

T2 CORPORATION INCOME TAX RETURN

200
Code 0301

055 Do not use this area

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

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

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

Amended
2002

Identification

Business Number (BN) 001 863605929RC0001

Corporation's name

002 NIAGARA-ON-THE-LAKE HYDRO INC.

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

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

Address of head office

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

011 P.O. Box 460

012 8 Henegan Road

City Province, territory, or state

015 Virgil 016 ON

Country (other than Canada) Postal code/ZIP code

017 018 LOS-1T0

Mailing address (if different from head office address)

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

020 1 Yes ☐ 2 No ☒

021 c/o

022

023 City Province, territory, or state

025 026

Country (other than Canada) Postal code/ZIP code

027 028

Location of books and records

031 P.O. BOX 460, 8 HENEGAN ROAD

032

City Province, territory, or state

035 Virgil 036 ON

Country (other than Canada) Postal code/ZIP code

037 038 LOS-1T0

040 Type of corporation at the end of the taxation year

- | | |
|--|---|
| 1 <input checked="" type="checkbox"/> Canadian-controlled private corporation (CCPC) | 4 <input type="checkbox"/> Corporation controlled by a public corporation |
| 2 <input type="checkbox"/> Other private corporation | 5 <input type="checkbox"/> Other corporation (specify, below) |
| 3 <input type="checkbox"/> Public corporation | |

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

043 YYYY/MM/DD

To which taxation year does this return apply?

Taxation year start

Taxation year-end

060 2002-01-01
YYYY/MM/DD

061 2002-12-31
YYYY/MM/DD

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

If Yes, give the date control was acquired 065 YYYY/MM/DD

Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes ☐ 2 No ☒

Is this the first year of filing after:

Incorporation? 070 1 Yes ☐ 2 No ☒

Amalgamation? 071 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 24.

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

If Yes, complete and attach Schedule 24.

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

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

Is the corporation a resident of Canada?

080 1 Yes ☒ 2 No ☐ If No, give the country of residence.

081

Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 91.

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

- 085
- | | |
|----------------------------|--|
| 1 <input type="checkbox"/> | Exempt under paragraph 149(1)(e) or (l) |
| 2 <input type="checkbox"/> | Exempt under paragraph 149(1)(j) |
| 3 <input type="checkbox"/> | Exempt under paragraph 149(1)(t) |
| 4 <input type="checkbox"/> | Exempt under other paragraphs of section 149 |

Attachments

Financial statement information: For taxation years ending in 2000 and later, 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.

* We do not print these schedules.

| Guide item | Yes | Schedule |
|---|---|----------|
| 27 Is the corporation related to any other corporations? | 150 <input checked="" 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? | 160 <input checked="" type="checkbox"/> | 23 |
| 30 Is the corporation an associated Canadian-controlled private corporation 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 a partnership 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 in the year? | 172 <input type="checkbox"/> | — |
| 46 For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares? | 173 <input checked="" type="checkbox"/> | 50 |
| 55 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 |
| 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 any dividends or paid any 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 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 |
| 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 checked="" 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 |
| 62 Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction? | 217 <input type="checkbox"/> | 17 |
| 150 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 any federal or provincial 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 |
| 124 Is the corporation subject to gross Part I.3 tax? | 233 <input checked="" type="checkbox"/> | 33/34/35 |
| 124 Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax? | 236 <input checked="" 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 |
| 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 |

Attachments – continued from page 2

| Guide Item | Yes | Schedule |
|--|--------------------------|----------|
| 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 |
| Is the corporation claiming the BC mining exploration tax credit? | <input type="checkbox"/> | 421 |
| Is the corporation claiming the BC SR&ED tax credit? | <input type="checkbox"/> | T666 |

Additional information

Is the corporation inactive? ☐ 280 1 Yes ☐ 2 No ☒ X

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

What is the corporation's major business activity? 282

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

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

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

| | | | |
|-----|----------------------|-----|-----|
| 284 | Electrical Distribut | 285 | 99% |
| 286 | | 287 | 0% |
| 288 | | 289 | 0% |

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL 300 439,175 A

Deduct:

| | | |
|---|-----|---------------|
| Charitable donations from Schedule 2 | 311 | 0 |
| Gifts to Canada, a province, or a territory from Schedule 2 | 312 | 0 |
| Cultural gifts from Schedule 2 | 313 | 0 |
| Ecological gifts from Schedule 2 | 314 | 0 |
| Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 | 320 | 0 |
| Part VI.1 tax deduction from Schedule 43 | 325 | 0 |
| Non-capital losses of preceding taxation years from Schedule 4 | 331 | 77,446 |
| Net-capital losses of preceding taxation years from Schedule 4 | 332 | 0 |
| Restricted farm losses of preceding taxation years from Schedule 4 | 333 | 0 |
| Farm losses of preceding taxation years from Schedule 4 | 334 | 0 |
| Limited partnership losses of preceding taxation years from Schedule 4 | 335 | 0 |
| Taxable capital gains or taxable dividends allocated from a central credit union | 340 | 0 |
| Prospector's and grubstaker's shares | 350 | 0 |
| Subtotal | | <u>77,446</u> |

Subtotal (amount A minus amount B) (if negative, enter "0") 77,446 B

Add:

| | | |
|--|-----|------------------|
| Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions | 355 | 0 |
| Taxable income (amount C plus amount D) | 360 | <u>361,729</u> |
| Income exempt under paragraph 149(1)(t) | 370 | 0 |
| Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) | | <u>361,729</u> Z |

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

Small business deduction

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

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

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

Calculation of the business limit:

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

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

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

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

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

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

Business limit reduction:

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

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

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

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

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

*** Large corporation tax

• The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).

• If the corporation is not associated with any corporation in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its preceding taxation year.

• If the corporation is not associated with any corporation in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:

- starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its preceding taxation year; or
- starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its current taxation year.

