2" under **Type of involvement** above, answer the following question:

Has the accounting practitioner expressed a reservation?

099 ☐ Yes ☐ No**Part 4 – Other information**

Were notes to the financial statements prepared?

101 ☒ Yes ☐ No

If you answered Yes to the question at line 101, complete lines 102 to 107 below:

Are any values presented at other than cost?

102 ☐ Yes ☒ No

Has there been a change in accounting policies since the last return?

103 ☐ Yes ☒ No

Are subsequent events mentioned in the notes?

104 ☐ Yes ☒ No

Is re-evaluation of asset information mentioned in the notes?

105 ☐ Yes ☒ No

Is contingent liability mentioned in the notes?

106 ☐ Yes ☒ No

Is information regarding commitments mentioned in the notes?

107 ☐ Yes ☒ No

Does the corporation have investments in joint venture(s) or partnership(s)?

108 ☐ Yes ☒ No

If you answered Yes to the question at line 108, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)?

109 ☐ Yes ☐ No

MPDC – Dutton

Attachment 4
2004 Supporting Documentation

DUTTON HYDRO LIMITED

Financial Statements
Year Ended December 31, 2004
and Auditors' Report to the Shareholder

AUDITORS' REPORT

To the Shareholder of Dutton Hydro Limited:

We have audited the balance sheet of Dutton Hydro Limited as at December 31, 2004 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 Dutton Hydro Limited as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
May 13, 2005

DUTTON HYDRO LIMITED

BALANCE SHEET

DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ -	\$ 48,356
Accounts receivable (Note 3)	102,680	121,404
Unbilled revenue	34,805	35,418
Inventories	15,885	18,486
Prepaid expenses	<u>8,944</u>	<u>6,898</u>
	162,314	230,562
CAPITAL ASSETS (Note 4)	<u>231,710</u>	<u>255,785</u>
	<u>\$ 394,024</u>	<u>\$ 486,347</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Bank indebtedness	\$ 10,552	\$ -
Accounts payable and accrued liabilities	81,079	117,533
Due to shareholder	-	30,000
Current portion of customer deposits	<u>2,000</u>	<u>2,000</u>
	93,631	149,533
CUSTOMER DEPOSITS	<u>10,550</u>	<u>11,424</u>
	<u>104,181</u>	<u>160,957</u>
CONTINGENT LIABILITY (Note 11)		
<u>SHAREHOLDER EQUITY</u>		
SHARE CAPITAL (Note 6)	475,885	475,885
DEFICIT	<u>(186,042)</u>	<u>(150,495)</u>
	<u>289,843</u>	<u>325,390</u>
	<u>\$ 394,024</u>	<u>\$ 486,347</u>

On behalf of the Board:

..... Director

..... Director

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

DUTTON HYDRO LIMITED
STATEMENT OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
DISTRIBUTION REVENUE	\$ 724,240	\$ 628,433
COST OF POWER	<u>612,853</u>	<u>515,224</u>
GROSS MARGIN ON DISTRIBUTION REVENUE	<u>111,387</u>	<u>113,209</u>
EXPENSES		
Plant operations and maintenance	29,535	43,082
Billing and collection	56,404	51,939
Administration	49,223	37,038
Bad debts	1,660	-
Amortization of capital assets	<u>24,538</u>	<u>24,518</u>
Total expenses	<u>161,360</u>	<u>156,577</u>
(LOSS) FROM OPERATIONS	(49,973)	(43,368)
OTHER INCOME (Note 7)	<u>14,426</u>	<u>12,146</u>
(LOSS) FOR THE YEAR	(35,547)	(31,222)
DEFICIT, BEGINNING OF YEAR	<u>(150,495)</u>	<u>(119,273)</u>
DEFICIT, END OF YEAR	<u>\$(186,042)</u>	<u>\$(150,495)</u>

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

DUTTON HYDRO LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
OPERATING ACTIVITIES		
(Loss) for the year	\$(35,547)	\$(31,222)
Items not affecting cash:		
Amortization of capital assets	<u>24,538</u>	<u>24,518</u>
	(11,009)	(6,704)
Changes in non-cash working capital items		
Net increase (reduction) in non-cash working capital items	(16,562)	22,852
Increase (decrease) in customer deposits	<u>(874)</u>	<u>7,372</u>
Cash provided by (used in) operating activities	(28,445)	23,520
INVESTING ACTIVITIES		
Purchase of capital assets	(463)	(5,093)
FINANCING ACTIVITIES		
(Repayment to) advances from shareholder	<u>(30,000)</u>	<u>30,000</u>
NET CASH (OUTFLOW) INFLOW	(58,908)	48,427
CASH POSITION, BEGINNING OF YEAR	<u>48,356</u>	<u>(71)</u>
CASH POSITION, END OF YEAR	<u>\$ (10,552)</u>	<u>\$ 48,356</u>

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

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. BUSINESS OPERATIONS

Dutton Hydro Limited is a wholly owned subsidiary company of the Corporation of the Municipality of Dutton/Dunwich and commenced operations of electrical distribution services to the inhabitants of Dutton, Ontario on November 1, 2000.

The Ontario Energy Board (OEB) is responsible for regulating rates for the transmission and distribution of electricity, charges for repayment of the former Ontario Hydro's previous debt as well as the delivery charges to the consumer from the local distribution company. The OEB does not regulate the market price of the electricity (commodity) purchased.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies.

a) Revenue Recognition

Distribution revenue is recognized on the basis of regular meter readings and estimates of customer usage from the last meter reading to the end of the year.

b) Inventories

Inventories of materials and supplies are valued at the lower of cost and net realizable value.

c) Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated service lives as follows:

Distribution lines, transformers and meters	25 years
Water heaters	10 years
Other equipment	10 years

When a non-grouped capital asset is sold or otherwise disposed of, the related cost and accumulated amortization are removed from the respective accounts and any gain or loss on disposition is recognized in earnings.

Grouped assets are, by their nature, not readily identifiable as individual assets. The related cost and accumulated amortization is therefore removed from the respective accounts at the end of their estimated useful lives regardless of actual service life. Any proceeds on disposition are recognized in earnings in the year of disposition.

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

d) Contributions to capital costs

Contributions toward capital costs are included in capital assets as an offset against the related capital asset accounts and are amortized over their estimated service life.

3. ACCOUNTS RECEIVABLE

	<u>2004</u>	<u>2003</u>
Customer service revenue	\$ 85,620	\$ 86,454
Municipality of Dutton/Dunwich	12,157	29,618
Sundry	<u>6,103</u>	<u>6,532</u>
	103,880	122,604
Less: allowance for doubtful accounts	<u>1,200</u>	<u>1,200</u>
	<u>\$102,680</u>	<u>\$121,404</u>

4. CAPITAL ASSETS

	<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Distribution lines	\$349,975	\$197,685	\$152,290	\$166,911
Transformers	123,329	78,503	44,826	48,276
Meters	65,633	37,735	27,898	29,110
Water heaters	40,614	37,079	3,535	7,473
Other equipment and tools	<u>36,642</u>	<u>33,481</u>	<u>3,161</u>	<u>4,015</u>
	<u>\$616,193</u>	<u>\$384,483</u>	<u>\$231,710</u>	<u>\$255,785</u>

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

5. SHARE CAPITAL

	<u>2004</u>	<u>2003</u>
Authorized:		
Unlimited number of common shares		
Issued:		
5,315,281 common shares	<u>\$475,885</u>	<u>\$475,885</u>

6. OTHER INCOME

	<u>2004</u>	<u>2003</u>
Rentals	\$ 3,752	\$ 3,681
Interest	333	990
Late payment charges	7,134	6,696
Collection fees	422	554
Other	<u>2,785</u>	<u>225</u>
	<u>\$14,426</u>	<u>\$12,146</u>

7. INCOME TAXES

Dutton Hydro Limited is exempt from income taxes under the Income Tax Act (Canada) as a wholly owned subsidiary of the Municipality of Dutton/Dunwich. Effective October 1, 2000 and pursuant to the Electricity Act, 1998 (Ontario), Dutton Hydro Limited is required to make payments-in-lieu of taxes to the Ontario Electricity Financial Corporation. The payments-in-lieu of taxes are approximately equal to federal and provincial corporation income and capital taxes payable if the corporation was a taxable corporation under the Income Tax Act (Canada).

No recognition has been made in the accounts for possible tax reductions in future years resulting from tax losses carried forward in the amount of \$59,250, expiring in 2014.

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

8. RELATED PARTY TRANSACTIONS AND BALANCES

Dutton Hydro Limited, in the normal course of operations, has routine transactions with the Municipality of Dutton/Dunwich. These transactions have been carried out on the same terms as would apply with unrelated parties.

The following table details related party transactions and balances with the Municipality of Dutton/Dunwich for the year ended December 31, 2004:

Sale of electricity to Dutton/Dunwich	\$39,392
Purchase of labour, benefits, materials and services from Dutton/Dunwich	\$64,464
Accounts receivable balance from Dutton/Dunwich at the end of the year	\$12,157

9. FINANCIAL INSTRUMENTS

Management estimates that the fair values of all financial assets and liabilities are not materially different from their carrying values.

10. CONTINGENT LIABILITY

Dutton Hydro Limited has provided a letter of credit in the amount of \$150,000 in favour of Enwin Utilities Ltd. in accordance with a credit support agreement dated September 18, 2002.



Ministry of Finance

2006

CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2003

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

Corporations Tax Act - Ministry of Finance (MOF)

Corporations Information Act - Ministry of Government Services (MGS)

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

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

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

Ministry Use

2004

Corporation's Legal Name (including punctuation) DUTTON HYDRO LIMITED				Ontario Corporations Tax Account No. (MOF) 6966864	
Mailing address 199 MAIN STREET				This Return covers the Taxation Year	
City DUTTON	Province ON	Country CA	Postal code N0L 1J0	Start 2004/01/01	End 2004/12/31
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes				Date of Incorporation or Amalgamation 2000/03/28	
Date of change year month day					
Registered/Head Office Address 199 MAIN STREET				Ontario Corporation No. (MGS) 1390779	
City DUTTON	Province ON	Country CA	Postal code N0L 1J0		
Location of Books and Records 199 MAIN STREET				Canada Revenue Agency Business No. 871493722RC0001	
City DUTTON	Province ON	Country CA	Postal code N0L 1J0		
Name of person to contact regarding this CT23 Return KEN LOVELAND		Telephone No. (519) 762-2204	Fax No. (519) 762-2278	Jurisdiction Incorporated ONTARIO	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MGS)				If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:	
City	Province	Country	Postal code	Commenced	
Former Corporation Name (Extra-Provincial Corporations only) <input type="checkbox"/> Not Applicable (MGS)				Ceased	
				<input checked="" type="checkbox"/> Not Applicable	
Information on Directors/Officers/Administrators must be completed on MGS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MGS). ▶				Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français	
No. of Schedule(s) 0				Ministry Use	
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MGS, please check <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MGS). ▶ <input type="checkbox"/> No Change					

Certification (MGS)

I certify that all information set out in the **Annual Return** is true, correct and complete.Name of Authorized Person
KEN LOVELANDTitle: ☐ Director ☐ Officer ☐ Other individual having knowledge of the Corporation's business activitiesNote: Sections 13 and 14 of the *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Taxation Year End

**Exempt From Filing (EFF)
Corporations Tax Return Declaration**

Page 2 of 20

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 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) had provided its Canada Revenue Agency business number to the Ministry of Finance; 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, ministry 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. (MGS)**3. Canada 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 | | Yes | No | |
|-------------------------------------|--------------------------|---|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (a) The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year.
(nearest whole percentage)
Indicate Share Capital with full voting rights owned by Canadian Residents 100 % | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (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. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (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) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (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). |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (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**CT23 Page 3 of 20****Identification continued (for CT23 filers only)**

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

Type of Corporation

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

☐ 2 Other Private

☐ 3 Public

☐ 4 Non-share Capital

☐ 5 Other (specify)

Share Capital with full voting rights (nearest percent)
owned by Canadian Residents. 100 %

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 Hydro successor, Municipal Electrical Utility or subsidiary of either

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

☐ 21 Insurance Exchange s.74.4

☐ 22 Farm Feeder Finance Co-operative Corporation

☐ 23 Professional Corporation (incorporated professionals only)

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

☐ Amended Return

☐ Taxation year end change - Canada Revenue Agency approval required

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

☐ Final taxation year before amalgamation

☐ The corporation has a floating fiscal year end

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

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

If checked, date control was acquired _____

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

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

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

Yes No

☐ ☒ Was the corporation inactive throughout the taxation year?

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

Are you requesting a refund due to:

☐ ☒ the Carry-back of a Loss?

☐ ☒ an Overpayment?

☐ ☒ a Specified Refundable Tax Credit?

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

Complete if applicable

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

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

Specify major business activity

Income Tax**CT23 Page 4 of 20**

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±	(11,009)
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-	
	From 715	inclusion
Net capital losses (page 16) X rate 50.000000 % =	714 -	
Farm losses	From 724 -	
Restricted farm losses	From 734 -	
Limited partnership losses	From 754 -	
Taxable income (Non-capital loss)	10 =	(11,009)

Addition to taxable income for unused foreign tax deduction for federal purposes

11 +

Adjusted taxable income 10 + 11 (if 10 is negative, enter 11)

20 =

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

	Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days	
From 10 (or 20) X30 100.0000 % X 12.5 % X 33	73	366	= 29+
Ontario Allocation	Days after Dec. 31, 2003	Total Days	
From 10 (or 20) X30 100.0000 % X 14.0 % X 34	366	73	= 32+
Ontario Allocation			

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

40 =

Incentive Deduction for Small Business Corporations (IDSBC)(s.41)*If this section is not completed, the IDSBC will be denied.*

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

* Income from active business carried on in Canada

for federal purposes (fed.s.125(1)(a))

50

Federal taxable income, less adjustment

for foreign tax credit (fed.s.125(1)(b))

51 +

Add: Losses of other years deducted

for federal purposes (fed.s.111)

52 +

Subtract: Losses of other years

deducted for Ontario purposes (s.34)

53 -

=

54

Federal Business limit (line 410 of the T2 return) for the year before application of fed.s.125(5.1)

55 +

250,000

Ontario Business Limit CalculationDays after Dec. 31, 2002
and before Jan. 1, 2004

320,000 X 31 ÷ ** 366 =+ 46

Days after Dec. 31, 2003

400,000 X 34 366 ÷ ** 366 =+ 47 400,000

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

Business limit

for Ontario purposes 46 + 47

= 44

400,000

X 48

100.0000 % =

45

400,000

Income eligible for the IDSBC

From 30

100.0000 % X

56

60 =

***Ontario Allocation

Least of 50, 54 or 45

* **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	366	= 89 +	
	8.5 % X 34	366 ÷ 73	366	= 90 +	8.5000
IDSBC Rate for Taxation Year	89 + 90			78 =	8.5000
Claim	From 60	X From 78	8.5000 %	70 =	

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

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

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

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

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

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

Taxable income of associated corporations (*Attach schedule*) 82 +

Aggregate Taxable Income 85 =

Number of days in Taxation Year

	Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days			
320,000 X 31	÷ 73	366	= 115 +		
400,000 X 34	366 ÷ 73	366	= 116 +	400,000	
		115 + 116	=	400,000	▶
				114 -	400,000
				86 =	

(If negative, enter nil)

Number of Days in Taxation Year

Days after Dec. 31, 2002

Total Days

Calculation of Specified Rate for Surtax	4.667% X 38	366 ÷ 73	366	= 97 +	4.6670
From 86	X From 97	4.6670 %	=	87 =	
From 87	X From 60	÷ From 114	400,000	88 =	

Surtax: Lesser of 70 or 88 100 =

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

continued on Page 6

Income Tax *continued from Page 5***CT23 Page 6 of 20****Additional Deduction for Credit Unions (s.51(4))** *(Attach schedule 17)***110** **Manufacturing and Processing Profits Credit (M&P) (s.43)****Applies** to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