• For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction

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

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

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

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

Deduct:

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

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

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

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

Amount QQ from Part 13 of Schedule 27 0 H

Taxable resource income from line 435 of page 5 0 I

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

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

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

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

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

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

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

Resource deduction

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

| | | | |
|---|---|-------------------|------------------|
| Taxable income from line 360 on page 3 | ..... | <u>361,729</u> | E |
| Amount Z from Part 9 of Schedule 27 | <u>0</u> x 100/7 | <u>0</u> | F |
| Amount QQ from Part 13 of Schedule 27 | ..... | <u>0</u> | G |
| Taxable resource income from line 435 above | ..... | <u>0</u> | H |
| Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) | ..... | <u>0</u> | I |
| Amount on line 400, 405, 410, or 425 on page 4, whichever is less | ..... | <u>23,200</u> | J |
| Aggregate investment income from line 440 of page 6 | ..... | <u>0</u> | K |
| Amount used to calculate the accelerated tax reduction (amount M of page 4) | ..... | <u>11,600</u> | L |
| Total of amounts F, G, H, I, J, K, and L | ..... | <u>34,800</u> | <u>34,800</u> M |
| Amount E minus amount M (if negative, enter "0") | ..... | <u>326,929</u> | <u>326,929</u> N |
| Amount N | <u>326,929</u> x $\frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$ | <u>0</u> x 1% = | <u>0</u> |
| Amount N | <u>326,929</u> x $\frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$ | <u>365</u> x 3% = | <u>9,808</u> O |
| Amount N | <u>326,929</u> x $\frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$ | <u>0</u> x 5% = | <u>0</u> P |
| Amount N | <u>326,929</u> x $\frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$ | <u>0</u> x 7% = | <u>0</u> Q |
| General tax reduction for Canadian-controlled private corporations - total of amounts year 2001, O, P, and Q (enter amount R on line 638 of page 7) | | | <u>9,808</u> R |

General tax reduction

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

| | | | | | | | | | | | |
|---|---|---|--|-----|--------|---|----|--|--|---|----|
| Taxable income from line 360 of page 3 | | | | | | | | | | 0 | S |
| Amount Z from Part 9 of Schedule 27 | | | | | | | | | | 0 | T |
| Amount QQ from Part 13 of Schedule 27 | | | | | | | | | | 0 | U |
| Taxable resource income from line 435 above | | | | | | | | | | 0 | V |
| Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) | | | | | | | | | | 0 | W |
| Total of amounts T, U, V, and W | | | | | | | | | | 0 | X |
| Amount S minus amount X (if negative, enter "0") | | | | | | | | | | 0 | Y |
| Amount Y | 0 | x | Number of days in the taxation year in 2001 | 0 | x 1% = | 0 | | | | | |
| | | | Number of days in the taxation year | 365 | | | | | | | |
| Amount Y | 0 | x | Number of days in the taxation year in 2002 | 365 | x 3% = | 0 | Z | | | | |
| | | | Number of days in the taxation year | 365 | | | | | | | |
| Amount Y | 0 | x | Number of days in the taxation year in 2003 | 0 | x 5% = | 0 | AA | | | | |
| | | | Number of days in the taxation year | 365 | | | | | | | |
| Amount Y | 0 | x | Number of days in the taxation year after 2003 | 0 | x 7% = | 0 | BB | | | | |
| | | | Number of days in the taxation year | 365 | | | | | | | |
| General tax reduction - total of amounts year 2001, Z, AA, and BB | | | | | | | | | | 0 | CC |
| (enter amount CC on line 639 of page 7) | | | | | | | | | | | |

Refundable portion of Part I tax
Canadian-controlled private corporations throughout the taxation year

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

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

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

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

Taxable income from line 360 on page 3 361,729
Deduct:

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

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

Foreign business income
tax credit from line 636
of page 7 0 x 3 = 0
23,200 23,200
338,529 x 26 2/3% = 90,274 D

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

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

Net amount 86,952 86,952 E

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

Refundable dividend tax on hand

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

Deduct: Dividend refund for the previous taxation year 465 0

..... 0 0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 0

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

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

..... 0 0 B

Refundable dividend tax on hand at the end of the taxation year – Amount A plus amount B 485 0
Dividend refund
Private and subject corporations at the time taxable dividends were paid in the taxation year

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

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

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

Part I tax

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

Corporate surtax calculation

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

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

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

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

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

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

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

Deduct:

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

Subtotal 50,505 50,505 F

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

Summary of tax and credits

Federal tax

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

Add provincial and territorial tax:

| | | |
|--|-----|-----------------|
| Provincial or territorial jurisdiction | 750 | ON |
| (if more than one jurisdiction, enter "multiple" and complete Schedule 5) | | |
| Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta) | 760 | 0 |
| Provincial tax on large corporations (New Brunswick and Nova Scotia) | 765 | 0 |
| Total tax payable | 770 | 97,000 A |

Deduct other credits:

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

Refund code 894 0 Overpayment 0

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

Balance unpaid 10,108

Enclosed payment 898 10,108

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

896 1 Yes ☒ 2 No ☐

Certification

I, 950 MURPHY Last name in block letters

951 ROSE First name in block letters

954 Mgr of Finance and Administrat Position, office or rank

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

955 2003-03-08 Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 905-468-4235 Telephone number

Is the contact person the same as the authorized signing officer? If No, complete the information below

957 1 Yes ☒ 2 No ☐

958 _____ Name in block letters

959 _____ Telephone number

Language of correspondence - Langue de correspondance

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

1 English/Anglais ☒ 2 Français/French ☐

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

| | | | |
|--|--|---------|---|
| Net income (loss) after taxes and extraordinary items per financial statements | | 632,452 | A |
|--|--|---------|---|

Additions:

| | | | |
|--|------------------------------|---------|--|
| Provision for income taxes - current | <input type="checkbox"/> 101 | 110,706 | |
| Amortization of tangible assets | <input type="checkbox"/> 104 | 933,897 | |
| Income or loss for tax purposes - joint ventures or partnerships | <input type="checkbox"/> 109 | 2,175 | |
| Loss on disposal of assets | <input type="checkbox"/> 111 | 108,503 | |

| | | | |
|-----------------------------|--|-----------|-----------|
| Subtotal of additions | | 1,155,281 | 1,155,281 |
|-----------------------------|--|-----------|-----------|

Other Additions:
Miscellaneous Other Additions:

| | | | |
|---|------------------------------|--------|--|
| <input type="checkbox"/> 600 Change in employee future benefits | <input type="checkbox"/> 290 | 21,783 | |
| <input type="checkbox"/> 601 Non-capital portion of Pre PIL extraord item | <input type="checkbox"/> 291 | 6,217 | |

| | | | |
|-----------------------------------|------------------------------|--------|--------|
| Subtotal of Other Additions | <input type="checkbox"/> 199 | 28,000 | 28,000 |
|-----------------------------------|------------------------------|--------|--------|

| | | | |
|------------------------|------------------------------|-----------|-----------|
| Total Additions | <input type="checkbox"/> 500 | 1,183,281 | 1,183,281 |
|------------------------|------------------------------|-----------|-----------|

Deductions:

| | | | |
|--|------------------------------|-----------|--|
| Capital cost allowance from Schedule 8 | <input type="checkbox"/> 403 | 1,225,686 | |
| Cumulative eligible capital deduction from Schedule 10 | <input type="checkbox"/> 405 | 1,643 | |

| | | | |
|------------------------------|--|-----------|-----------|
| Subtotal of Deductions | | 1,227,329 | 1,227,329 |
|------------------------------|--|-----------|-----------|

Other Deductions:
Miscellaneous Other Deductions:

| | | | |
|---|------------------------------|---------|--|
| <input type="checkbox"/> 700 Deduct change in variance accounts | <input type="checkbox"/> 390 | 149,229 | |
|---|------------------------------|---------|--|

| | | | |
|------------------------------------|------------------------------|---------|---------|
| Subtotal of Other Deductions | <input type="checkbox"/> 499 | 149,229 | 149,229 |
|------------------------------------|------------------------------|---------|---------|

| | | | |
|-------------------------|------------------------------|-----------|-----------|
| Total Deductions | <input type="checkbox"/> 510 | 1,376,558 | 1,376,558 |
|-------------------------|------------------------------|-----------|-----------|

| | | | |
|--|--|---------|--|
| Net income (loss) for income tax purposes | | 439,175 | |
|--|--|---------|--|

(enter on line 300 on the T2 return)

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

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

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

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

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

Continuity of non-capital losses and request for a carryback

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

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

| | | | |
|--|----------------------------------|----------|--------|
| Deduct: | | | |
| Amount applied against taxable income (enter on line 331 of the T2 return) | <input type="text" value="130"/> | 77,446 | |
| Amount applied against taxable dividends subject to Part IV tax | <input type="text" value="135"/> | 0 | |
| Section 80 - Adjustments for forgiven amounts | <input type="text" value="140"/> | 0 | |
| Subsection 111(10) - Adjustments for fuel tax rebate | | 0 | |
| Other adjustments | <input type="text" value="150"/> | 0 | 77,446 |
| | | | ----- |
| | | Subtotal | 0 |
| Deduct - Request to carry back non-capital loss to: | | | |
| First preceding taxation year to reduce taxable income | <input type="text" value="901"/> | 0 | |
| Second preceding taxation year to reduce taxable income | <input type="text" value="902"/> | 0 | |
| Third preceding taxation year to reduce taxable income | <input type="text" value="903"/> | 0 | |
| First preceding taxation year to reduce taxable dividends subject to Part IV tax | <input type="text" value="911"/> | 0 | |
| Second preceding taxation year to reduce taxable dividends subject to Part IV tax | <input type="text" value="912"/> | 0 | |
| Third preceding taxation year to reduce taxable dividends subject to Part IV tax | <input type="text" value="913"/> | 0 | 0 |
| | | | ----- |
| Non-capital losses - Closing balance | <input type="text" value="180"/> | | 0 |
| | | | ===== |

Election under paragraph 88(1.1)(f)

| | | | |
|---|----------------------------------|-----|-----|
| Paragraph 88(1.1)(f) election indicator | <input type="text" value="190"/> | Yes | [] |
| Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year. | | | |

Part 2 - Capital losses
Continuity of capital losses and request for a carryback

| | | | |
|--|----------------------------------|----------------------------------|-------|
| Capital losses at end of preceding taxation year | <input type="text" value="200"/> | 0 | |
| Capital losses transferred on amalgamation or wind-up of subsidiary corporation | <input type="text" value="205"/> | 0 | |
| Current-year capital loss (from Schedule 6 calculation) | <input type="text" value="210"/> | 0 | 0 |
| Add: | | | |
| Allowable business investment loss expired as non-capital loss | 0 x 4/3 | <input type="text" value="220"/> | 0 |
| | | | ----- |
| | | Subtotal | 0 |
| Deduct: | | | |
| Amount applied against current-year capital gain (see note 1) | <input type="text" value="225"/> | 0 | |
| Section 80 - Adjustments for forgiven amounts | <input type="text" value="240"/> | 0 | |
| Other adjustments | <input type="text" value="250"/> | 0 | 0 |
| | | | ----- |
| | | Subtotal | 0 |
| Deduct - Request to carry back capital loss to: (see note 2) | | | |
| | Capital gain (100%) | Amount carried back (100%) | |
| First preceding taxation year | 0 | <input type="text" value="951"/> | 0 |
| Second preceding taxation year | 0 | <input type="text" value="952"/> | 0 |
| Third preceding taxation year | 0 | <input type="text" value="953"/> | 0 |
| | | | ----- |
| Capital losses - Closing balance | | <input type="text" value="280"/> | 0 |
| | | | ===== |

Part 2 - Capital losses
Continuity of capital losses and request for a carryback (cont'd)

Capital losses carried back to taxation years ending before February 28, 2000, the inclusion rate is 3/4.

Capital losses carried back to taxation years starting after October 17, 2000, the inclusion rate is 2/3.