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

The whole of the active business income qualifies as Eligible Canadian Profits if: **a)** your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing, is 20% or less of the total active business income and **b)** the total active business income is \$250,000 or less.**Eligible Canadian Profits** **120** + Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From **56** -

Add: Adjustment for Surtax on Canadian-controlled private corporations

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

*Ontario Allocation

Lesser of **56** or **121** **122** + **120 - 56 + 122** **130** = **Taxable income** From **10** + (11,009)Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From **56** - Add: Adjustments for Surtax on Canadian-controlled private corporations From **122** + Subtract: Taxable income **10** X Allocation % to jurisdictions outside Canada **140** - Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses **141** - **10 - 56 + 122 - 140 - 141** **142** = **Claim****Number of Days in Taxation Year**Days after Dec. 31, 2002
and before Jan. 1, 2004

Total Days

143 X From **30** 100.0000 % X 1.5% X **33** ÷ **73** 366 = **154** +

Lesser of 130 or 142

*Ontario Allocation

Days after Dec. 31, 2003

Total Days

143 X From **30** 100.0000 % X 2.0% X **34** 366 ÷ **73** 366 = **156** +

Lesser of 130 or 142

*Ontario Allocation

M&P claim for taxation year **154 + 156** **160** = ***Note:** Ontario Allocation for M&P Credit purposes may differ from **30** if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1))**Manufacturing and Processing Profits Credit for Electrical Generating Corporations** **161** = **Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity** **162** = **Credit for Foreign Taxes Paid (s.40)****Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R) *(Attach schedule)* **170** = **Credit for Investment in Small Business Development Corporations (SBDC)****Applies** if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former *Small Business Development Corporations Act*)Eligible Credit **175** Credit Claimed **180** = **Subtotal of Income Tax** **40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180** **190** = *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. **204** Name of ProductionEligible Credit from **5850** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* **193** +**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies* to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005. **194** No. of Graduates From **6596**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)***Applies* to employment of eligible apprentices.Eligible Credit from **5898** CT23 Schedule 114 *(Attach Schedule 114)* **202** No. of Apprentices From **5896** **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** =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)**CT23 Page 8 of 20**

Total Assets of the corporation	240 +	441,382	
Total Revenue of the corporation			241 + 738,666

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 =	441,382	
Aggregate Total Revenue			250 = 738,666

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	X	From 30	100.0000 % X 4%	276 =
				Ontario Allocation	
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)					277 -
Subtract: Income Tax				From 190 -	
Net CMT Payable (if negative, enter Nil on page 17.)					280 =

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

If **280** is less than zero and you have a CMT credit carryover, 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
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Application of CMT Credit Carryovers

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

Transfer to Page 17

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

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

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

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

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

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

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

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital. Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	350 +	475,885
Retained earnings (if deficit, deduct) (Int.B. 3012R)	351 ±	(138,684)
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352 +	
Loans and advances (Attach schedule)(Int.B. 3013R)	353 +	
Bank loans (Int.B. 3013R)	354 +	
Bankers acceptances (Int.B. 3013R)	355 +	
Bonds and debentures payable (Int.B. 3013R)	356 +	
Mortgages payable (Int.B. 3013R)	357 +	
Lien notes payable (Int.B. 3013R)	358 +	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	359 +	
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	360 +	
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	361 +	
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	362 +	
Subtotal	370 =	337,201
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	371 -	
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	372 -	
Total Paid-up Capital	380 =	337,201
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 <i>Corporations Tax Act</i> , 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 =	337,201

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

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

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

continued on Page 10

Capital Tax *continued from Page 9***CT23 Page 10 of 20****Total Assets** (Int.B. 3015R)

Total Assets per balance sheet	420 +	441,382
Mortgages or other liabilities deducted from assets	421 +	
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	422 +	
Subtract: Investment in partnership(s)/joint venture(s)	423 -	
Total Assets as adjusted	430 =	441,382
Amounts in 360 and 361 (if deducted from assets)	440 +	
Subtract: Amounts in 371, 372 and 381	441 -	
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (specify on an attached schedule)	443 ±	
Total Assets	450 =	441,382

Investment Allowance $(410 \div 450) \times 390$ **Not to exceed 410** 460 =**Taxable Capital** 390 - 460

470 = 337,201

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

Gross Revenue of the corporation	738,666	
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue (<i>Attach schedule</i>)		
Aggregate of Gross Revenue	738,666	480 = 738,666
Total Assets (as adjusted)	From 430	441,382

Calculation of Capital Tax for all Corporations except Financial Institutions**Note:** This version (2006) of the CT23 may only be used for a taxation year that commenced after December 31, 2003.*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 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 before Jan. 1, 2005	Total Days		
5,000,000	X 35	366 ÷	73	366	= 500 + 5,000,000
		Days after Dec. 31, 2004 and before Jan. 1, 2006	Total Days		
7,500,000	X 36	÷	73	366	= 501 +
		Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days		
10,000,000	X 37	÷	73	366	= 502 +
Taxable Capital Deduction (TCD) 500 + 501 + 502					503 = 5,000,000

SECTION CThis 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		Days in taxation year	
- From 503			
= 471	x From 30	x 0.3000 % x 555	= 523 +
	Ontario Allocation	365 (366 if leap year)	Transfer to 543 on page 12
		If floating taxation year, refer to Guide.	and complete the return from that point

continued on Page 11

Capital Tax Calculation *continued from Page 10***CT23 Page 11 of 20****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** +

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** =

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** _____ ÷ From **540** _____ X From **503** _____ **541** = _____
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

+ From	470		
-	542		
=	471	x From 30	
		Ontario Allocation	
		% x <u>0.3000</u> % x 555	Days in the taxation year = 523 +
		* 365 (366 if leap year)	Total Capital Tax for the taxation year
			Transfer to 543 and complete the return from that point

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Capital Tax continued from Page 12

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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 0.6000 % x From **30** % x **555** \div *365 = **569** +
 Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1 Ontario Allocation (366 if leap year)

570 x **571** x From **30** % x **555** \div *365 = **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 (366 if leap year)

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

* If floating taxation year, refer to Guide.

2. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments **585** =

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? ☒ 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± (11,009)
Transfer to Page 15

Add:

Federal capital cost allowance	601 +
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

Days after Dec. 31, 2002 and before Jan. 1, 2004 Total Days
 612 _____ X 5/12.5 X 33 _____ ÷ 73 366 = 633 +

Days after Dec. 31, 2003 Total Days
 612 _____ X 5/14.0 X 34 366 ÷ 73 366 = 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 = 640

Transfer to Page 15**Deduct:**

Ontario capital cost allowance (excludes amounts deducted under 675)	650 +
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

Transfer to Page 15

continued on Page 15

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

continued from Page 14

Net income (loss) for federal income tax purposes, per federal Schedule 1	From 600 ±	(11,009)
Total of Additions on page 14	From 640 =	

Sub Total of deductions on page 14	From 681 =	
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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 Gross-up of CCA

662	x 100/ 30	100.0000	- From 662	663 =	
Ontario Allocation					

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	666 =	
Ontario Allocation					

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	668 =	
Ontario Allocation					

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	671 =	
Ontario Allocation					

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	673 =	
Ontario Allocation					

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	=	680
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Net income (loss) for Ontario Purposes 600 + 640 - 680	690 =	(11,009)
		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) 48,241	710 (2)	720 (2)	730	740	750
Add:	701	711	721	731	741	751
Current year's losses (7)	11,009					
Losses from predecessor corporations (3)	702	712	722	732		752
	703	713	723	733	743	753
Subtotal	11,009					
Subtract:	704 (2)	715 (2)(4)	724 (2)	734 (2)(4)	744 (4)	754 (4)
Utilized during the year to reduce taxable income	705		725	735	745	
Expired during the year						
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) 59,250	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	821	831	841	854	874
805 4th preceeding taxation year 2000/12/31	822	832	842	855	875
806 3rd preceeding taxation year 2001/12/31	823 12,868	833	843	856	876
807 2nd preceeding taxation year 2002/12/31	824 28,669	834	844	857	877
808 1st preceeding taxation year 2003/12/31	825 6,704	835	845	858	878
809 Current taxation year 2004/12/31	826 11,009	836	846	859	879
Total	829 59,250	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:
 - the first day of the taxation year after the loss year,
 - the day on which the corporation's return for the loss year is delivered to the Minister, or
 - 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 11,009	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	911	921	931	941
i) 3rd preceding 901 2001/12/31				
ii) 2nd preceding 902 2002/12/31				
iii) 1st preceding 903 2003/12/31				
Total loss to be carried back	From 706	From 716	From 726	From 736
Balance of loss available for carry-forward	919 11,009	929	939	949

Summary

Income Tax	From 230 or 320 +
Corporate Minimum Tax	From 280 +
Capital Tax	From 550 +
Premium Tax	From 590 +
Total Tax Payable	950 =
Subtract: Payments	960 -
Capital Gains Refund (s.48)	965 -
Qualifying Environmental Trust Tax Credit (Refer to Guide)	985 -
Specified Tax Credits (Refer to Guide)	955 -
Balance	970 =
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 KEN LOVELAND		
Title SECRETARY		
Full Residence Address 199 MAIN STREET		
City DUTTON		
Province ON	Country CA	Postal Code N0L 1J0
Signature		Date 2011/10/05

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

OS4
Schedule 4

Ontario loss continuity

Part 1 - Non-capital loss

Determination of current-year non-capital loss

Net income (loss) for Ontario tax purposes		(11,009)
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter a positive amount)		
Taxable dividends deductible under ITA sections 112, 113 or subsection 138(6)		
Amount of Part VI.1 tax deductible		
	Subtotal - if positive, enter "0"	(11,009)
Deduct: (increase a loss)		
ITA Section 110.5 and/or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions		
Add: (decrease a loss)	Subtotal	(11,009)
Current-year farm loss		
Current-year non-capital loss (if positive, enter "0")		(11,009)

Continuity of non-capital losses and request for a carryback

Non-capital loss at end of preceding taxation year	48,241	
Deduct: Non-capital loss expired	-	
Non-capital losses at beginning of taxation year	= 48,241	48,241
Add: Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation		+
Current-year non-capital loss (from calculation above)	11,009	
Deduct - Request to carry back non-capital loss to:		
First preceding taxation year to reduce taxable income		
Second preceding taxation year to reduce taxable income		
Third preceding taxation year to reduce taxable income		
Current-year non-capital loss net of carryback	11,009	+ 11,009
	Subtotal	= 59,250
Deduct:		
Amount applied against taxable income (enter on line 704 of the CT23)		
Section 80 - adjustments for forgiven amounts		
Other adjustments		
Non-capital losses - Closing balance		= 59,250

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

				Gross amount
Capital losses at end of preceding taxation year				+
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation				+
Current-year capital loss				=
			Subtotal	
Add:				
Allowable business investment loss expired as a non-capital loss		X 4/3		+
			Subtotal	=
Deduct:				
Amount applied against current year capital gain				-
Section 80 adjustments for forgiven amounts				-
Other adjustments				-
			Subtotal	=
Deduct - Request to carry back capital loss to:				
	Loss applied	Inclusion rate	Total	
First preceding taxation year		÷ 50.0000 %	=	
Second preceding taxation year		÷ 50.0000 %	=	
Third preceding taxation year		÷ 50.0000 %	=	
			Subtotal	-
Capital losses - Closing balance				=

OS4
Schedule 4

Ontario loss continuity

Part 3 - Farm loss

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year	_____	
Deduct: Farm loss expired after 10 taxation years	- _____	
Farm losses at beginning of taxation year	= _____	
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation		+ _____
Current-year farm loss	_____	
Deduct - Request to carry back farm loss to:		
First preceding taxation year to reduce taxable income	_____	
Second preceding taxation year to reduce taxable income	_____	
Third preceding taxation year to reduce taxable income	_____	
Subtotal	_____	
Current-year farm loss net of carryback		+ _____
	Subtotal	= _____
Deduct:		
Amount applied against taxable income (enter on line 724 of the CT23)	_____	
Section 80 - Adjustments for forgiven amounts	_____	
Other adjustments	_____	
		- _____
Farm losses - Closing balance		= _____

Part 4 - Restricted farm loss

Current-year restricted farm loss

Total losses for the year from farming business	_____	A
Minus the deductible farm loss:		
\$2,500 plus B or C, whichever is less	_____	
(Amount A above - \$2,500) divided by 2	B _____	
Maximum	C 6,250	
Deductible farm loss		- _____
Current-year restricted farm loss		= _____

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year	_____	
Deduct: Restricted farm loss expired after 10 taxation years	- _____	
Restricted farm losses at beginning of taxation year	= _____	
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation		+ _____
Current-year restricted farm loss	_____	
Deduct - Request to carry back restricted farm loss to:		
First preceding taxation year to reduce farming income	_____	
Second preceding taxation year to reduce farming income	_____	
Third preceding taxation year to reduce farming income	_____	
Current-year restricted farm loss net of carryback		+ _____
Deduct:		
Amount applied against taxable income (enter on line 734 of the CT23)	_____	
Section 80 - Adjustments for forgiven amounts	_____	
Other adjustments	_____	
		- _____
Restricted farm losses - Closing balance		= _____

ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name DUTTON HYDRO LIMITED	Ontario Corporations Tax Account No. (MOF) 6966864	Taxation Year End 2004/12/31
---	--	--

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	302,754	463			303,217	232	302,985	4				303,217
6	19,530				19,530		19,530	10				19,530
8	4,297				4,297		4,297	20				4,297
10	2,125				2,125		2,125	30				2,125
Totals	328,706	463				232	328,937					329,169

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.

**Ministry of Finance**

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

Authorizing or Cancelling a Representative**Complete this form to:**

- **authorize** the release of confidential information about the Corporations Tax, Mining Tax or Electricity Act account(s) to the representative named below.
- **cancel** an existing authorization.

Part 1 Client Information

Legal name

DUTTON HYDRO LIMITED

Phone number

(519) 762-2204

This authorization applies to the following statute(s) and account number(s).☒ Corporations Tax Act

6966864

☐ Mining Tax Act☐ Electricity Act

Mailing address

Apt./Suite/Unit no. Street number and name / PO Box, RR

199 MAIN STREET

City

Province/Territory

Postal code

DUTTON

ON

N0L 1J0

Part 2 Authorize the release of information to a representative

Name of representative (If a firm, name of firm.)

Raven & Shaw

Phone number

(519) 631-8250

Fax number

(519) 631-8919

Mailing address

Apt./Suite/Unit no. Street number and name / PO Box, RR

204-460 Wellington St.

City

Province/Territory

Postal code

St. Thomas

ON

N5R 6H9

If your representative is a firm, and you want a specific person in the firm to represent you, state their name and title.

If you do not identify a specific individual in the firm, you are authorizing the Ministry of Finance to deal with anyone from that firm.

Title

Part 3 Authorization scope and applicable years☒ Representative to **deal fully** on your behalf with the Ministry of Finance.☒ Representative to act for **all years**, including all previous and future years.**or**☐ Representative to **deal in a limited manner** on your behalf, for matters specified here.
(e.g., account inquiry, applications, annual returns, payments, etc.) ▼☐ Representative to act for **specific year or years** (describe). ▼**Part 4 Cancel the release of information to a representative**

Name of representative (If a firm, name of firm.)

Last

First

If your representative is an individual within a firm, state their name and title.

Name of person in firm

Title

Last

First

Part 5 Signature This form will not be accepted unless it is completed fully, signed and dated.

I authorize the Ministry of Finance to:

- release confidential information about the tax accounts specified in Part 1 and to deal with the representative named in Part 2 in the manner described in Part 3; and/or
- cancel an existing authorization as described in Part 4.

Name

Last

LOVELAND

First

KEN

Title / Relationship to Corporation Phone number

SECRETARY

(519) 762-2204

Signature

Date

2011/10/05



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

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

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

055 Do not use this area

Identification**Business number (BN)**

001 87149 3722 RC 0001

Corporation's name

002 DUTTON HYDRO LIMITED

2004

Has the corporation changed its name since the last time we were notified?