For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion rate will be determined by dividing the total taxable capital gain by the total capital gain.

Note 1

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

Note 2

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

Part 3 - Farm losses
Continuity of farm losses and request for a carryback

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

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

(A reply of "NO" triggers the restricted farm loss rules.) [Y/N] [Y]

Part 4 - Restricted farm losses
Current-year restricted farm loss

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

Continuity of restricted farm losses and request for a carryback

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

Note

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

Part 5 - Listed personal property losses
Continuity of listed personal property loss and request for a carryback

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

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

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

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

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

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

Summary of Capital Cost Allowance

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

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

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

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

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

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

Relationship code:

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

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

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation Income Tax Guide."
- A separate cumulative eligible capital account must be kept for each business.
- This form applies to taxation years that end after February 27, 2000.

Part 1 - Calculation of current year deduction and carry-forward
Cumulative eligible capital - Balance at end of preceding taxation year

 (if negative, enter "0") **200** 23,469 A

Add:

 Cost of eligible capital property acquired during
the taxation year **222** 0 B

 Amount transferred on amalgamation or wind-up
of subsidiary **224** 0 C

 Other adjustments **226** 0 D

(add amounts B, C, and D) 0 x 0.75 = 0 E

Subtotal (amount A plus amount E) 230 23,469 F
Deduct:

 Proceeds of sale (less-outlays and expenses not otherwise deductible)
from the disposition of all eligible capital property during
the taxation year **242** 0 G

 The gross amount of a reduction in respect of a forgiven debt
obligation as provided for in subsection 80(7) **244** 0 H

 Other adjustments **246** 0 I

 (add amounts G, H, and I) 0 x 0.75 = **248** 0 J

Cumulative eligible capital balance (amount F minus amount J) 23,469 K

(if amount K is negative, enter "0" at line M and proceed to Part 2)

Current year deduction amount K 23,469 x 7.00% = 250 1,643 L
(enter amount L at line 405 of Schedule 1)

Cumulative eligible capital - Closing balance 300 21,826 M
Amount K minus amount L (if negative, enter "0") =====

Note

You can claim any amount up to the maximum deduction of 7%. For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

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

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

Amount from line K above (show as a positive amount) 0 N

Total of cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988 400 0 1

Total of all amounts which reduced cumulative eligible capital in
the current or prior years under subsection 80(7) 401 0 2

Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988 402 0 3

Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988 408 0 4

Line 3 minus line 4 0 0 5

Total of lines 1, 2, and 5 0 6

Line T from Schedule 10 of previous taxation years ending
after February 27, 2000 409 0 7

Line 6 minus line 7 0 0 O

Line N minus line O (cannot be negative) 0 P

Amount on line 5 0 x 1/2 0 Q

Line P minus line Q 0 R

Amount on line R 0 x 2/3 * 0 S

Lesser of line N or line O 0 T

Amount to be included in income on line 108 of Schedule 1,
line S plus line T

For taxation years ending before February 28, 2000,

line N - line Q 410 0

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

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

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

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

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

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

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

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

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

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

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

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

Allocation of the business limit

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

Enter the calendar year to which the agreement applies Year
2002

Is this an amended agreement for the above-noted calendar year that
is intended to replace an agreement previously filed by any of
the associated corporations listed below? [Y/N] [N]

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

Business limit reduction under subsection 125(5.1)

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

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

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

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

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

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

PART 1.3 TAX ON LARGE CORPORATIONS
(2000 and later taxation years)

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part 1.3 tax payable before the deduction for surtax credits.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part 1.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part 1.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident-owned investment corporation throughout the year;
 - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.

Complete the following areas to determine the amounts needed to calculate Part 1.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

Part 1 - Capital

Add the following amounts at the end of the year:

| | | |
|---|-----|-----------|
| Reserves that have not been deducted in computing income for the year under Part 1. | 101 | 399,929 |
| Capital stock (or members' contributions if incorporated without share capital) | 103 | 2,632,307 |
| Retained earnings | 104 | 78,928 |
| Contributed surplus | 105 | 0 |
| Any other surpluses | 106 | 4,269,026 |
| Deferred unrealized foreign exchange gains | 107 | 0 |
| All loans and advances to the corporation | 108 | 7,083,669 |
| All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations | 109 | 0 |
| Any dividends declared but not paid by the corporation before the end of the year | 110 | 0 |
| All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year | 111 | 0 |

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts
(that would be determined under lines 101, 107, 108, 109, 111, and 112)
for the partnership of which the corporation is a member at the end
of the year exceeds the amount of the partnership's deferred unrealized
foreign exchange losses (see note below)

112 0

Subtotal 14,463,859 14,463,859 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year

121 0

Any deficit deducted in computing the shareholders' equity

122 0

Any amount deducted under subsection 135(1) in computing income under

Part I for the year, to the extent that the amount may reasonably be
regarded as being included in any of lines 101 to 112 above

123 0

The amount of deferred unrealized foreign exchange losses

124 0

Subtotal 0 0 B

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

190 14,463,859

Note:

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

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- Amounts at these lines apply to partnerships in the same way that they apply to corporations.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 - Investment allowance

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

A share of another corporation **401** 0

A loan or advance to another corporation (other than a financial institution) **402** 8,854

A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of
another corporation (other than a financial institution) **403** 0

Long-term debt of a financial institution **404** 0

A dividend receivable on a share of the capital stock of another corporation **405** 0

A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or
similar obligation of, a partnership all of the members of which, throughout the year,
were other corporations (other than financial institutions) that were not exempt from

tax under Part I.3 (other than by reason of paragraph 181.1(3)(d)) **406** 0

An interest in a partnership (see note 1 below) **407** 0

Investment allowance for the year **490** 8,854

Part 2 - Investment allowance (cont'd)
Notes:

- 1) Where the corporation has an interest in a partnership, the carrying value at the end of the taxation year, of that interest is deemed to be equal to that proportion of the total of the carrying value of each asset of the partnership described in 401 to 405 above, at the end of its last fiscal period ending at or before the end of the year, that the corporation's share of the partnership's income or loss is of the partnership's income or loss for that period.
- 2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of, a corporation that is exempt from tax under Part I.3 (other than by reason of paragraph 181.1(3)(d)).
- 3) Where, in certain circumstances, a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 - Taxable capital

| | | |
|--|--|---|
| Capital for the year (line 190) | 14,463,859 | C |
| Deduct: Investment allowance for the year (line 490) | 8,854 | D |
| Taxable capital for the year | ----- | |
| (amount C minus amount D) (if negative, enter "0") | 500 14,455,005 | |
| | ===== | |

Part 4 - Taxable capital employed in Canada

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

| | | | | | | | |
|---|------------|---|---------------------------------|---|--|------------------------------------|--|
| Taxable capital for the year (line 500) | 14,455,005 | X | Taxable income earned in Canada | 610 361,729 | | Taxable capital employed in Canada | 690 14,455,005 |
| | | | ----- | ----- = | | | ===== |
| | | | Taxable income | 361,729 | | | |

Notes:

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

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

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

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada

701

0

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada

711

0

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada

712

0

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below)

713

0

Total deductions (add lines 711, 712, and 713)

0

0 E

Taxable capital employed in Canada

(line 701 minus amount E) (if negative, enter "0")

790

0

Note:

Complete line 713 only if the country in which the corporation is resident imposed neither a capital tax for the year on similar assets, nor a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 - Calculation of gross Part I.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies) 14,455,005

Deduct: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36)

801

9,989,402

Excess of taxable capital employed in Canada over capital deduction

811

4,465,603

Gross Part I.3 Tax

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

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

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

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

Gross Part I.3 tax (amount F or G, whichever applies)

820

10,048

Part 6 - Calculation of current-year surtax credit available

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

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

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

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

c) line 600 from the T2 return 4,051 x line 690 of this schedule 14,455,005 = 4,051

 14,455,005
 line 500 of this schedule
 d) line 700 from the T2 return 91,003 4,051 I

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

Part 7 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830) 4,051
 Taxable capital employed in Canada
 (line 690 or 790, whichever applies) 14,455,005
 Deduct: Capital deduction claimed for the year 9,989,402

 Excess of taxable capital employed in Canada over capital deduction 4,465,603 a
 =====
 Less: Gross Part I.3 tax
 Line a 4,465,603 x .2250% = 10,048 10,048 b

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

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

 365

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

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

Part 8 - Calculation of net Part 1.3 tax payable

Gross Part 1.3 tax (line 820) 10,048 J

Deduct:

Current-year surtax credit applied

(the lesser of lines 820 and 830) 861 4,051

Unused surtax credit from previous years applied 862 0

Subtotal (cannot exceed amount on line 820) 4,051 4,051 K

Net Part 1.3 tax payable (amount J minus amount K) 870 5,997

Enter this amount at line 704 of the T2 return =====

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

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

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

Are any members of the related group liable to pay Part 1.3 tax? [Y/N] [Y]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation ending in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

Year Month Day

Date filed (for departmental use only) 010

Is this an amended agreement? 020 [Y/N] [N]

Enter the calendar year to which the agreement applies..... 030 2002

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

| Names of all corporations which are members of the related group | Business Number (Note 1) | Allocation of capital deduction for the year \$ | Taxation year end to which this agreement applies (Note 2) |
|--|---|--|--|
| <div style="border: 1px solid black; display: inline-block; padding: 2px;">200</div> | <div style="border: 1px solid black; display: inline-block; padding: 2px;">300</div> | <div style="border: 1px solid black; display: inline-block; padding: 2px;">400</div> | <div style="border: 1px solid black; display: inline-block; padding: 2px;">500</div> |
| NIAGARA-ON-THE-LAKE HYDRO INC. | 863605929RC0001 | 9,989,402 | |
| See attached | | 10,598 | |
| Total | (Before 2004 must not exceed \$10,000,000 After 2003 must not exceed \$50,000,000) | ----- 10,000,000 ===== | |

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

Note 2: An entry is only required for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

NIAGARA-ON-THE-LAKE HYDRO INC.**Account/Business No.: 863605929RC0001 Year Ended:**
AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX**Sch. 036-Supp.**
2002-12-31

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- In accordance with subsection 181.5(7) of the federal Income Tax Act, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

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

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

Note 2: An entry is only required for a corporation that has more than one taxation ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Schedule 36 - Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-08

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

SHAREHOLDER INFORMATION
(1998 and later taxation years)

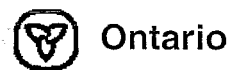
All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

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

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

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

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



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

2003

CT23 Corporations Tax and Annual Return

For taxation years commencing after September 30, 2001
Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)
The Annual Return (common page 1 and MCBS Schedule A on pages 22 and 23, and Schedule K on page 24) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

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

MCBS Annual Return Required? (Not required if already filed or Annual Return exempt, Refer to Guide)

☒ Yes ☐ No

Page 1 of 24

Ministry Use

Corporation's Legal Name (including punctuation)

NIAGARA-ON-THE-LAKE HYDRO INC.

Mailing Address

P.O. Box 460

8 Henegan Road

Virgil

ON CA L0S-1T0

Has the mailing address changed since last filed CT23 Return? ☐ Yes

Date of Change

year month day

Registered/Head Office Address

P.O. Box 460

8 Henegan Road

Virgil

ON CA L0S-1T0

Location of Books and Records

P.O. BOX 460, 8 HENEGAN ROAD

Virgil

ON CA L0S-1T0

Name of person to contact regarding this CT23 Return

Telephone No.

Fax No.

ROSE MURPHY

905-468-4235

Jurisdiction Incorporated

Ontario

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

(MCBS)

ON CA

If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:

Commenced

year month day

Ceased

year month day

☒ Not Applicable

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

No. of Schedule(s)

0

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

☒ No change

Preferred Language/Langue de préférence

☒ English
anglais

☐ French
français

Ministry use



Certification (MCBS)

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

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

ROSE MURPHY

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.

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AMENDED
2003 416

NIAGARA-ON-THE-LAKE HYDRO INC.

1800140

2002-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

1 ☒ 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))

☐ Other Private

☐ Public

☐ Non-share Capital

☐ Other (specify)

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

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

If applicable, enter

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

If applicable, enter

Specify major business activity

2 ☐ 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)

Please "X" box(es) if applicable:

☐ First Year of Filing

☐ Amended Return

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

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

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

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

☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

Yes No

Was the corporation inactive throughout the taxation year?

☐ ☒

Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?

☒ ☐

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?

☐ ☒

Income Tax

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

DOLLARS ONLY

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

| Taxable Income | | Number of Days in Taxation Year | | | | | | | | | | | | | | | | | |
|----------------|----|---------------------------------|----|----------------|--------------------|---|----|-----------|---|----------|---|----|-----|---|----|-----|-----|----|---------|
| From | 10 | (or | 20 | if applicable) | 361,729. | x | 30 | 100.0000% | x | 12.5000% | x | 33 | 365 | ÷ | 73 | 365 | = + | 29 | 45,216. |
| | | | | | Ontario Allocation | | | | | | | | | | | | | | |
| From | 10 | (or | 20 | if applicable) | 361,729. | x | 30 | 100.0000% | x | 14.0000% | x | 34 | 0 | ÷ | 73 | 365 | = + | 32 | 0. |
| | | | | | Ontario Allocation | | | | | | | | | | | | | | |

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

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year?

(X) ☒ Yes ☐ No

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a)) 50 439,175.

| | | | | | |
|---|---|----|----------|----|----------|
| Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) | + | 51 | 361,729. | | |
| Add: Losses of other years deducted for federal purposes (fed.s.111) | + | 52 | 77,446. | | |
| Subtract: Losses of other years deducted for Ontario purposes (s.34) | - | 53 | 77,446. | | |
| | = | | 361,729. | 54 | 361,729. |
| Federal Business limit for the year before the application of fed.s.125(5.1) (not exceeding \$ 200,000) | + | 55 | 200,000. | | |

Add: Ontario enhancement of federal business limit

| Number of Days in Taxation Year | | | | | | | |
|--|---|--------------|------------|-----|----------|---------|--------------|
| | Days after Sept. 30, 2001 and before Jan. 1, 2003 | | Total Days | | | | |
| 80,000 x | 28 | 365 ÷ | 73 | 365 | | | |
| X From | 55 | 200,000 ÷ | 200,000 | =+ | 43 | 80,000. | |
| | Days after Dec. 31, 2002 and before Jan 1, 2004 | | Total Days | | | | |
| 120,000 x | 31 | 0 ÷ | 73 | 365 | | | |
| X From | 55 | 200,000 ÷ | 200,000 | =+ | 46 | 0. | |
| | Days after Dec 31, 2003 and before Jan 1, 2005 | | Total Days | | | | |
| 200,000 x | 31 | 0 ÷ | 73 | 365 | | | |
| X From | 55 | 200,000 ÷ | 200,000 | =+ | 47 | 0. | |
| Ontario enhancement of federal business limit | 43 | + | 46 | + | 47 | - = | 80,000. |
| | | | | | | | + 44 80,000. |
| Business Limit for Ontario purposes | 55 | + | 44 | = | 280,000. | 45 | 280,000. |
| Income eligible for the IDSBC | From 30 | 100.0000 % x | 56 | = | 280,000. | 60 | 280,000. |

* Note: Ontario Allocation for IDSBC purposes may differ from
continued on Page 5

NIAGARA-ON-THE-LAKE HYDRO INC.

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DOLLARS ONLY

Income Tax *continued from Page 4*

Number of Days in Taxation Year

| Days after Sept. 30, 2001 and before Jan. 1, 2003 | Total Days |
|---|------------|
| 28 365 ÷ 73 | 365 |

Calculation of IDSBC Rate

$$\dots\dots\dots 6.50\% \times \boxed{28} \quad \boxed{365} \div \boxed{73} \quad \boxed{365} = + \boxed{79} \quad 6.5000$$

| Days after Dec. 31, 2002 and before Jan. 1, 2004 | Total Days |
|--|------------|
| 31 0 ÷ 73 | 365 |

$$\dots\dots\dots 7.00\% \times \boxed{31} \quad \boxed{0} \div \boxed{73} \quad \boxed{365} = + \boxed{89} \quad .0000$$

| Days after Dec. 31, 2003 and before Jan. 1, 2005 | Total Days |
|--|------------|
| 34 0 ÷ 73 | 365 |

$$\dots\dots\dots 8.50\% \times \boxed{34} \quad \boxed{0} \div \boxed{73} \quad \boxed{365} = + \boxed{90} \quad .0000$$

IDSBC Rate for Taxation Year $\boxed{79} + \boxed{89} + \boxed{90} = \boxed{78} \quad 6.5000$

Claim $\dots\dots\dots$ From $\boxed{60} \quad 280,000.$ X From $\boxed{78} \quad 6.5000\%$ $\dots\dots\dots = \boxed{70} \quad 18,200.$

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in $\boxed{114}$ 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** $\dots\dots\dots$ From $\boxed{10}$ (or $\boxed{20}$ if applicable) $+ \boxed{80} \quad 361,729.$

If you are a member of an associated group (X) $\boxed{81} \quad \boxed{X}$ (Yes)

Name of associated corporation (Canadian & foreign)
(if insufficient space, attach schedule)

Ontario Corporations Tax
Account No. (MOF)
(if applicable)

Taxation Year End

**** Taxable Income**
(if loss, enter nil)

See attached $\dots\dots\dots + \boxed{82} \quad 6.543.$

$\dots\dots\dots + \boxed{83} \quad .$

$\dots\dots\dots + \boxed{84} \quad .$

Aggregate Taxable Income $\boxed{80} + \boxed{82} + \boxed{83} + \boxed{84}$, etc. $\dots\dots\dots = \boxed{85} \quad 368,272.$