003 ☐ Yes ☒ No

If Yes, do you have a copy of the articles of amendment?

004 ☐ Yes ☐ No**Address of head office**

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

010 ☐ Yes ☒ No

(If Yes, complete lines 011 to 018)

011 199 MAIN STREET

012

City Province, territory, or state

015 DUTTON

016 ON

Country (other than Canada) Postal code/Zip code

017 018 N0L 1J0

To which tax year does this return apply?

From 060 2004/01/01 to 061 2004/12/31

Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year?

063 ☐ Yes ☒ No

If Yes, provide the date control was acquired

065

Is the corporation a professional corporation that is a member of a partnership?067 ☐ Yes ☒ No**Mailing address (if different from head office address)**

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

020 ☐ Yes ☒ No

(If Yes, complete lines 021 to 028)

021 c/o

022 199 MAIN STREET

023

City Province, territory, or state

025 DUTTON

026 ON

Country (other than Canada) Postal code/Zip code

027 028 N0L 1J0

Is this the first year of filing after:

Incorporation?

070 ☐ Yes ☒ No

Amalgamation?

071 ☐ Yes ☒ No

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

Has there been a wind-up of a subsidiary under section 88 during the current tax year?If Yes, complete and attach Schedule 24 072 ☐ Yes ☒ No**Is this the final tax year before amalgamation?**076 ☐ Yes ☒ No**Is this the final return up to dissolution?**078 ☐ Yes ☒ No**Is the corporation a resident of Canada?**080 ☒ Yes ☐ No

If No, give the country of residence on line 081 and complete and attach Schedule 97.

081

Is the non-resident corporation claiming an exemption under an income tax treaty?082 ☐ Yes ☒ No

If Yes, complete and attach Schedule 91.

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

- 085 1 ☐ Exempt under paragraph 149(1)(e) or (l)
2 ☐ Exempt under paragraph 149(1)(j)
3 ☐ Exempt under paragraph 149(1)(t)
4 ☒ Exempt under other paragraphs of section 149

Do not use this area

091	092	093	094	095	096
100					

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

	Yes	Schedule
Is the corporation related to any other corporations?	150 <input type="checkbox"/>	9
Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160 <input type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input type="checkbox"/>	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 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	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 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	----
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	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 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input type="checkbox"/>	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 <input type="checkbox"/>	36
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	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 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	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 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

* We do not print this schedule.

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

Additional information

Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter Yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if Yes was entered at line 281.)	282		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input type="checkbox"/>
Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284	ELECTRICITY DISTRIBUTION	285 100.000 %
	286		287 %
	288		289 %
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	(11,009) A
Deduct: Charitable donations from Schedule 2	311	
Gifts to Canada, a province, or a territory from Schedule 2	312	
Cultural gifts from Schedule 2	313	
Ecological gifts from Schedule 2	314	
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	
Part VI.1 tax deduction from Schedule 43 *	325	
Non-capital losses of preceding tax years from Schedule 4	331	
Net capital losses of preceding tax years from Schedule 4	332	
Restricted farm losses of preceding tax years from Schedule 4	333	
Farm losses of preceding tax years from Schedule 4	334	
Limited partnership losses of preceding tax years from Schedule 4	335	
Taxable capital gains or taxable dividends allocated from a central credit union	340	
Prospector's and grubstaker's shares	350	
Subtotal		B
Subtotal (amount A minus amount B) (if negative, enter "0")		C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355	D
Taxable income (amount C plus amount D)	360	0
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 tax year**Income from active business carried on in Canada from Schedule 7 400 ATaxable 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 B**Calculation of the business limit:**

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

\$250,000 x Number of days in the tax year in 2004 366 = 250,000 1
Number of days in the tax year 366\$300,000 x Number of days in the tax year in 2005 366 = 2 2
and in 2006
Number of days in the tax year\$400,000 x Number of days in the tax year after 2006 366 = 3 3
Number of days in the tax year 366Add amounts at lines 1, 2, and 3 250,000 4Business limit (see notes 1 and 2 below) 410 250,000 C**Notes:** 1. For CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate the amount from line 4 by the number of days in the tax year divided by 365, and enter the result on line 410.

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

Business limit reduction:Amount C 250,000 X 415 D 11,250 = 11,250 EReduced business limit (amount C minus amount E) (if negative, enter "0") 425 250,000 F**Small business deduction** – 16% of whichever amount is the least: A, B, C, or F 430 0 G

(enter amount G on line 9 of page 7)

Accelerated tax reduction

(For tax years ending before January 1, 2006)

Canadian-controlled private corporations throughout the taxation year that claimed the small business deductionReduced business limit (amount from line 425) x = aNet active business income (amount from line 400)* bTaxable 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) dAmount c minus amount d (if negative, enter "0") eAmount a, b, or e above, whichever is less fAmount Z from Part 9 of Schedule 27 x 100 / 7 = gAmount QQ from Part 13 of Schedule 27 hTaxable resource income from line 435 on page 5 iAmount used to calculate the credit union deduction (amount e in Part 3 of Schedule 17) jAmount on line 400, 405, 410 or 425 of the small business deduction, whichever is less kTotal of amounts g, h, i, j, and k lAmount 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	_____ x 1% =		I
	Number of days in the taxation year	366		
Amount H _____ x	Number of days in the taxation year in 2004	_____ x 2% =		J
	Number of days in the taxation year	366		
Amount H _____ x	Number of days in the taxation year in 2005	_____ x 3% =		K
	Number of days in the taxation year	366		
Amount H _____ x	Number of days in the taxation year in 2006	_____ x 5% =		L
	Number of days in the taxation year	366		
Amount H _____ x	Number of days in the taxation year after 2006	_____ x 7% =		M
	Number of days in the taxation year	366		
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 tax year**

Taxable income from line 360 page 3		A
Amount Z from Part 9 of Schedule 27 _____ x 100 / 7 =	B	
Amount QQ from Part 13 of Schedule 27 _____	C	
Taxable resource income from line 435 above _____	D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) _____	E	
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least _____	F	
Aggregate investment income from line 440 of page 6 _____	G	
Amount used to calculate the accelerated tax reduction (amount m of page 4) _____		
Subtotal	H	
Amount A minus amount H (if negative, enter "0")	I	
General tax reduction for Canadian-controlled private corporations - Amount x 7%	J	
(Enter amount J 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; and for tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the full tax rate of 38% (eg. deposit insurance company).

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	
General tax reduction - Amount S x 7%	T	
(enter amount T on line 639 of page 7)		

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the tax year**Aggregate investment income 440 X 26 2/3 % = A

(Amount O from Part 1 of Schedule 7)

Foreign non-business income tax credit from line 632 on page 7 **Deduct:**Foreign investment income 445 X 9 1/3 % = (Amount L from Part 2 of Schedule 7) (if negative, enter "0") BAmount A **minus** amount B (if negative, enter "0") CTaxable income from line 360 on page 3 **Deduct:**Amount on line 400, 405, 410, or 425 on page 4,
whichever is the least Foreign non-business income tax credit
from line 632 of page 7 x 25/9 = Foreign business income tax credit from
line 636 of page 7 x 3 = X 26 2/3% = DPart I tax payable minus investment tax credit refund
(line 700 minus line 780 on page 8) **Deduct:** Corporate surtax from line 600 of page 7 Net amount E**Refundable portion of Part I tax** – Amount C, D, or E, whichever is the least 450 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 tax 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 tax year** - Amount G **plus** amount H 485 0**Dividend refund****Private and subject corporations at the time taxable dividends were paid in the tax year**Taxable dividends paid in the tax year from line 460 on page 2 of
Schedule 3 X 1/3 IRefundable dividend tax on hand at the end of the tax year from line 485 above

J

Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 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 0 A**Corporate surtax calculation**Base amount from line A above 1**Deduct:**10% of taxable income (line 360 or amount Z, whichever applies) from page 3 2Investment corporation deduction from line 620 below 3Federal logging tax credit from line 640 below 4Federal qualifying environment trust tax credit from line 648 below 5

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

28% of taxable income from line 360 on page 3 a28% of taxed capital gains b 6Part I tax otherwise payable c(line A **plus** line C and D **minus** line F)Total of lines 2 to 6 7Net amount (line 1 minus line 7) 8**Corporate surtax** - 4% of the amount on line 8 600 BRecapture of investment tax credit from line III in Part 24 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 tax year)Aggregate investment income from line 440 on page 6 i

Taxable income from line 360 on page 3

Deduct:Amount on line 400, 405, 410, or 425 of page 4,
whichever is the leastNet amount ii**Refundable tax on CCPC's investment income** - 6 2/3% of whichever is less: amount i or ii 604 DSubtotal (add lines A, B, C, and D) E**Deduct:**Small business deduction from line 430 on page 4 9Federal tax abatement 608Manufacturing and processing profits deduction from amount BB or amount RR
of Schedule 27 616Investment corporation deduction 620

(taxed capital gains 624)

Additional deduction - credit unions from Schedule 17 628Federal foreign non-business income tax credit from Schedule 21 632Federal foreign business income tax credit from Schedule 21 636Accelerated tax reduction from amount n of page 4 637Resource deduction from line 438 of page 5 10General tax reduction for CCPCs from amount J on page 5 638General tax reduction from amount T on page 5 639Federal logging tax credit from Schedule 21 640Federal political contribution tax credit 644Federal political contributions 646Federal qualifying environmental trust tax credit 648Investment tax credit from Schedule 31 652Apprenticeship Job Creation Tax Credit (Applicable for salaries and wages
paid to qualifying apprentices on or after May 2, 2006)Subtotal F**Part I tax payable** - Line E **minus** line F (enter amount G on line 700 of page 8) 0 G

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700
Part I.3 tax payable from Schedule 33, 34, or 35	704
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 0

Add provincial and territorial tax:Provincial or territorial jurisdiction **750 ON**
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)Net provincial or territorial tax payable (except Quebec, Ontario and Alberta) **760**Provincial tax on large corporations (New Brunswick and Nova Scotia) **765**Total tax payable **770** 0 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
Tax instalments paid	840

Total credits **890** BRefund Code **894** Overpayment

Balance (line A minus line B) 0 I

Direct Deposit Request

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

☐ Start ☐ Change information **910** Branch number

914 Institution number **918** Account number
If the result is negative, you have an **overpayment**.If the result is positive, you have a **balance unpaid**.

Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of \$2 or less.

Balance unpaid

Enclosed payment **898**

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

896 1 Yes ☐ 2 No ☒ NA ☐**Certification**
950 LOVELAND Surname **951** KEN First name **954** SECRETARY Position, office or rank

955 2011/10/05 Date **956** (519) 762-2204 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 Revenue
AgencyAgence 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	(35,547)
Add:				
Amortization of tangible assets	104	24,538		
	Total of fields 101 to 199 500	24,538	▶	24,538
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)				(11,009)

**CORPORATION LOSS CONTINUITY AND APPLICATION**

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a tax year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- In accordance with subsection 111(4) of the Income Tax Act when control has been acquired no amount of capital loss for a tax year ending (TYE) before that time is deductible in computing taxable income in a TYE after that time AND no amount of capital loss incurred in a TYE after that time is deductible in computing taxable income of a TYE before that time.
- When control has been acquired, subsection 111(5) provides similar treatment of non-capital and farm losses except as listed in paragraphs 111(5)(a) & (b).
- For information on these losses, see the *T2 Corporation - Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.

Part 1 – Non-capital losses**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes		(11,009)
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter as a positive amount)		
Taxable dividends deductible under sections 112, 113 or subsection 138(6)		
Amount of Part VI.1 tax deductible		
Amount deductible as prospector's and grubstaker's shares - Paragraph 110(1)(d.2)		
	Subtotal (if positive, enter "0")	(11,009)
Deduct: (increase a loss)		
Section 110.5 and/or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions		
Add: (decrease a loss)	Subtotal	(11,009)
Current-year farm loss		
Current-year non-capital loss (if positive, enter "0")		(11,009)

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding tax year		48,241	
Deduct: Non-capital loss expired *	100		
Non-capital losses at beginning of tax year	102	48,241	
Add: Non-capital losses transferred on an amalgamation or the windup of a subsidiary corporation	105		
Current-year non-capital loss (from calculation above)	110	11,009	59,250
Deduct:			
Other adjustments (include adjustments for an acquisition of control)	150		
Section 80 - Adjustments for forgiven amounts	140		
Deduct:			
Amount applied against taxable income (enter on line 331 of the T2 return)	130		
Amount applied against taxable dividends subject to Part IV tax	135		
	Subtotal		59,250
Deduct - Request to carry back non-capital loss to:			
First preceding tax year to reduce taxable income	901		
Second preceding tax year to reduce taxable income	902		
Third preceding tax year to reduce taxable income	903		
First preceding tax year to reduce taxable dividends subject to Part IV tax	911		
Second preceding tax year to reduce taxable dividends subject to Part IV tax	912		
Third preceding tax year to reduce taxable dividends subject to Part IV tax	913		
Non-capital losses - Closing balance		180	59,250

* A non-capital loss expires as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004; or
- After 10 tax years if it arose in a tax year ending after March 22, 2004 and ending before 2006; or
- After 20 tax years if it arose in a tax year ending in 2006 and later.

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator	190 <input type="checkbox"/> Yes
Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding tax year.	

Corporation loss continuity and application**Part 2 – Capital losses****Continuity of capital losses and request for a carryback**

Capital losses at end of preceding tax year	200	
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205	
Deduct:		
Other adjustments (includes adjustments for an acquisition of control)	250	
Section 80 - Adjustments for forgiven amounts	240	
		Subtotal
Add:		
Current-year capital loss (from Schedule 6 calculation)	210	
Non capital losses from a preceding tax year* that expired this year		A
Allowable business investment losses (ABIL) incurred in the same preceding tax year* referred to at line A		B
Enter amount from line A or B, whichever is less	215	
Allowable business investment loss expired as a non-capital loss	* 4 / 3	220
		Subtotal
Note: If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the allowable business investment loss expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total at line 220 above.		
Deduct: Amount applied against current-year capital gain (see Note 1)	225	
		Subtotal
Deduct - Request to carry back capital loss to: (see Note 2)		
First preceding tax year	951	
Second preceding tax year	952	
Third preceding tax year	953	
Capital losses - Closing balance	280	

Note 1

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

Note 2

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

* Losses from a preceding tax year to be entered at line A and line B are the following:

- If the loss was incurred in a tax year ending before March 23, 2004 enter the loss from the 8th preceding tax year, which has expired this year
- If the loss was incurred in a tax year ending after March 22, 2004 and before 2006, enter the loss from the 11th preceding tax year which has expired this year,
- If the loss was incurred in a tax year ending in 2006 and later, enter the loss from the 21th preceding tax year which has expired this year

** The inclusion rate is the one that you used to calculate your ABIL referred to at line B. Therefore, use one of the following inclusion rates, whichever applies:

- For ABIL's incurred in 1999 and preceding tax years, use 0.75
- For ABIL's incurred in 2000 and 2001 tax years, the inclusion rate is equal to amount M on schedule 6 - version T2SCH6(01)
- For ABIL's incurred in 2002 and later tax years, use 0.5

Corporation loss continuity and application**Part 3 – Farm losses****Continuity of farm losses and request for a carryback**

Farm losses at end of preceding tax year

Deduct: Farm loss expired after 10 tax years **300**Farm losses at beginning of tax year **302****Add:** Farm losses transferred on an amalgamation or the windup of a subsidiary corporation **305**Current-year farm loss **310****Deduct:**Other adjustments (includes adjustments for an acquisition of control) **350**Section 80 - Adjustments for forgiven amounts **340**Amount applied against taxable income (enter on line 334 of T2 return) **330**Amount applied against taxable dividends subject to Part IV tax **335****Deduct - Request to carry back farm loss to:**First preceding tax year to reduce taxable income **921**Second preceding tax year to reduce taxable income **922**Third preceding tax year to reduce taxable income **923**First preceding tax year to reduce taxable dividends subject to Part IV tax **931**Second preceding tax year to reduce taxable dividends subject to Part IV tax **932**Third preceding tax year to reduce taxable dividends subject to Part IV tax **933****Farm losses - Closing balance****380****Part 4 – Restricted farm losses****Current-year restricted farm loss**Total losses for the year from farming business **485** **C****Minus** the deductible farm loss:

\$2,500 plus D or E, whichever is less

(Amount C above – \$2,500) divided by 2 **D****6,250 E****Current-year restricted farm loss** (amount C minus amount F)(enter this amount on line 410) **F****Continuity of restricted farm losses and request for a carryback**

Restricted farm losses at end of preceding tax year

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

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

Corporation loss continuity and application**Part 5 – Listed personal property losses****Continuity of listed personal property loss and request for a carryback**

Listed personal property losses at end of preceding tax year

Deduct: Listed personal property losses expired after seven tax years **500**Listed personal property losses at beginning of tax year **502****Add:** Current-year listed personal property loss (from Schedule 6) **510**

Subtotal

Deduct:Amount applied against listed personal property gain
(enter on line 655 of Schedule 6)**530**

Other adjustments

550**Deduct – Request to carry back listed personal property loss to:**First preceding tax year to reduce listed personal property gains **961**Second preceding tax year to reduce listed personal property gains **962**Third preceding tax year to reduce listed personal property gains **963****Listed personal property losses - Closing balance****580****Part 6 – Analysis of balance of losses by year of origin**

Year of origin	Non-capital losses *	Farm losses	Restricted farm losses	Listed personal property losses
2000/12/31				
2001/12/31	12,868			
2002/12/31	28,669			
2003/12/31	6,704			
2004/12/31	11,009			
Total	59,250			

* A non-capital loss expires as follows:

- After **7** tax year if it arose in a tax year ending before March 23, 2004;
- After **10** tax year if it arose in a tax year ending after March 22, 2004 and ending before 2006; or
- After **20** tax year if it arose in a tax year ending in 2006 and later

Corporation loss continuity and application**Part 7 – Limited partnership losses**

Current-year limited partnership losses						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at risk amount	Corp's share of partnership ITC, farming losses and resource expenses	Column 4 - 5 If negative, enter "0"	Current-year limited partnership losses Column 3 - 6
600	602	604	606	608		620
Total (enter this amount on line 222 of Schedule 1)						

Limited partnership losses from prior tax years that may applied in the current year						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at end of preceding tax year	Corporation's at risk amount	Corp's share of partnership ITC, business or property losses, and resource expenses	Column 4 - 5 if negative, enter "0"	Limited partnership losses that may be applied in the year The lesser of columns 3 and 6
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future tax years					
Partnership identifier	Losses at end of preceding tax year	Losses transferred on an amalgamation or the windup of a subsidiary	Current year limited partnership losses (from column 620)	Limited partnership losses applied (cannot exceed column 650)	Limited partnership losses closing balance (662+664+670-675)
660	662	664	670	675	680
Total (enter this amount on line 335 of the T2 return)					



Canada Revenue
Agency

Agence 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 212	9 Rate % 213	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	302,754	463			232	302,985	4				303,217
6	19,530					19,530	10				19,530
8	4,297					4,297	20				4,297
10	2,125					2,125	30				2,125
Totals	328,706	463			232	328,937					329,169

**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)	Business Number (If a corporation is not registered, enter "NR") *	Social Insurance Number *	Trust Number (If a trust number is not available, enter "NA") *	Percentage common shares	Percentage preferred shares
100	200	300	350	400	500
Municipality of Dutton/Dunwich	87078 6936 RC 0001			100.000	
	RC				

* For a taxation year commencing before January 1, 2004, if the shareholder is a trust, enter NR at field 200 or NA at field 300. Do not enter a trust number in field 350.



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

BALANCE SHEET INFORMATION**Schedule 100**

Assets	Code	Current year	Prior year
Cash and deposits	1000		48,356
Accounts Receivable	1060	137,485	156,822
Inventories	1120	15,885	18,486
Prepaid expenses	1484	8,944	6,898
Other machinery and equipment	1785	538,937	538,474
Accumulated amortization of other machinery and equipment	1786	(313,923)	(294,177)
Other tangible capital assets	1900	77,256	77,256
Accumulated amortization of other tangible capital assets	1901	(70,560)	(65,768)
Other deferred items / charges	2424	47,358	47,358
Total assets	2599	441,382	533,705

Liabilities	Code	Current year	Prior year
Bank overdraft	2600	10,552	
Amounts payable and accrued liabilities	2620	81,079	117,533
Deposits received	2961	12,550	13,424
Due to individual shareholder(s)	3261		30,000
Total liabilities	3499	104,181	160,957

Equity	Code	Current year	Prior year
Common shares	3500	475,885	475,885
Retained earnings / deficit	3600	(138,684)	(103,137)
Total equity	3620	337,201	372,748
Total liabilities and equity	3640	441,382	533,705

Retained earnings	Code	Current year	Prior year
Retained earnings/deficit-start	3660	(103,137)	(71,915)
Net income / loss	3680	(35,547)	(31,222)
Total retained earnings	3849	(138,684)	(103,137)

**INCOME STATEMENT INFORMATION****Schedule 125****Details**

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

Revenue	Code	Current year	Prior year
Trade sales of goods and services	8000	724,240	628,433
Total sales of goods and services	8089	724,240	628,433
Other revenue	8230	14,426	12,146
Total revenue	8299	738,666	640,579

Cost of sales	Code	Current year	Prior year
Opening inventory	8300		
Other direct costs	8450	612,853	515,224
Cost of sales	8518	612,853	515,224
Gross profit / loss (item 8089 - item 8518)	8519	111,387	113,209

Operating expenses	Code	Current year	Prior year
Bad debt expense	8590	1,660	
Amortization of tangible assets	8670	24,538	24,518
Collection and credit costs	8717	56,404	51,939
Repairs and maintenance	8960	29,535	43,082
General and administrative expenses	9284	49,223	37,038
Total operating expenses	9367	161,360	156,577
Total expenses	9368	774,213	671,801
Net non-farming income	9369	(35,547)	(31,222)

Farming revenue	Code	Current year	Prior year
Grains and oilseeds	9370		
Total farm revenue	9659		

Farming expenses	Code	Current year	Prior year
Crop expenses	9660		
Total farm expenses	9898		
Net farm income	9899		
Net income / loss before taxes and extraordinary items	9970	(35,547)	(31,222)

Summary

Complete this section if only one Schedule 125 is filed, Schedule 140 is used to summarize the information from multiple Schedules 125.

Extraordinary items	9975	-	
Legal settlements	9976	-	
Unrealized gains / losses	9980	+	
Unusual items	9985	-	
Current income taxes	9990	-	
Future income tax provision	9995	-	
Net income / loss after taxes and extraordinary items	9999	= (35,547)	= (31,222)

**NOTES CHECKLIST****Schedule 141**

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

Part 1 – Accounting practitioner informationDoes the accounting practitioner have a professional designation? **095** ☒ Yes ☐ NoIs the accounting practitioner connected* with the corporation? **097** ☐ Yes ☒ No

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

Note

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

Part 2 – Type of involvementChoose the option that represents the highest level of involvement of the accounting practitioner: **198**Completed an auditor's report **1** ☐Completed a review engagement report **2** ☐Conducted a compilation engagement **3** ☒**Part 3 – Reservations**If you selected option "1" or "2" under **Type of involvement** above, answer the following question:Has the accounting practitioner expressed a reservation? **099** ☐ Yes ☐ No**Part 4 – Other information**Were notes to the financial statements prepared? **101** ☒ Yes ☐ No

If Yes, complete lines 102 to 107 below:

Are any values presented at other than cost? **102** ☐ Yes ☒ NoHas there been a change in accounting policies since the last return? **103** ☐ Yes ☒ NoAre subsequent events mentioned in the notes? **104** ☐ Yes ☒ NoIs re-evaluation of asset information mentioned in the notes? **105** ☐ Yes ☒ NoIs contingent liability mentioned in the notes? **106** ☐ Yes ☒ NoIs information regarding commitments mentioned in the notes? **107** ☐ Yes ☒ NoDoes the corporation have investments in joint venture(s) or partnership(s)? **108** ☐ Yes ☒ No

If Yes, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? **109** ☐ Yes ☐ No

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MPDC – Dutton

Attachment 5
2005 Supporting Documentation

DUTTON HYDRO LIMITED
FINANCIAL STATEMENTS
PREPARED FOR INCOME TAX PURPOSES
YEAR ENDED DECEMBER 31, 2005

NOTICE TO READER

We have compiled the balance sheet of Dutton Hydro Limited as at December 31, 2005 and the statements of operations and deficit for the year then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Accordingly, readers are cautioned that these statements may not be appropriate for their purposes.

RAVEN & SHAW LLP
Chartered Accountants

St. Thomas, Ontario
June 7, 2006

DUTTON HYDRO LIMITED

BALANCE SHEET

DECEMBER 31, 2004

(unaudited - see Notice to Reader)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Accounts receivable	\$ 76,362	\$ 107,380
Unbilled revenue	52,435	34,805
Inventories	15,776	15,885
Prepaid expenses	9,102	8,944
Other current assets	<u>47,358</u>	<u>47,358</u>
	201,033	214,372
CAPITAL ASSETS (Note 1)	<u>212,775</u>	<u>231,710</u>
	<u>\$ 413,808</u>	<u>\$ 446,082</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Bank indebtedness	\$ 8,504	\$ 10,552
Accounts payable and accrued liabilities	84,976	85,779
Due to shareholder	30,000	-
Current portion of customer deposits	<u>4,000</u>	<u>2,000</u>
	127,480	98,331
CUSTOMER DEPOSITS	<u>3,920</u>	<u>10,550</u>
	<u>131,400</u>	<u>108,881</u>
<u>SHAREHOLDER EQUITY</u>		
SHARE CAPITAL (Note 2)	475,885	475,885
DEFICIT	<u>(193,477)</u>	<u>(138,684)</u>
	<u>282,408</u>	<u>337,201</u>
	<u>\$ 413,808</u>	<u>\$ 446,082</u>

DUTTON HYDRO LIMITED

STATEMENT OF OPERATIONS AND DEFICIT

YEAR ENDED DECEMBER 31, 2005

(unaudited - see Notice to Reader)

	<u>2005</u>	<u>2004</u>
SERVICE REVENUE		
Distribution revenue	\$ 820,048	\$ 724,240
Other	<u>12,131</u>	<u>14,426</u>
Total service revenue	832,179	738,666
COST OF POWER		
Power purchased	<u>704,678</u>	<u>612,853</u>
GROSS MARGIN ON SERVICE REVENUE	<u>127,501</u>	<u>125,813</u>
EXPENSES		
Plant operations and maintenance	53,040	29,535
Billing and collection	52,889	56,404
Administration	53,651	49,223
Bad debts	574	1,660
Amortization of capital assets	<u>22,140</u>	<u>24,538</u>
Total expenses	<u>182,294</u>	<u>161,360</u>
(LOSS) FOR THE YEAR	(54,793)	(35,547)
(DEFICIT), BEGINNING OF YEAR	<u>(138,684)</u>	<u>(103,137)</u>
(DEFICIT), END OF YEAR	<u>\$(193,477)</u>	<u>\$(138,684)</u>

DUTTON HYDRO LIMITED

STATEMENT OF CASH FLOWS

DECEMBER 31, 2005

(unaudited - see Notice to Reader)

	<u>2005</u>	<u>2004</u>
OPERATING ACTIVITIES		
(Loss) for the year	\$(54,793)	\$(35,547)
Item not affecting cash:		
Amortization of capital assets	<u>22,140</u>	<u>24,538</u>
	(32,653)	(11,009)
Net changes in non-cash working capital items		
Net increase (reduction) in non-cash working capital items	12,536	(16,562)
(Decrease) in customer deposits	<u>(4,630)</u>	<u>(874)</u>
Cash (used in) provided by operating activities	(24,747)	(28,445)
INVESTING ACTIVITIES		
Purchase of capital assets	(3,205)	(463)
FINANCING ACTIVITIES		
Advances from (repayment to) shareholder	<u>30,000</u>	<u>(30,000)</u>
NET CASH INFLOW (OUTFLOW)	2,048	(58,908)
CASH POSITION, BEGINNING OF YEAR	<u>(10,552)</u>	<u>48,356</u>
CASH POSITION, END OF YEAR	<u>\$ (8,504)</u>	<u>\$(10,552)</u>

DUTTON HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(unaudited - see Notice to Reader)

1. CAPITAL ASSETS

	<u>2005</u>		<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Distribution lines	\$352,795	\$212,414	\$140,381
Transformers	123,329	81,953	41,376
Meters	65,633	39,409	26,224
Water heaters	40,614	38,495	2,119
Other equipment and tools	<u>37,027</u>	<u>34,352</u>	<u>2,675</u>
	<u>\$619,398</u>	<u>\$406,623</u>	<u>\$212,775</u>
			<u>\$231,710</u>

2. SHARE CAPITAL

	<u>2005</u>	<u>2004</u>
Authorized:		
Unlimited number of common shares		
Issued:		
5,315,281 common shares	<u>\$475,885</u>	<u>\$485,885</u>



Ministry of Finance
Ministry of Revenue

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

2007

CT23 Corporations Tax and
Annual Return

For taxation years commencing
after December 31, 2004

Corporations Tax Act - Ministry of Finance (MOF)

Corporations Information Act - Ministry of Government Services (MGS)

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

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

MGS Annual Return Required? (Not required if already filed or
Annual Return exempt. Refer to Guide)

☐ Yes

☒ No

Page 1 of 20

Corporation's Legal Name (including punctuation) DUTTON HYDRO LIMITED				Ontario Corporations Tax Account No. (MOF) 1800244	
Mailing address 199 MAIN STREET				This Return covers the Taxation Year	
City DUTTON		Province ON	Country CA	Postal code N0L 1J0	Start 2005/01/01
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes				Date of Change	End 2005/12/31
Registered/Head Office Address 199 MAIN STREET				Date of Incorporation or Amalgamation 2000/03/28	
City DUTTON		Province ON	Country CA	Postal code N0L 1J0	Ontario Corporation No. (MGS) 1390779
Location of Books and Records 199 MAIN STREET				Canada Revenue Agency Business No. 871493722RC0001	
Name of person to contact regarding this CT23 Return KEN LOVELAND		Telephone No. (519) 762-2204	Fax No. (519) 762-2278	Jurisdiction Incorporated ONTARIO	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MGS)				If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:	
City		Province	Country	Postal code	Commenced
Former Corporation Name (Extra-Provincial Corporations only) <input type="checkbox"/> Not Applicable (MGS)				Ceased	
Information on Directors/Officers/Administrators must be completed on MGS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MGS). ▶				No. of Schedule(s) 0	Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MGS, please check <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MGS). ▶ <input checked="" type="checkbox"/> No Change				Ministry Use 	

Certification (MGS)

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

Name of Authorized Person

KEN LOVELAND

Title ☐ Director ☐ Officer ☐ Other individuals having knowledge of the Corporation's business activities

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

Taxation Year End



Exempt From Filing (EFF) Corporations Tax Return Declaration

Page 2 of 20

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 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 Revenue Agency business number to the Ministry of Revenue; 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 revenue exceeds \$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 ministry 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. (MGS)3. Canada 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 Corporations Tax Return. To obtain a copy, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.

Yes No

☒ ☐

- (a) The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year.

(nearest whole
percentage)

Indicate Share Capital with full voting rights owned by Canadian Residents 100 %

☒ ☐

- (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.)

☒ ☐

- (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.

Yes No

☒ ☐

- (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.

☒ ☐

- (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).