Number of Days in Taxation Year

| Days after Sept. 30, 2001 and before Jan. 1, 2003 | Total Days |
|---|------------|
| 28 365 ÷ 73 | 365 |

Subtract: $280,000 \times \boxed{28} \quad \boxed{365} \div \boxed{73} \quad \boxed{365} = + \boxed{113} \quad 280,000.$

| Days after Dec. 31, 2002 and before Jan. 1, 2004 | Total Days |
|--|------------|
| 31 0 ÷ 73 | 365 |

$320,000 \times \boxed{31} \quad \boxed{0} \div \boxed{73} \quad \boxed{365} = + \boxed{115} \quad 0.$

| Days after Dec. 31, 2003 and before Jan. 1, 2005 | Total Days |
|--|------------|
| 34 0 ÷ 73 | 365 |

$400,000 \times \boxed{34} \quad \boxed{0} \div \boxed{73} \quad \boxed{365} = + \boxed{116} \quad 0.$

$\boxed{113} + \boxed{115} + \boxed{116} = \quad 280,000.$ $\dots\dots\dots - \boxed{114} \quad 280,000.$

(If negative, enter nil) $\dots\dots\dots = \boxed{86} \quad 88,272.$

Number of Days in Taxation Year

| Days after Sept. 30, 2001 and before Jan. 1, 2003 | Total Days |
|---|------------|
| 28 365 ÷ 73 | 365 |

Calculation of Specified Rate for Surtax $\dots\dots\dots 4.3330\% \times \boxed{28} \quad \boxed{365} \div \boxed{73} \quad \boxed{365} = + \boxed{95} \quad 4.3330$

| Days after Dec. 31, 2002 and before Jan. 1, 2004 | Total Days |
|--|------------|
| 31 0 ÷ 73 | 365 |

$\dots\dots\dots 4.6670\% \times \boxed{31} \quad \boxed{0} \div \boxed{73} \quad \boxed{365} = + \boxed{96} \quad .0000$

| Days after Dec. 31, 2003 and before Jan. 1, 2005 | Total Days |
|--|------------|
| 34 0 ÷ 73 | 365 |

$\dots\dots\dots 4.6670\% \times \boxed{34} \quad \boxed{0} \div \boxed{73} \quad \boxed{365} = + \boxed{97} \quad .0000$

Specified rate of surtax for Taxation Year $\boxed{95} + \boxed{96} + \boxed{97} \dots\dots\dots = \boxed{94} \quad 4.3330$

From $\boxed{86} \quad 88,272.$ X From $\boxed{94} \quad 4.3330\%$ $\dots\dots\dots = \boxed{87} \quad 3,825.$

From $\boxed{87} \quad 3,825.$ X From $\boxed{60} \quad 280,000.$ ÷ From $\boxed{114} \quad 280,000.$ $\dots\dots\dots = \boxed{88} \quad 3,825.$

Surtax Lesser of $\boxed{70}$ or $\boxed{88} \dots\dots\dots = \boxed{100} \quad 3,825$

Continued on Page 6

Income Tax *continued from Page 5*

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

110 0.

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

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

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

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

Eligible Canadian Profits + **120** 0.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - From **56** 280,000.

Add: Adjustment for Surtax on Canadian-controlled private corporations

From **100** 3,825. ÷ From **30** 100.0000% ÷ From **78** 6.5000% = **121** 58,846.

Lesser of **56** or **121** + **122** 58,846.

120 - **56** + **122** = **130** 0.

Taxable Income + From **10** 361,729.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - From **56** 280,000.

Add: Adjustments for Surtax on Canadian-controlled private corporations + From **122** 58,846.

Subtract: Taxable Income **10** 361,729. X Allocation % to jurisdictions outside Canada 0.0000% - **140** 0.

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses - **141** 0.

10 - **56** + **122** - **140** - **141** = **142** 140,575.

Claim

Number of Days in Taxation Year

143 0. X From **30** 100.0000% X 1.5000% X

| | |
|---|------------|
| Days after Sept 30, 2001 and before Jan 1, 2004 | Total Days |
| 33 0 ÷ 73 | 365 |

 = + **154** 0.

143 0. X From **30** 100.0000% X 2.0000% X

| | |
|--|------------|
| Days after Dec 31, 2003 and before Jan 1, 2005 | Total Days |
| 34 0 ÷ 73 | 365 |

 = + **156** 0.

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

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations = **161** 0.

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

Credit for Foreign Taxes Paid (s.40)

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

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit **175** 0. Credit Claimed **180** 0.

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

continued on Page 7

NIAGARA-ON-THE-LAKE HYDRO INC.

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Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies* to research and development in Ontario.Eligible Credit From 5620 OITC Claim Form *(Attach original Claim Form)* + 191 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies* to employment of eligible students.Eligible Credit From 5798 Summary Schedule F + 192 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.Eligible Credit From 5899 either Claim Form from Ontario Media Development Corporation (OMDC) or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.*(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* + 193 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies* to employment of eligible unemployed post secondary graduate.No. of Graduates From 6596194 0Eligible Credit From 6598 Summary Schedule G + 195 0.**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies* to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.Eligible Credit From 6900 OBPTC Claim Form *(Attach both the original Claim Form and the Certification Form)* + 196 0.**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies* to labour relating to computer animation and special effects on an eligible production.Eligible Credit From 6700 Claim Form Certified by Ontario Media Development Corporation*(Attach the original Claim/Certification Form with the CT23 Tax Return.)* + 197 0.**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies* to qualifying R&D expenditures under an eligible research institute contract.Eligible Credit From 7100 OBRITC Claim Form *(Attach original Claim Form)* + 198 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies* to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.Eligible Credit From 7300 either Claim Form from Ontario Media Development Corporation (OMDC) or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.*(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* + 199 0.**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies* to qualifying labour expenditures of eligible products for the taxation year.Eligible Credit From 7400 Claim Form certified by Ontario Media Development Corporation*(Attach original Claim/Certification Form.)* + 200 0.**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.Eligible Credit From 7500 OSRTC Claim Form *(Attach both the original Claim Form and the Certification Form)* + 201 0.Other (specify) + 201.1 0.**Total Specified Tax Credits** 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 201.1 = 220 0.**Specified Tax Credits** *Applied to reduce Income Tax* = 225 0.**Income Tax** 190 - 225 OR Enter NIL if reporting Non-Capital Loss *(amount cannot be negative)* = 230 30,841.To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in 230 to Income Tax in **Summary** section on **Page 17**.**OR**If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