☒ ☐

- (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 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**CT23 Page 3 of 20****Identification continued (for CT23 filers only)**

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

Type of Corporation

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

2 ☐ Other Private

3 ☐ Public

4 ☐ Non-share Capital

5 ☐ Other (specify)

Share Capital with full voting rights (nearest percent)
owned by Canadian Residents 100 %

- 2** ☐ Family Farm corporation s.1(2)
- ☐ Family Fishing corporation s.1(2)
- ☐ Mortgage Investment corporation s.47
- ☐ Credit Union s.51
- ☐ Bank Mortgage subsidiary s.61(4)
- ☐ Bank s.1(2)
- ☐ Loan and Trust corporation s.61(4)
- ☐ Non-resident corporation s.2(2)(a) or (b)
- ☐ Non-resident corporation s.2(2)(c)
- ☐ Mutual Fund corporation s.48
- ☐ Non-resident owned investment corporation s.49
- ☐ Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
- ☐ Bare Trustee corporation
- ☐ Branch of Non-resident s.63(1)
- ☐ Financial institution prescribed by Regulation only
- ☐ Investment Dealer
- ☐ Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- ☒ Hydro successor, municipal electrical utility or subsidiary of either
- ☐ Producer and seller of steam for uses other than for the generation of electricity
- ☐ Insurance Exchange s.74.4
- ☐ Farm Feeder Finance Co-operative corporation
- ☐ Professional corporation (incorporated professionals only)

- ☐ This is the first year filing after incorporation or an amalgamation (If checked, attach Ontario Schedule 24.)
- ☐ Amended Return
- ☐ Taxation year end change - Canada Revenue Agency approval required
- ☐ Final taxation year up to dissolution (Note: for discontinued businesses, see guide.)
- ☐ Final taxation year before amalgamation
- ☐ The corporation has a floating fiscal year end
- ☐ There has been a transfer or receipt of asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- ☐ There was an acquisition of control to which subsection 249(4) of the federal *Income Tax Act* (ITA) applies since the previous taxation year
- If checked, date control was acquired _____
- ☐ The corporation was involved in a transaction where all or substantially all (90% or more) of the assets of a non-arm's length corporation were received in the taxation year and subsection 85(1) or 85(2) of the federal ITA applied to the transaction (If checked, attach Ontario Schedule 44.)
- ☐ First year filing of a parent corporation after winding-up a subsidiary corporation(s) under section 88 of the federal ITA during the taxation year. (If checked, attach Ontario Schedule 24.)
- ☐ Section 83.1 of the CTA applies (redirection of payments for certain electricity corporations)

Yes No

- ☐ ☒ Was the corporation inactive throughout the taxation year?
- ☒ ☐ Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?
- Are you requesting a refund due to:
- ☐ ☒ the Carry-back of a Loss?
- ☐ ☒ an Overpayment?
- ☐ ☒ a Specified Refundable Tax Credit?
- ☒ ☐ Are you a Member of a Partnership or Joint Venture?

Complete if applicable

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

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

Specify major business activity

Income Tax**CT23 Page 4 of 20**

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±	(32,653)
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 -	
	From 715 inclusion	
Net capital losses (page 16) X rate 50.000000 % =	714 -	
Farm losses	From 724 -	
Restricted farm losses	From 734 -	
Limited partnership losses	From 754 -	
Taxable income (Non-capital loss)	10 =	(32,653)

Addition to taxable income for unused foreign tax deduction for federal purposes

11 +

Adjusted taxable income 10 + 11 (if 10 is negative, enter 11)**20 =****Taxable Income****Number of days in Taxation Year**

		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
From 10 (or 20)	X30	100.0000	% X 12.5% X 33	÷ 73	365 = 29+
		Ontario Allocation	Days after Dec. 31, 2003	Total Days	
From 10 (or 20)	X30	100.0000	% X 14.0% X 34	÷ 73	365 = 32+
		Ontario Allocation			

Income Tax Payable (before deduction of tax credits) 29 + 32**40 =****Incentive Deduction for Small Business Corporations (IDSBC) (s.41)***If this section is not completed, the IDSBC will be denied.*

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

* Income from active business carried on in Canada

for federal purposes (fed.s.125(1)(a))

50

Federal taxable income, less adjustment

for foreign tax credit (fed.s.125(1)(b))

51 +

Add: Losses of other years deducted

for federal purposes (fed.s.111)

52 +

Subtract: Losses of other years

deducted for Ontario purposes (s.34)

53 -

=

▶ 54

Federal Business limit (line 410 of the T2 return) for the year

before the application of fed.s.125(5.1)

55 +

300,000

Ontario Business Limit Calculation

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

320,000 X 31 ÷ ** 365 =+ 46

Days after Dec. 31, 2003

400,000 X 34 365 ÷ ** 365 =+ 47 400,000

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

Business limit

for Ontario purposes 46 + 47

= 44

400,000 X 48

100.0000 % =

45

400,000

Income eligible for the IDSBC

From 30 100.0000 % X 56

60 =

***Ontario Allocation

Least of 50, 54 or 45

* **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 +	
	8.5% X 34	÷ 73		365 = 90 +	8.5000
IDSBC Rate for Taxation Year	89 + 90			78 =	8.5000
Claim	From 60	X From 78	8.5000 %	70 =	

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

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

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

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

* Taxable Income of the corporation	From 10 (or 20 if applicable)	80 +	
If you are a member of an associated group (✓) 81 <input type="checkbox"/> (Yes)			
Name of associated corporation (Canadian & foreign)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Taxable Income (if loss, enter nil)
			+ 82
			+ 83
			+ 84

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

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 =

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	X From 97	4.6670 % =	87 =
From 87	X From 60	÷ From 114	400,000 88 =

Surtax Lesser of 70 or 88 100 =

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

continued on Page 6

Income Tax *continued from Page 5*

CT23 Page 6 of 20

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

110

Manufacturing and Processing Profits Credit (M&P) (s.43)**Applies** to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

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

The whole of the active business income qualifies as Eligible Canadian Profits if: **a)** your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing is 20% or less of the total active business income and **b)** the total active business income is \$250,000 or less.**Eligible Canadian Profits** 120 +

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

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 ÷ From 30 100.0000 % ÷ From 78 8.5000 % = 121

*Ontario Allocation

Lesser of 56 or 121 122 +

120 - 56 + 122 130 =

Taxable income From 10 + (32,653)

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

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

Subtract: Taxable income 10 X Allocation % to jurisdictions outside Canada 140 -

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

10 - 56 + 122 - 140 - 141 142 =

Claim**Number of Days in Taxation Year**Days after Dec. 31, 2002
and before Jan. 1, 2004

Total Days

143 X From 30 100.0000 % X 1.5% X 33 ÷ 73 365 = 154 +

Lesser of 130 or 142

*Ontario Allocation

Days after Dec. 31, 2003

Total Days

143 X From 30 100.0000 % X 2.0% X 34 ÷ 73 365 = 156 +

Lesser of 130 or 142

*Ontario Allocation

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

***Note:** Ontario Allocation for M&P Credit purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1))**Manufacturing and Processing Profits Credit for Electrical Generating Corporations** 161 =**Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity**

162 =

Credit for Foreign Taxes Paid (s.40)**Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule) 170**Credit for Investment in Small Business Development Corporations (SBDC)****Applies** if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former *Small Business Development Corporations Act*)

Eligible Credit 175 Credit Claimed 180

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 190 =*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. **204** Name of ProductionEligible Credit from **5850** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* 193 +**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies* to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005. **194** No. of Graduates From **6596**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)***Applies* to employment of eligible apprentices.Eligible Credit from **5898** CT23 Schedule 114 *(Attach Schedule 114)* **202** No. of Apprentices From **5896** 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 =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)**CT23 Page 8 of 20**

Total Assets of the corporation	240 +	413,808	
Total Revenue of the corporation	241 +	832,179	

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)

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

Aggregate Total Assets **240** + **243** + **245** + **247**, etc.

249 = 413,808

Aggregate Total Revenue **241** + **244** + **246** + **248**, etc.

250 = 832,179

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	X	From 30	100.0000 % X 4%	276 =
	If negative, enter zero		Ontario Allocation	
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)				277 -
Subtract: Income Tax			From 190 -	
Net CMT Payable (if negative, enter Nil on page 17.)				280 =

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

If **280** is less than zero and you have a CMT credit carryover, 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
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Application of CMT Credit Carryovers

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

Transfer to Page 17

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

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

Capital Tax (Refer to Guide and Int.B. 3011R)**CT23 Page 9 of 20**

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	350 +	475,885
Retained earnings (if deficit, deduct) (Int.B. 3012R)	351 ±	(193,477)
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352 +	
Loans and advances (Attach schedule) (Int.B. 3013R)	353 +	
Bank loans (Int.B. 3013R)	354 +	
Bankers acceptances (Int.B. 3013R)	355 +	
Bonds and debentures payable (Int.B. 3013R)	356 +	
Mortgages payable (Int.B. 3013R)	357 +	
Lien notes payable (Int.B. 3013R)	358 +	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	359 +	
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	360 +	
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	361 +	
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	362 +	
Subtotal	370 =	282,408
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	371 -	
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	372 -	
Total Paid-up Capital	380 =	282,408
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	381 -	
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the <i>Corporations Tax Act</i> , 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 =	282,408

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

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

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

continued on Page 10

Capital Tax *continued from Page 9*

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Total Assets (Int.B. 3015R)

Total Assets per balance sheet	420 +	413,808
Mortgages or other liabilities deducted from assets	421 +	
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	422 +	
Subtract: Investment in partnership(s)/joint venture(s)	423 -	
Total Assets as adjusted	430 =	413,808
Amounts in 360 and 361 (if deducted from assets)	440 +	
Subtract: Amounts in 371, 372 and 381	441 -	
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (specify on an attached schedule)	443 ±	
Total Assets	450 =	413,808

Investment Allowance $(410 \div 450) \times 390$ **Not to exceed 410** 460 =**Taxable Capital** 390 - 460

470 = 282,408

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

Gross Revenue of the corporation	832,179	
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue (<i>Attach schedule</i>)		
Aggregate of Gross Revenue	832,179	480 832,179
Total Assets (as adjusted)	From 430	413,808

Calculation of Capital Tax for all Corporations except Financial Institutions**Note:** This version (2007) of the CT23 may only be used for a taxation year that commenced after December 31, 2004.*Financial Institutions use calculations on page 13.*

- Important:** If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.
- OR If the corporation is **not** a member of an associated group and/or partnership, complete Section B below, then review only the Capital Tax calculations in Section C on page 11, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.
- OR If the corporation **is** a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

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

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

SECTION B**B1.** Calculation of Taxable Capital Deduction (TCD)**Number of Days in Taxation Year**

	Days after Dec. 31, 2004 and before Jan. 1, 2006	Total Days	
7,500,000 X 36	365 ÷ 73	365	= 501 + 7,500,000
	Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days	
10,000,000 X 37	÷ 73	365	= 502 +
	Days after Dec. 31, 2006 and before Jan. 1, 2008	Total Days	
12,500,000 X 38	÷ 73	365	= 504 +
	Days after Dec. 31, 2007	Total Days	
15,000,000 X 39	÷ 73	365	= 505 +
Taxable Capital Deduction (TCD)	501 + 502 + 504 + 505	503 =	7,500,000

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

Calculation of Capital Tax Rate

	Days before Jan. 1, 2007	Total Days	
0.3 % X 556	365 ÷ 73	365	= 511 0.3000 %
	Days after Dec. 31, 2006 and before Jan. 1, 2009	Total Days	
0.285 % X 557	÷ 73	365	= 512 %
Capital Tax Rate	511 + 512	= 516	0.3000 %

continued on Page 11

Capital Tax Calculation *continued from Page 10*

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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					Days in taxation year	
- From 503						
= 471		x From 30		% x From 516	0.3000 % x	555
		Ontario Allocation		Capital Tax Rate		365 (366 if leap year)
						If floating taxation year, refer to Guide.
						= 523 +
						Transfer to 543 on page 12 and complete the return from that point

SECTION D

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

D1. ☒ **509** (✓ 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.

D2. Calculation is on next page

continued on Page 12

Capital Tax *continued from Page 12***CT23 Page 13 of 20****Calculation of Capital Tax for Financial Institutions****1.1 Credit Unions Only**For taxation years commencing **after May 4, 1999** enter NIL in **550** on page 12, and complete the return from that point.**1.2 Other than Credit Unions***(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)*

565		x 567	0.6000 %	x From 30	% x 555	Days in taxation year	= 569 +
Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1							
		Capital Tax Rate(1)		Ontario Allocation		*365 (366 if leap year)	
<i>(Refer to Guide)</i>							

570		x 571	%	x From 30	% x 555	Days in taxation year	= 574 +
Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount							
		Capital Tax Rate(2)		Ontario Allocation		*365 (366 if leap year)	
<i>(Refer to Guide)</i>							

Capital Tax for Financial Institutions - other than Credit Unions (before Section 2)	569 + 574	575 =
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* If floating taxation year, refer to Guide.

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

Allowable Credit for Eligible Investments	585 =
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Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? ☒ Yes ☐ No

Capital Tax - Financial Institutions	575 - 585	586 =
		<i>Transfer to 543 on Page 12</i>

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

(1) Uninsured Benefits Arrangements	587	x 2%	588 =
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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	589 =
Premium Tax	588 - 589

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 ±** (32,653)
Transfer to Page 15**Add:**

Federal capital cost allowance	601 +
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

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

Days after Dec. 31, 2003 Total Days
612 X 5/14.0 X **34** 365 ÷ **73** 365 = **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	= 640

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	650 +
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

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 ±	(32,653)
Total of Additions on page 14	From 640 =	

Sub Total of deductions on page 14	From 681 =	
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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 Gross-up of CCA From

662 x 100/ 30 100.0000 - From 662 663 =

Ontario Allocation

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	666 =
Ontario Allocation				

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	668 =
Ontario Allocation				

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	671 =
Ontario Allocation				

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	673 =
Ontario Allocation				

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	=	680
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Net income (loss) for Ontario Purposes 600 + 640 - 680	690 =	(32,653)
		Transfer to Page 4

Continuity of Losses Carried Forward**CT23 Page 16 of 20**

	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) 59,250	710 (2)	720 (2)	730	740	750
Add:	701	711	721	731	741	751
Current year's losses (7)	32,653					
Losses from predecessor corporations (3)	702	712	722	732		752
	703	713	723	733	743	753
Subtotal	32,653					
Subtract:	704 (2)	715 (2)(4)	724 (2)	734 (2)(4)	744 (4)	754 (4)
Utilized during the year to reduce taxable income	705		725	735	745	
Expired during the year						
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) 91,903	719	729	739	749	759

Analysis of Balance at End of Year 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 preceding taxation year	817 (9)	860 (9)		850	870
801 8th preceding taxation year	818 (9)	861 (9)		851	871
802 7th preceding taxation year	819 (9)	862 (9)		852	872
803 6th preceding taxation year	820	830	840	853	873
804 5th preceding taxation year	821	831	841	854	874
2000/12/31					
805 4th preceding taxation year	822	832	842	855	875
2001/12/31	12,868				
806 3rd preceding taxation year	823	833	843	856	876
2002/12/31	28,669				
807 2nd preceding taxation year	824	834	844	857	877
2003/12/31	6,704				
808 1st preceding taxation year	825	835	845	858	878
2004/12/31	11,009				
809 Current taxation year	826	836	846	859	879
2005/12/31	32,653				
Total	829	839	849	869	889
	91,903				

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in **709** must equal total of **829 + 839**.
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

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

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

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Ministry of Finance**.

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
 - the first day of the taxation year after the loss year,
 - the day on which the corporation's return for the loss year is delivered to the Minister, or
 - 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 32,653	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.				
Predecessor Corporation's Tax Account No. (MOF)	Taxation Year Ending			
i) 3rd preceding 901	2002/12/31	911	921	931
ii) 2nd preceding 902	2003/12/31	912	922	932
iii) 1st preceding 903	2004/12/31	913	923	933
Total loss to be carried back	From 706	From 716	From 726	From 736
Balance of loss available for carry-forward	919 32,653	929	939	949

Summary

Income Tax	From 230 or 320	+
Corporate Minimum Tax	From 280	+
Capital Tax	From 550	+
Premium Tax	From 590	+
Total Tax Payable	950	=
Subtract: Payments	960	-
Capital Gains Refund (s.48)	965	-
Qualifying Environmental Trust Tax Credit (Refer to Guide)	985	-
Specified Tax Credits (Refer to Guide)	955	-
Balance	970	=
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 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		
KEN LOVELAND		
Title		
SECRETARY		
Full Residence Address		
199 MAIN STREET		
City		
DUTTON		
Province	Country	Postal Code
ON	CA	N0L 1J0
Signature		Date
		2011/10/05

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

OS4
Schedule 4

Ontario loss continuity

Part 1 - Non-capital loss

Determination of current-year non-capital loss

Net income (loss) for Ontario tax purposes		(32,653)
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter a positive amount)		
Taxable dividends deductible under ITA sections 112, 113 or subsection 138(6)		
Amount of Part VI.1 tax deductible		
	Subtotal - if positive, enter "0"	(32,653)
Deduct: (increase a loss)		
ITA Section 110.5 and/or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions		
	Subtotal	(32,653)
Add: (decrease a loss) Current-year farm loss		
Current-year non-capital loss (if positive, enter "0")		(32,653)

Continuity of non-capital losses and request for a carryback

Non-capital loss at end of preceding taxation year	59,250	
Deduct: Non-capital loss expired	-	
Non-capital losses at beginning of taxation year	= 59,250	
Add: Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation	+	
Current-year non-capital loss (from calculation above)	32,653	91,903
Deduct:		
Amount applied against taxable income (enter on line 704 of the CT23)		
Section 80 - adjustments for forgiven amounts		
Other adjustments		
	Subtotal	91,903
Deduct - Request to carry back non-capital loss to:		
First preceding taxation year to reduce taxable income		
Second preceding taxation year to reduce taxable income		
Third preceding taxation year to reduce taxable income		-
Non-capital losses - Closing balance		= 91,903

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

			Gross amount
Capital losses at end of preceding taxation year			
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation			
Deduct:			
Other adjustments			
Section 80 adjustments for forgiven amounts			
	Subtotal	=	
Add:			
Current-year capital loss		+	
Allowable business investment loss expired as a non-capital loss	/	+	
	Subtotal	=	
Deduct:			
Amount applied against current year capital gain		-	
	Subtotal	=	
Deduct - Request to carry back capital loss to:			
	Loss applied	Inclusion rate	Total
First preceding taxation year	÷ 50.0000 %	=	
Second preceding taxation year	÷ 50.0000 %	=	
Third preceding taxation year	÷ 50.0000 %	=	
	Subtotal	=	
Capital losses - Closing balance		=	

OS4
Schedule 4

Ontario loss continuity

Part 3 - Farm loss

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year			
Deduct: Farm loss expired after 10 taxation years	-		
Farm losses at beginning of taxation year	=		
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation	+		
Current-year farm loss	+		
Deduct:			
Amount applied against taxable income (enter on line 724 of the CT23)			
Section 80 - Adjustments for forgiven amounts			
Other adjustments			
	-		
Deduct - Request to carry back farm loss to:			
First preceding taxation year to reduce taxable income			
Second preceding taxation year to reduce taxable income			
Third preceding taxation year to reduce taxable income			
	-		
Farm losses - Closing balance	=		

Part 4 - Restricted farm loss

Current-year restricted farm loss

Total losses for the year from farming business				A
Minus the deductible farm loss:				
\$2,500 plus B or C, whichever is less				
(Amount A above - \$2,500) divided by 2	B			
Maximum	C	6,250		
Deductible farm loss				
Current-year restricted farm loss				

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year			
Deduct: Restricted farm loss expired after 10 taxation years	-		
Restricted farm losses at beginning of taxation year	=		
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation	+		
Current-year restricted farm loss			
Deduct:			
Amount applied against taxable income (enter on line 734 of the CT23)			
Section 80 - Adjustments for forgiven amounts			
Other adjustments			
	-		
Deduct - Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income			
Second preceding taxation year to reduce farming income			
Third preceding taxation year to reduce farming income			
	-		
Restricted farm losses - Closing balance	=		

OS4
Schedule 4

Ontario loss continuity

Part 5 - Listed personal property loss

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year	
Deduct: Listed personal property losses expired after seven taxation years	
Listed personal property losses at beginning of taxation year	
Current-year listed personal property loss	
	Subtotal
Deduct:	
Amount applied against listed personal property gain	
Other adjustments	
Deduct – Request to carry back listed personal property loss to:	
First preceding taxation year to reduce listed personal property gains	
Second preceding taxation year to reduce listed personal property gains	
Third preceding taxation year to reduce listed personal property gains	
Limited personal property losses - Closing balance	

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

Year of origin	Non-capital losses *	Farm losses	Restricted farm losses	Listed personal property losses
2000/12/31				
2001/12/31	12,868			
2002/12/31	28,669			
2003/12/31	6,704			
2004/12/31	11,009			
2005/12/31	32,653			
Total	91,903			

* The carryforward period for non-capital losses arising in a taxation year ending after March 22, 2004, is changed from 7 to 10 taxation years.

Part 7 - Continuity of limited partnership losses

Partnership identifier	Losses at end of preceding taxation year	Losses transferred from amalgamation or windup of subsidiary	Current-year limited partnership loss	Limited partnership losses applied	Limited partnership losses closing balance
Total (enter this amount on line 754 of the CT23)					

**Ministry of Finance**

Corporations Tax
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 DUTTON HYDRO LIMITED	Ontario Corporations Tax Account No. (MOF) 1800244	Taxation Year End 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	303,217	2,820			306,037	1,410	304,627	4				306,037
6	19,530				19,530		19,530	10				19,530
8	4,297	385			4,682	193	4,489	20				4,682
10	2,125				2,125		2,125	30				2,125
Totals												

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.



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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's tax year.

For more information see www.cra.gc.ca or the T2 Corporation – Income Tax Guide (T4012).

055 Do not use this area

Identification

Business number (BN) 001 87149 3722 RC 0001

Corporation's name
002 DUTTON HYDRO LIMITED

2005

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

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

(Do Not Submit)

Address of head office

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

(If yes, complete lines 011 to 018)

011 199 MAIN STREET

012

City Province, territory, or state

015 DUTTON

016 ON

Country (other than Canada) Postal code/Zip code

017 018 N0L 1J0

To which tax year does this return apply?

From 060 2005/01/01 to 061 2005/12/31

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

If yes, provide the date control was acquired 065

Is the date on line 061 a deemed tax year-end in accordance with subsection 249(3.1)?

066 ☐ Yes ☐ No

Mailing address (if different from head office address)

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

(If yes, complete lines 021 to 028)

021 c/o

022 199 MAIN STREET

023

City Province, territory, or state

025 DUTTON

026 ON

Country (other than Canada) Postal code/Zip code

027 028 N0L 1J0

Is the corporation a professional corporation that is a member of a partnership? 067 ☐ Yes ☒ No

Is this the first year of filing after:

Incorporation? 070 ☐ Yes ☒ No

Amalgamation? 071 ☐ Yes ☒ No

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

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

If yes, complete and attach Schedule 24.

Location of books and records

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

(If yes, complete lines 031 to 038)

031 199 MAIN STREET

032

City Province, territory, or state

035 DUTTON

036 ON

Country (other than Canada) Postal code/Zip code

037 038 N0L 1J0

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

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

Is the corporation a resident of Canada? 080 ☒ Yes ☐ No

If no, give the country of residence on line 081 and complete and attach Schedule 97. 081

Is the non-resident corporation claiming an exemption under an income tax treaty? 082 ☐ Yes ☒ No

If yes, complete and attach Schedule 91.

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

- 085 1 ☐ Exempt under paragraph 149(1)(e) or (l)
2 ☐ Exempt under paragraph 149(1)(j)
3 ☐ Exempt under paragraph 149(1)(t)
4 ☒ Exempt under other paragraphs of section 149

Do not use this area

091	092	093	094	095	096
100					

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

	Yes	Schedule
Is the corporation related to any other corporations?	150 <input type="checkbox"/>	9
Is the corporation an associated CCPC?	160 <input type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input type="checkbox"/>	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 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	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 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	----
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	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 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input type="checkbox"/>	----
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	234 <input type="checkbox"/>	----
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	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 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	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 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

* We do not print this schedule.

Attachments - Continued from page 2

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256 <input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	258 <input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259 <input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	260 <input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261 <input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262 <input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263 <input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264 <input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265 <input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266 <input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267 <input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268 <input type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269 <input type="checkbox"/>	54

Additional information

Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if yes was entered at line 281.)	282		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input type="checkbox"/>
Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284 ELECTRICITY DISTRIBUTION	285 100.000 %	
	286	287 %	
	288	289 %	
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	(32,653) A
Deduct: Charitable donations from Schedule 2	311	
Gifts to Canada, a province, or a territory from Schedule 2	312	
Cultural gifts from Schedule 2	313	
Ecological gifts from Schedule 2	314	
Gifts of medicine from Schedule 2	315	
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	
Part VI.1 tax deduction *	325	
Non-capital losses of previous tax years from Schedule 4	331	
Net capital losses of previous tax years from Schedule 4	332	
Restricted farm losses of previous tax years from Schedule 4	333	
Farm losses of previous tax years from Schedule 4	334	
Limited partnership losses of previous tax years from Schedule 4	335	
Taxable capital gains or taxable dividends allocated from a central credit union	340	
Prospector's and grubstaker's shares	350	
Subtotal		B
Subtotal (amount A minus amount B) (if negative, enter "0")		C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355	D
Taxable income (amount C plus amount D)	360	0
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 tax year**Income from active business carried on in Canada from Schedule 7 400 ATaxable 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 B**Calculation of the business limit:**

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

$$\$300,000 \times \frac{\text{Number of days in the tax year in 2005 and in 2006}}{365} = \frac{300,000}{365} \times 365 = 300,000 \quad 1$$

$$\$400,000 \times \frac{\text{Number of days in the tax year after 2006}}{365} = \frac{100,000}{365} \times 365 = 100,000 \quad 2$$

$$\text{Add amounts at lines 1 and 3} \quad 300,000 + 100,000 = 400,000 \quad 4$$
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 tax year is less than 51 weeks, prorate the amount from line 4 by the number of days in the tax year divided by 365, and enter the result on line 410.

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

Business limit reduction:

$$\text{Amount C } 300,000 \times \frac{415}{11,250} = 11,250 \quad E$$
Reduced business limit (amount C **minus** amount E) (if negative, enter "0") 425 300,000 F**Small business deduction**

$$\text{Amount A, B, C, or F whichever is the least} \times \frac{\text{Number of days in the tax year before January 1, 2008}}{\text{Number of days in the tax year}} \times 16\% = \frac{365}{365} \times 16\% = 16\% \quad 5$$

$$\text{Amount A, B, C, or F whichever is the least} \times \frac{\text{Number of days in the tax year after Dec. 31, 2007}}{\text{Number of days in the tax year}} \times 17\% = \frac{365}{365} \times 17\% = 17\% \quad 6$$
Total of amounts 5 and 6 - enter on line 9 of page 7 430 0 G**Resource deduction**Taxable resource income [as defined in subsection 125.11(1)] 435 H
$$\text{Amount H} \times \frac{\text{Number of days in the tax year in 2005}}{\text{Number of days in the tax year}} \times 3\% = \frac{365}{365} \times 3\% = 3\% \quad I$$

$$\text{Amount H} \times \frac{\text{Number of days in the tax year in 2006}}{\text{Number of days in the tax year}} \times 5\% = \frac{365}{365} \times 5\% = 5\% \quad J$$

$$\text{Amount H} \times \frac{\text{Number of days in the tax year in 2007}}{\text{Number of days in the tax year}} \times 7\% = \frac{365}{365} \times 7\% = 7\% \quad K$$
Resource deduction - total of amounts I and J 438 L

(enter amount L on line 10 of page 7)

General tax reduction for Canadian-controlled private corporations**Canadian-controlled private corporations throughout the tax year**

Taxable income from line 360 on page 3					A
Amount Z from Part 9 of Schedule 27		x 100 / 7 =		B	
Amount QQ from Part 13 of Schedule 27				C	
Taxable resource income from line 435 on page 4				D	
Amount used to calculate the credit union deduction (from Schedule 17)				E	
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least				F	
Aggregate investment income from line 440 of page 6				G	
Total of amounts B, C, D, E, F, and G					H
Amount A minus amount H (if negative, enter "0")					I

Amount I		x	Number of days in the tax year before January 1, 2008	365	x 7% =	J
			Number of days in the tax year	365		

Amount I		x	Number of days in the tax year after Dec. 31, 2007 and before Jan. 1, 2009	365	x 8.5% =	K
			Number of days in the tax year	365		

General tax reduction for Canadian-controlled private corporations - total of amounts J and K						L
--	--	--	--	--	--	---

Enter amount L on line 638 of page 7

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation, and for tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from line 360 on page 3 (for tax years starting after May 1, 2006, Amount Z 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 on page 4				P		
Amount used to calculate the credit union deduction (from 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 tax year before January 1, 2008		x 7% =	T
			Number of days in the tax year			

Amount S		x	Number of days in the tax year after Dec. 31, 2007 and before Jan. 1, 2009		x 8.5% =	U
			Number of days in the tax year			

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 tax year**

Aggregate investment income 440 X 26 2/3 % = _____ A
(from Schedule 7)

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

Deduct:

Foreign investment income 445 X 9 1/3 % = _____ B
(from Schedule 7) (if negative, enter "0")

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

Taxable income from line 360 on page 3 _____

Deduct:

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

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

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

_____ X 26 2/3% = _____ D

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

Deduct: Corporate surtax from line 600 of page 7 _____

Net amount _____ E

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

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year 460

Deduct: Dividend refund for the previous tax year 465

Add the total of:

Refundable portion of Part I tax from line 450 above _____

Total Part IV tax payable from 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 tax year - Amount G **plus** amount H

485 0

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

Taxable dividends paid in the tax year from line 460 on page 2 of
Schedule 3 _____ X 1/3 _____ I

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

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

Part I tax**Base amount of Part I tax**

taxable income from page 3 (line 360 or amount Z, whichever applies) multiplied by 38%

550 0 A

Corporate surtax calculation

Base amount from line A above

1

Deduct:

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

2

Investment corporation deduction from line 620 below

3

Federal logging tax credit from line 640 below

4

Federal qualifying environmental trust tax credit from line 648 below

5

For a mutual fund corporation or an investment corporation throughout the tax 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 lines C and D minus line F)

c

Total of lines 2 to 6

7

Net amount (line 1 minus line 7)

8

Corporate surtax*

Line 8 x $\frac{\text{Number of days in the tax year before January 1, 2008}}{\text{Number of days in the tax year}}$

 $\frac{365}{365}$

x 4% =

600 B

*The corporate surtax is zero effective January 1, 2008.

Recapture of investment tax credit from Schedule 31

602 C

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

Aggregate investment income from line 440 on page 6

i

Taxable income from line 360 on page 3

Deduct:

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

Net amount

ii

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

604 D

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

E

Deduct:

Small business deduction from line 430 on page 4

9

Federal tax abatement

608

Manufacturing and processing profits deduction from 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

Resource deduction from line 438 on page 4

10

General tax reduction for CCPCs from amount L on page 5

638

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

F

Part I tax payable – Line E minus line F

0 G

Enter amount G on line 700 of page 8.

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
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		0

Add provincial or territorial tax:

Provincial or territorial jurisdiction	750 ON	
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)		
Net provincial or territorial tax payable (except Quebec, Ontario and Alberta)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	
Total tax payable	770	0 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	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	
Total credits	890	B
Refund Code	894	
Overpayment		
Balance (line A minus line B)		0 I

Direct Deposit Request

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

☐ Start ☐ Change information

910 Branch number

914 Institution number 918 Account number

If the result is negative, you have an **overpayment**.

If the result is positive, you have a **balance unpaid**.

Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of \$2 or less.

Balance unpaid

Enclosed payment 898

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

896 1 Yes ☐ 2 No ☒ NA ☐

Certification

I, 950 LOVELAND 951 KEN 954 SECRETARY

Last name First name Position, office or rank

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

955 2011/10/05 956 (519) 762-2204

Date Signature of the authorized signing officer of the corporation 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 Revenue
AgencyAgence 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	(54,793)
Add:				
Amortization of tangible assets	104	22,140		
	Total of fields 101 to 199 500	22,140	▶	22,140
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)				(32,653)

**CORPORATION LOSS CONTINUITY AND APPLICATION**

- This form is used to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a tax year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending (TYE) before that time is deductible in computing taxable income in a TYE after that time and no amount of capital loss incurred in a TYE after that time is deductible in computing taxable income of a TYE before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation - Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, paragraphs, and subparagraphs mentioned in this schedule refer to the *Income Tax Act*.

Part 1 – Non-capital losses**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes		(32,653)
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter as a positive amount)		
Taxable dividends deductible under sections 112, 113, or subsection 138(6)		
Amount of Part VI.1 tax deductible		
Amount deductible as prospector's and grubstaker's shares - Paragraph 110(1)(d.2)		
	Subtotal (if positive, enter "0")	(32,653)
Deduct: (increase a loss)		
Section 110.5 and/or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions		
	Subtotal	(32,653)
Add: (decrease a loss)		
Current-year farm loss		
Current-year non-capital loss (if positive, enter "0")		(32,653)

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year		59,250	
Deduct: Non-capital loss expired *	100		
Non-capital losses at the beginning of the tax year	102	59,250	
Add: Non-capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	105		
Current-year non-capital loss (from calculation above)	110	32,653	91,903
Deduct:			
Other adjustments (includes adjustments for an acquisition of control)	150		
Section 80 - Adjustments for forgiven amounts	140		
Deduct:			
Amount applied against taxable income (enter on line 331 of the T2 return)	130		
Amount applied against taxable dividends subject to Part IV tax	135		
		Subtotal	91,903
Deduct - Request to carry back non-capital loss to:			
First previous tax year to reduce taxable income	901		
Second previous tax year to reduce taxable income	902		
Third previous tax year to reduce taxable income	903		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		
Non-capital losses - Closing balance		180	91,903

* A non-capital loss expires as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004, and before 2006; or
- After 20 tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004.

Corporation loss continuity and application**Election under paragraph 88(1.1)(f)**

Paragraph 88(1.1)(f) election indicator 190 ☐ Yes
 Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately previous tax year.

Part 2 – Capital losses**Continuity of capital losses and request for a carryback**

Capital losses at the end of the previous tax year	<u>200</u>	
Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	<u>205</u>	
Deduct:		
Other adjustments (includes adjustments for an acquisition of control)	<u>250</u>	
Section 80 - Adjustments for forgiven amounts	<u>240</u>	
		Subtotal
Add:		
Current-year capital loss (from the calculation on Schedule 6)	<u>210</u>	
Unused non-capital losses that expired in the tax year*		<u>A</u>
Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year**		<u>B</u>
Enter amount from line A or B, whichever is less	<u>215</u>	
ABILs expired as non-capital loss:		
line 215 divided by the inclusion rate***		<u>220</u>
		Subtotal
Note: If there has been an amalgamation or a wind-up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total at line 220 above.		
Deduct: Amount applied against the current-year capital gain (see Note 1)		<u>225</u>
		Subtotal
Deduct - Request to carry back capital loss to (see Note 2):		
First previous tax year	<u>951</u>	
Second previous tax year	<u>952</u>	
Third previous tax year	<u>953</u>	
Capital losses - Closing balance		<u>280</u>

Note 1

Enter the amount from line 225 **multiplied** by 50% on line 332 of the T2 return.

Note 2

On lines 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, multiply this amount by the 50% inclusion rate.

* Enter the losses from the 8th previous tax year if the losses were incurred in a tax year ending before March 23, 2004. Enter the losses from the 11th previous tax year if the losses were incurred in a tax year ending after March 22, 2004, and before 2006. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line A.

** Enter the losses from the 8th previous tax year if the losses were incurred in a tax year ending before March 23, 2004. Enter the losses from the 11th previous tax year if the losses were incurred in a tax year ending after March 22, 2004. Enter the full amount on line B.

*** This inclusion rate is the rate used to calculate your ABIL referred to at line B. Therefore, use one of the following inclusion rates, whichever applies:

- For ABILs incurred in the 1999 and previous tax years, use 0.75.
- For ABILs incurred in the 2000 and 2001 tax years, the inclusion rate is equal to amount M on Schedule 6 - version T2SCH6(01).
- For ABILs incurred in the 2002 and later tax years, use 0.50.

Corporation loss continuity and application**Part 3 – Farm losses****Continuity of farm losses and request for a carryback**

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

- * A farm loss expires as follows:
- After 10 tax years if it arose in a tax year ending before 2006; or
 - After 20 tax years if it arose in a tax year ending after 2005.

Part 4 – Restricted farm losses**Current-year restricted farm loss**

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

Continuity of restricted farm losses and request for a carryback

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

Note

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

- * A restricted farm loss expires as follows:
- After 10 tax years if it arose in a tax year ending before 2006; or
 - After 20 tax years if it arose in a tax year ending after 2005.

Corporation loss continuity and application**Part 5 – Listed personal property losses****Continuity of listed personal property loss and request for a carryback**

Listed personal property losses at the end of the previous tax year

Deduct: Listed personal property loss expired after seven tax years **500**Listed personal property losses at the beginning of the tax year **502****Add:** Current-year listed personal property loss (from Schedule 6) **510**

Subtotal

Deduct:

Amount applied against listed personal property gains

(enter on line 655 of Schedule 6) **530**Other adjustments **550**

Subtotal

Deduct – Request to carry back listed personal property loss to:First previous tax year to reduce listed personal property gains **961**Second previous tax year to reduce listed personal property gains **962**Third previous tax year to reduce listed personal property gains **963****Listed personal property losses - Closing balance** **580****Part 6 – Analysis of balance of losses by year of origin**

Year of origin	Non-capital losses *	Farm losses	Restricted farm losses	Listed personal property losses
2000/12/31				
2001/12/31	12,868			
2002/12/31	28,669			
2003/12/31	6,704			
2004/12/31	11,009			
2005/12/31	32,653			
Total	91,903			

* A non-capital loss expires as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004, and before 2006; or
- After 20 tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004.

Corporation loss continuity and application**Part 7 – Limited partnership losses**

Current-year limited partnership losses						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at-risk amount	Corp's share of partnership ITC, farming losses and resource expenses	Column 4 - 5 (If negative, enter "0")	Current-year limited partnership losses (Column 3 - 6)
600	602	604	606	608		620
Total (enter this amount on line 222 of Schedule 1)						

Limited partnership losses from prior tax years that may be applied in the current year						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at the end of the previous tax year	Corporation's at-risk amount	Corp's share of partnership ITC, business or property losses, and resource expenses	Column 4 - 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6)
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future tax years					
Partnership identifier	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred on an amalgamation or the wind-up of a subsidiary	Current-year limited partnership losses (from column 620)	Limited partnership losses applied (cannot exceed column 650)	Limited partnership losses closing balance (662+664+670-675)
660	662	664	670	675	680
Total (enter this amount on line 335 of the T2 return)					



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du Canada

CAPITAL COST ALLOWANCE

Schedule 8

For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

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

1 Class	2 UCC at start of year	3 Cost of additions in the year	4 Net adjustments	5 Proceeds of dispositions in the year	7 Adjustment for additions (1/2 x (col 3 - 5))	8 Base amount for CCA	9 Rate %	10 Recapture of CCA	11 Terminal loss	12 CCA for the year (col 8 x 9 or a lower amount)	13 UCC at the end of the year
200	201	203	205	207	211		212	213	215	217	220
1	303,217	2,820			1,410	304,627	4				306,037
6	19,530					19,530	10				19,530
8	4,297	385			193	4,489	20				4,682
10	2,125					2,125	30				2,125
Totals	329,169	3,205			1,603	330,771					332,374

**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)	Business Number (If a corporation is not registered, enter "NR") *	Social Insurance Number *	Trust Number (If a trust number is not available, enter "NA") *	Percentage common shares	Percentage preferred shares
100	200	300	350	400	500
Municipality of Dutton/Dunwich	87078 6936 RC 0001			100.000	
	RC				

* For a taxation year commencing before January 1, 2004, if the shareholder is a trust, enter NR at field 200 or NA at field 300. Do not enter a trust number in field 350.

**BALANCE SHEET INFORMATION****Schedule 100**

Assets	Code	Current year	Prior year
Cash and deposits	1000		
Accounts Receivable	1060	128,797	142,185
Inventories	1120	15,776	15,885
Prepaid expenses	1484	9,102	8,944
Other machinery and equipment	1785	541,757	538,937
Accumulated amortization of other machinery and equipment	1786	(333,776)	(313,923)
Other tangible capital assets	1900	77,641	77,256
Accumulated amortization of other tangible capital assets	1901	(72,847)	(70,560)
Other deferred items / charges	2424	47,358	47,358
Total assets	2599	413,808	446,082

Liabilities	Code	Current year	Prior year
Bank overdraft	2600	8,504	10,552
Amounts payable and accrued liabilities	2620	84,976	85,779
Deposits received	2961	7,920	12,550
Due to corporate shareholder(s)	3262	30,000	
Total liabilities	3499	131,400	108,881

Equity	Code	Current year	Prior year
Common shares	3500	475,885	475,885
Retained earnings / deficit	3600	(193,477)	(138,684)
Total equity	3620	282,408	337,201
Total liabilities and equity	3640	413,808	446,082

Retained earnings	Code	Current year	Prior year
Retained earnings/deficit-start	3660	(138,684)	(103,137)
Net income / loss	3680	(54,793)	(35,547)
Total retained earnings	3849	(193,477)	(138,684)

**INCOME STATEMENT INFORMATION****Schedule 125****Details**

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

Revenue	Code	Current year	Prior year
Trade sales of goods and services	8000	820,048	724,240
Total sales of goods and services	8089	820,048	724,240
Other revenue	8230	12,131	14,426
Total revenue	8299	832,179	738,666

Cost of sales	Code	Current year	Prior year
Opening inventory	8300		
Other direct costs	8450	704,678	612,853
Cost of sales	8518	704,678	612,853
Gross profit / loss (item 8089 - item 8518)	8519	115,370	111,387

Operating expenses	Code	Current year	Prior year
Bad debt expense	8590	574	1,660
Amortization of tangible assets	8670	22,140	24,538
Collection and credit costs	8717	52,889	56,404
Repairs and maintenance	8960	53,040	29,535
General and administrative expenses	9284	53,651	49,223
Total operating expenses	9367	182,294	161,360
Total expenses	9368	886,972	774,213
Net non-farming income	9369	(54,793)	(35,547)

Farming revenue	Code	Current year	Prior year
Grains and oilseeds	9370		
Total farm revenue	9659		

Farming expenses	Code	Current year	Prior year
Crop expenses	9660		
Total farm expenses	9898		
Net farm income	9899		
Net income / loss before taxes and extraordinary items	9970	(54,793)	(35,547)

Summary

Complete this section if only one Schedule 125 is filed, Schedule 140 is used to summarize the information from multiple Schedules 125.

Extraordinary items	9975 -	-	
Legal settlements	9976 -	-	
Unrealized gains / losses	9980 +	+	
Unusual items	9985 -	-	
Current income taxes	9990 -	-	
Future income tax provision	9995 -	-	
Net income / loss after taxes and extraordinary items	9999 =	(54,793)	(35,547)



NOTES CHECKLIST

Schedule 141

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

Part 1 – Accounting practitioner informationDoes the accounting practitioner have a professional designation? **095** ☒ Yes ☐ NoIs the accounting practitioner connected* with the corporation? **097** ☐ Yes ☒ No

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

Note

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

Part 2 – Type of involvementChoose the option that represents the highest level of involvement of the accounting practitioner: **198**Completed an auditor's report **1** ☐Completed a review engagement report **2** ☐Conducted a compilation engagement **3** ☒**Part 3 – Reservations**If you selected option "1" or "2" under **Type of involvement** above, answer the following question:Has the accounting practitioner expressed a reservation? **099** ☐ Yes ☐ No**Part 4 – Other information**Were notes to the financial statements prepared? **101** ☒ Yes ☐ No

If Yes, complete lines 102 to 107 below:

Are any values presented at other than cost? **102** ☐ Yes ☒ NoHas there been a change in accounting policies since the last return? **103** ☐ Yes ☒ NoAre subsequent events mentioned in the notes? **104** ☐ Yes ☒ NoIs re-evaluation of asset information mentioned in the notes? **105** ☐ Yes ☒ NoIs contingent liability mentioned in the notes? **106** ☐ Yes ☒ NoIs information regarding commitments mentioned in the notes? **107** ☐ Yes ☒ NoDoes the corporation have investments in joint venture(s) or partnership(s)? **108** ☐ Yes ☒ No

If Yes, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? **109** ☐ Yes ☐ No

MPDC – Dutton

Attachment 6
Decision and Order for
EB-2008-0332/EB-2008-0350



EB-2008-0332
EB-2008-0350

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an application by Middlesex
Power Distribution Corporation under section 86(2)(a) of the
Ontario Energy Board Act, 1998 seeking an order for leave
to acquire Dutton Hydro Limited and Newbury Power Inc.;

AND IN THE MATTER OF an application by Middlesex
Power Distribution Corporation under section 74 of the
Ontario Energy Board Act, 1998 seeking an order to amend
Middlesex Power Distribution Corporation's distribution
licence;

AND IN THE MATTER OF a request by Middlesex Power
Distribution Corporation under section 77(5) of the *Ontario
Energy Board Act, 1998* seeking the cancellation of the
distribution licences of Dutton Hydro Limited and Newbury
Power Inc.

BEFORE: Pamela Nowina
Vice-Chair and Presiding Member

Paul Vlahos
Member

Paul Sommerville
Member

DECISION AND ORDER

Middlesex Power Distribution Corporation (“Middlesex Power” or the “Applicant”), a licensed electricity distributor, filed an application with the Ontario Energy Board, received on October 15, 2008, under section 86(2)(a) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B) (the “Act”), seeking leave to acquire Dutton Hydro Limited (“Dutton Hydro”) and Newbury Power Inc. (“Newbury Power”). The Board has assigned file number EB-2008-0332 to the application to acquire Dutton Hydro and file number EB-2008-0350 to the application to acquire Newbury Power. Pursuant to its power under section 21(5) of the Act, the Board will consider these applications together through a consolidated hearing.

Middlesex Power has requested, under section 77(5) of the Act, that the electricity distribution licenses of Dutton Hydro and Newbury Power be canceled and, pursuant to section 74 of the Act, that its distribution licence be amended to include in its service area the areas currently served by Dutton Hydro and Newbury Power. The closing date for the proposed transactions is March 31, 2009.

THE APPLICATION

Middlesex Power is wholly owned by Chatham-Kent Energy Inc. The Municipality of Chatham-Kent and Corix Utilities own 90% and 10% of the shares of Chatham-Kent Energy Inc. respectively. Dutton Hydro is wholly owned by the Municipality of Dutton/Dunwich. The Village of Newbury holds 80% of the shares of Newbury Power, and Newbury Community Services owns 20% of the shares of Newbury Power. Middlesex Power, Dutton Hydro, Newbury Power and their respective shareholders are parties to the proposed transaction.

Upon completion of the proposed transactions, Middlesex Power will purchase 100% of the issued and outstanding shares of Dutton Hydro and Newbury Power and the two electrical distribution companies will be merged into Middlesex Power.

Middlesex Power has stated that the proposed acquisitions will improve the reliability and quality of electricity service for Dutton Hydro and Newbury Power customers and will result, over the long term, in lower rates than would otherwise be the case if the utilities remained as stand alone entities.

Middlesex Power states that the purchase price for acquiring shares of Dutton Hydro is expected to be approximately \$490,000. The purchase price for acquiring shares of Newbury Power is approximately \$163,350. Middlesex Power expects to incur approximately \$45,000 in transaction costs to complete the proposed transactions. Middlesex Power states that as part of its transaction with the Village of Newbury, it expects to pay an amount of \$71,000 which represents a Long Term Note payable to The Village of Newbury. This amount will be paid upon completion of the proposed transaction.

Currently, the rates charged for the delivery of electricity to customers in Middlesex Power, Dutton Hydro and Newbury Power service areas are not equal. The application states that Middlesex Power will seek to harmonize rates within five years from the date of closing the proposed transactions. The *Board Report on Ratemaking Associated with Distributor Consolidation* (EB-2007-0028) (the "Board Report") permits a merged utility to forego rebasing for a period of five years following the closing date of the transaction. Middlesex Power states that it plans to file for rate rebasing on a merged basis in 2014.

THE PROCEEDING

A Notice of Application and Hearing was issued on October 30, 2008 and published on November 12, 2008 in the affected service areas as directed by the Board. No persons requested intervenor status in this proceeding.

Procedural Order No. 1, along with Board staff interrogatories, was issued on December 19, 2008. The Applicant filed responses to the interrogatories on January 9, 2009.

BOARD FINDINGS

The "No Harm" Test

Section 86(2)(a) of the Act provides that no person, without first obtaining an order from the Board granting leave, shall acquire such number of voting securities of a transmitter or distributor that together with voting securities already held by such person and one or more affiliates or associates of that person, will in the aggregate exceed 20 percent of the voting securities of the transmitter or distributor.

In determining whether to approve this application, the Board has been guided by the principles set out in the Board's decision in the combined MAADs proceeding (Board File Numbers RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257). In that decision, the Board ruled that the "no harm" test is the relevant test for purposes of applications for leave to acquire shares or amalgamate under section 86 of the Act. The "no harm" test consists of a consideration as to whether the proposed transaction would have an adverse effect relative to the status quo in relation to the Board's statutory objectives. If the proposed transaction would have a positive or neutral effect on the attainment of the statutory objectives, then the application should be granted. The factors to be considered are those set out in section 1 of the Act, namely:

1. to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service; and
2. to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

Middlesex Power provided the following information in support of its application:

- Dutton Hydro has been found deficient in its compliance with some of the standards promulgated by the Electrical Safety Authority. Through the adoption of Middlesex Power's operating practices and engineering expertise, Dutton Hydro will become compliant within a reasonable period of time;
- Following the proposed transaction, Middlesex Power will make investments to reduce system losses, implement Supervising Control and Data Acquisition ("SCADA") systems and provide conservation and demand management programs ("CDM") for the areas currently served by Dutton Hydro and Newbury Power;
- Service levels will be maintained for Middlesex Power customers and improved for Dutton Hydro and Newbury Power customers;
- Middlesex Power's service centre is situated in the Township of Strathroy-Caradoc. The distance between the service centre and the newly proposed service areas is 44 km. As such it will not impede Middlesex Power's ability to meet the Board's service quality indicator guidelines for Dutton Hydro's and Newbury Power's service areas;
- The roll out of Middlesex Power's smart meter solution will also be applied to the Newbury and Dutton service areas and will meet the Ministry of Energy's guidelines for installing smart meters by 2010; and

- The proposed transaction will enable fixed costs to be allocated over more customers, thereby resulting in lower rates for Dutton Hydro and Newbury Power's customers in the long term.

In summary, Middlesex Power states that the proposed transactions will improve the reliability and quality of electricity service and will result in lower rates for Dutton Hydro and Newbury Power customers over the long term than would be the case if the utilities remained stand alone entities.

Based on the evidence in this proceeding, and the Board's findings elsewhere in this decision regarding a proposal for a deferral account and the plan to apply for an adjustment in rates for Dutton, the Board concludes that the proposed acquisitions will not have an overall adverse effect in terms of the factors identified in the Board's objectives in section 1 of the Act. Accordingly, the Board finds that the proposed transactions reasonably meet the "no harm" test.

Rate Rebasing and Rate Harmonization for the Consolidated Entity

The Board finds that the Applicant's proposal to delay rebasing and rate harmonization for the consolidated entity for up to five years is acceptable. This proposal is consistent with the Board's Report referenced above. However, as discussed below, the Applicant is proposing an adjustment to Dutton Hydro's rates in the near term.

Rate Rebasing Proposal for Dutton Hydro

Dutton Hydro's rates have not been adjusted since 2001. Most distributors updated their base distribution rates in 2006 based on an historical test year cost of service application. In the interim period 2002-2005, most distributors received rate adjustments related to (among other matters) regulatory asset recoveries and an updating of their respective Payments in Lieu of Taxes proxies. Since 2006, distributors that have not rebased based on a future test year application have received rate adjustments based on the 2nd generation Incentive Regulatory Mechanism ("IRM").

In its application, Middlesex Power has proposed to address this matter by proposing to file a cost of service application solely for Dutton Hydro based on an historical test year. In response to Board staff interrogatory #3, Middlesex Power stated that the proposed acquisitions are based on the rationale of providing a safe and reliable system that would benefit the customers and the public generally. Specifically, Middlesex Power stated that Dutton Hydro is facing the following issues:

- It is not compliant with certain Electricity Safety Authority standards;
- It has not been engaged in removing PCB contaminated transformers;
- It has not generated much information respecting its service quality standards; and
- The line losses are 6.6% which is above the threshold that the Board has established as an action level.

Middlesex Power stated that it intends to propose rates for Dutton Hydro's service area at a level that will recover the costs and earn a fair and reasonable return. Middlesex Power further stated that it believes a rate application for Dutton Hydro using the 2006 EDR model and then implementing the 2nd generation IRM adjustments for 2007, 2008 and 2009, will provide the necessary financial underpinning to ensure that a safe and reliable distribution system is provided to the customers and the community. This level of rates would bring the customers in the Dutton Hydro service area into a position comparable to that experienced by consumers in Newbury and Middlesex.

The Board notes that Dutton Hydro submitted a letter dated January 26, 2009 confirming its intention to submit rate applications in accordance with the proposed rate plan above regardless of the outcome of this application. Therefore, it is reasonable to view such rate adjustments in Dutton's service area as being unaffected by the proposed transaction. Further, the Board makes the following comments.

The Board notes that the Board Report presumes that distributors would have rebased in 2006 and would therefore be eligible to participate in the Board's 2nd generation IRM plan (sec. 2.2.1, p.6). The proposal by Middlesex Power is aimed at rationalizing Dutton Hydro's rates using the identical rate adjustment processes that were used by Middlesex Power and Newbury Power over the 2006 to 2009 period. This would bring Dutton Hydro to the same level as the other two service areas so that a rebasing of the consolidated entity would be possible in the future. The proposal does not involve a future test year application but is designed to enable the Applicant to deal with the technical and financial obligations arising out of the Dutton Hydro service area going forward to 2014.

The Board notes that this situation is different than the recent amalgamation proceeding for PowerStream Inc. and Barrie Hydro Distribution Inc. (EB-2008-0335). In that proceeding one of the distributors had already had rates reset under a cost-of-service hearing. In this case all three entities will have their first rebasing after the 2006 test year delayed until 2014.

Deferral Account for Transaction Costs

Middlesex Power has requested that a deferral account be established to cover the transaction costs for the newly merged utility. In response to Board staff interrogatory #4, the Applicant stated that the transaction costs are relatively significant due to the small size of Dutton Hydro and Newbury Power and the fact that the majority of the transaction costs are fixed. Middlesex Power further stated that the synergies required to create savings on a forward going basis may not transpire in this case.

The transactions are intended to provide the customers of Dutton Hydro and Newbury Power with a safe and reliable system while meeting regulatory requirements. Consequently, Middlesex Power stated that the customers of Dutton Hydro and Newbury Power should share in some of the transaction costs if Middlesex Power does not attain additional benefits arising from the consolidation to cover the costs of the transactions.

Furthermore, Middlesex Power stated that it will only seek recovery of those transaction costs that are over and above any benefits that may be attained through the transaction.

The Board finds that it is appropriate in the specific circumstances of this case to allow the Applicant to track the transaction costs related to the acquisition of Dutton Hydro and Newbury Power in a deferral account, the disposition of which will be dealt with in a future proceeding. The Board notes that the Board Report indicates that either a distributor retains the benefits of consolidation over the deferral period to offset the costs or the distributor can apply to recover the costs net of the benefits in rates (sec. 2.2.2, p.7). In this case, Middlesex Power has indicated that despite the delaying of the rebasing of the consolidated entity for up to five years, benefits may not arise out of this transaction. If however benefits do arise, Middlesex Power will ensure that the costs will be offset accordingly when requesting disposition of the deferral account.

Middlesex Power may wish to track its transaction costs in Account 1508, Other Regulatory Assets, Sub-account MAADs Transaction Costs. Consideration of the disposition of the deferral account will occur in the normal manner in the rate setting process. The Board's finding that the amounts may be tracked in a deferral account should not be construed in any manner or degree as predictive of its authorization to dispose of the amounts so tracked in a future proceeding. For example, the disposition of any net costs will consider to what extent the "no harm" test has been reasonably met or will be reasonably met.

Net Metering Thresholds

The current net metering thresholds for Middlesex Power, Dutton Hydro and Newbury Power are 368 kW, 19 kW, and 8 kW respectively. Middlesex Power has submitted that there are no special circumstances that warrant using a different methodology to determine the net metering threshold. The Board accepts that there are no special circumstances present in this regard and will therefore add together the net metering thresholds for Middlesex Power, Dutton Hydro and Newbury Power to determine the net metering threshold for the newly merged utility.

THE BOARD ORDERS THAT:

1. Middlesex Power Distribution Corporation is hereby granted leave to acquire Dutton Hydro Limited and Newbury Power Inc. pursuant to section 86 of the Act.
2. The Board's leave to acquire shall expire 18 months from the date of this Decision and Order. If the transaction has not been completed by that date, a new application for leave to acquire will be required in order for the transaction to proceed.
3. Middlesex Power Distribution Corporation shall promptly notify the Board of the completion of the transaction.
4. Once the notice referred to in number 3 above has been provided to the Board, the Board will amend the electricity distribution licence of Middlesex Power Distribution Corporation to include the service areas formerly served by Dutton Hydro Limited and Newbury Power Inc.
5. Once the notice referred to in number 3 above has been provided to the Board, the Board will cancel the electricity distribution licences of Dutton Hydro Limited (ED-2003-0025) and Newbury Power Limited (ED-2002-0526).

6. Once the notice referred to in number 3 above has been provided to the Board, the net metering threshold for the newly merged Middlesex Power Distribution Corporation will be 395 kW.

DATED at Toronto, February 9, 2009

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

MPDC – Dutton

Attachment 7

MPDC – Dutton Letter to Board
dated November 16, 2011



November 16, 2011

Ms. Kirsten Walli
Ontario Energy Board
PO Box 2319
27th Floor, 2300 Yonge Street
Toronto, Ontario M4P 1E4

Re: Middlesex Power Distribution Corporation, 2012 IRM3 Application
Board File No.: EB-2011-0148, EB-2011-0149, EB-2011-0150

Dear Ms. Walli,

On August 2, 2011, the Board issued a letter with respect to the process and deadlines for 2012 IRM applications. This letter established a filing deadline of November 25, 2011 for Middlesex Power Distribution Corp ("MPDC"), for an application to include rates for MPDC's three service territories – MPDC-Main, MPDC-Dutton and MPDC-Newbury. With the exception of a proposal for disposition of Account 1562 Deferred PILs, MPDC expects to file its 2012 IRM application for MPDC-Main, MPDC-Dutton and MPDC-Newbury rates by the November 25, 2011 deadline.

With respect to Account 1562 Deferred PILs, MPDC acknowledges that in the EB-2008-0381 Combined Deferred PILs proceeding decision of June 24, 2011, the Board indicated its expectation that distributors would apply for the final disposition of Account 1562 Deferred PILs with their next rate applications. However, an initial lack of historical accounting and taxation records has made the determination and validation of the MPDC-Main, MPDC-Dutton and MPDC-Newbury Account 1562 balances challenging.

As background, MPDC-Main was acquired by its current owner (Chatham-Kent Energy) on June 30, 2005, pursuant to approval granted by the OEB in its June 24, 2005 decision in EB-2005-0255. MPDC-Main subsequently obtained OEB approval (EB-2008-0332 and EB-2008-0350, Decision and Order issued February 9, 2009) to acquire, and then amalgamate, MPDC-Dutton and MPDC-Newbury. These transactions were completed on April 30, 2009. Many of the pre-acquisition accounting records from the former Middlesex Power, Dutton Hydro and Newbury Power utilities that would assist in the respective Account 1562 dispositions have been difficult to locate. We now believe that we have located all available records, and are currently in the



process of interpreting and validating these records. This includes assessing whether additional information requirements will be necessary, and, if additional information is required, how we might obtain it. To-date, the process has involved extensive searches of corporate archives, numerous information requests to predecessor public accountants and detailed discussions with the Ministry of Finance. Additional information requirements may include further inquiries of predecessor public accountants and /or the previous owners of the acquired distributors.

In the result, despite diligent effort, we will not be in a position to file for Account 1562 disposition at the time that the respective 2012 IRM applications are filed. We therefore respectfully request that the Board grant an extension to January 23, 2012 for MPDC-Main, MPDC-Dutton and MPDC-Newbury to file for disposition of their Account 1562 balances.

If you have any further questions please do not hesitate to contact me at (519) 352-6300, extension 558 or davidferguson@ckenergy.com.

Regards,

[Original Signed By]

David C. Ferguson
Director of Regulatory Affairs & Risk Management
Phone: 519-352-6300 Ext 558
Email: DavidFerguson@ckenergy.com

cc: Dan Charron, President of Middlesex Power Distribution Corp.
Chris Cowell, Chief Financial and Regulatory Officer

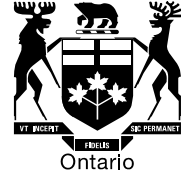
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MPDC – Dutton

Attachment 8
Letter from Board dated
November 23, 2011

**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

November 23, 2011

David C. Ferguson
Director of Regulatory Affairs & Risk Management
Middlesex Power Distribution Corporation
351 Frances Street
Strathroy ON N7G 2L7

Dear Mr. Ferguson:

**Re: Middlesex Power Distribution Corporation ("MPDC")
Applications for Rates - 2012 IRM3 Applications
Board File Numbers EB-2011-0148, EB-2011-0149, EB-2011-0150**

The Board is in receipt of your letter dated November 16, 2011 wherein you requested an extension until January 23, 2012 for MPDC-Main, MPDC-Dutton and MPDC-Newbury (the "Applicants") to file their respective evidence supporting the disposition of account 1562 (PILs) balances. You indicated that following acquisition and amalgamation activity, the Applicants were having difficulty locating the pre-acquisition accounting records of the predecessor utilities. You also indicated that, despite diligent effort, the Applicants would not be in a position to file for the disposition of account 1562 at the time that the respective 2012 IRM applications are filed. Further, you stated that MPDC expects to file the 2012 IRM applications for MPDC-Main, MPDC-Dutton and MPDC-Newbury, excluding the disposition of account 1562, by the due date of November 25, 2011.

The Board has considered the extension sought by MPDC and has determined that it will not grant the extension request. The Board is of the view that until the impacts of disposing of the account 1562 balances are known, the Board cannot provide proper notice to the Applicants' ratepayers of the rate impacts associated with the Applicants' 2012 IRM applications. In light of the Applicants' post-amalgamation circumstances, and in order not to jeopardize a May 1, 2012 implementation date for the other aspects of the 2012 IRM applications, the Board directs the Applicants to proceed with filing their 2012 IRM applications excluding the disposition of account 1562. The Board directs the Applicants to file stand-alone applications, by no later than April 1, 2012, for the disposition of account 1562.

Please direct any questions relating to this matter to Pascale Duguay, Manager,
Electricity Rates Applications, at (416) 440-7739 or e-mail
pascale.duguay@ontarioenergyboard.ca.

Yours truly,

Original signed by

John Pickernell
Assistant Board Secretary