Corporate Minimum Tax (CMT)

Determination of Applicability

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

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

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

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

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

If you are a member of an associated group (x) **[242]** **X** (Yes)

| Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule) | Ontario Corporations Tax Account No. (MOF) (if applicable) | Taxation Year End | * Total Assets | * Total Revenue |
|---|--|-------------------|-----------------------------------|-----------------------------------|
| See attached | | | + [243] 7,355,325. | + [244] 105,238. |
| | | | + [245] | + [246] |
| | | | + [247] | + [248] |
| Aggregate Total Assets | [240] + [243] + [245] + [247] , etc. | | = [249] 24,497,996. | |
| Aggregate Total Revenue | [241] + [244] + [246] + [248] , etc. | | | = [250] 16,015,350. |

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

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

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

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

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

If **[280]** is greater than or equal to zero, transfer **[230]** to **Page 17** and transfer **[280]** to **Page 17**, and to **Schedule D: Continuity of CMT Credit Carryovers, on Page 20**.

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

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) + From **[190]** **30,841.**
 Gross CMT Payable + From **[276]** **21,348.**
 Subtract: Foreign Tax Credit for CMT purposes - From **[277]** **0.**
 If **[276]** - **[277]** is negative, enter NIL in **[290]** = **[290]** **21,348.**
 Income Tax eligible for CMT Credit = **[300]** **9,493.**

B. Income tax (after deduction of specified credits) + From **[230]** **30,841.**
 Subtract: CMT credit used to reduce income taxes - **[310]** **0.**
 Income Tax = **[320]** **30,841.**

Transfer to page 17

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

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

NIAGARA-ON-THE-LAKE HYDRO INC.

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DOLLARS ONLY

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

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

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital tax for the taxation year. A Corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

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

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

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

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

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

Paid-up Capital

| | | | |
|--|---|-----|-------------|
| Paid-up capital stock (Int.B. 3012 and 3015) | + | 350 | 2,632,307. |
| Retained earnings (if deficit, deduct) (Int.B. 3012) | ± | 351 | 78,928. |
| Capital and other surpluses, excluding appraisal surplus (Inf.B.3012) | + | 352 | 4,269,026. |
| Loans and advances (Attach schedule) (Int.B. 3013) | + | 353 | 7,083,669. |
| Bank loans (Int.B. 3013) | + | 354 | 0. |
| Bankers acceptances (Int.B. 3013) | + | 355 | 0. |
| Bonds and debentures payable (Int.B. 3013) | + | 356 | 0. |
| Mortgages payable (Int.B. 3013) | + | 357 | 0. |
| Lien notes payable (Int.B. 3013) | + | 358 | 0. |
| Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013) | + | 359 | 399,929. |
| Contingent, investment, inventory and similar reserves (Int.B. 3012) | + | 360 | 0. |
| Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012) | + | 361 | 0. |
| Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017) | + | 362 | 0. |
| Subtotal | = | 370 | 14,463,859. |
| Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012) | - | 371 | 321,410. |
| Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015) | - | 372 | 0. |
| Total Paid-up Capital | = | 380 | 14,142,449. |
| Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015) | - | 381 | 0. |
| Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation | - | 382 | 0. |
| Net Paid-up Capital | = | 390 | 14,142,449. |

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

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

| | | | |
|---|---|-----|--------|
| Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998) | + | 402 | 0. |
| Mortgages due from other corporations | + | 403 | 0. |
| Shares in other corporations (certain restrictions apply) (Refer to Guide) | + | 404 | 0. |
| Loans and advances to unrelated corporations | + | 405 | 0. |
| Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide) | + | 406 | 8,854. |
| Share of partnership(s) or joint venture(s) eligible investments (Attach schedule) | + | 407 | 0. |
| Total Eligible Investments | = | 410 | 8,854. |

continued on Page 10

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Capital Tax Calculation continued from page 10**SECTION C**

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 D or Section E.

☐ C1: ☐ 509 (X if applicable) All corporations that you are associated with do not have a permanent establishment in Canada.

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

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

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

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

If the taxation year ends after December 31, 2002, you and your associated group may continue to allocate the \$5,000,000 taxable capital exemption by completing the *Calculation* below. Or, the associated group may file an election under subsection 69(2.1) of the Corporations Tax Act, whereby total assets are used to allocate the taxable capital exemption among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the \$15,000 capital tax effect, relating to the \$5,000,000 taxable capital exemption, to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

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

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

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

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

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

Names of associated corporations (excluding financial institutions and corporations exempt from capital tax) or related partners having a permanent establishment in Canada (if insufficient space, attach schedule)

Ontario Corporations Tax Account No. (MOF) (if applicable)

Taxation Year End

Taxable Capital

See attached

+ ☐ 531 180,012.

+ ☐ 532

+ ☐ 533

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

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

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

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

Transfer to ☐ 542 in Section D on page 12

S.s.69(2.1) Election Filed

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

Capital Tax Calculation continued from Page 11

SECTION D

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

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

+ From 470 14,135,005.

- 542 4,937,125.

= 471 9,197,880.

X From 30

100.0000%

X 3000%

Days in taxation year

555 365

** 365

(366 if leap year)

= + 523 27,594.

Transfer to 543 and complete the return from that point

SECTION E

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

+ From 470 0.

X From 30

100.0000%

X 3000%

Days in taxation year

555 365

** 365

(366 if leap year)

= + 561 0.

- Capital tax deduction From 995 relating to your corporation's capital tax deduction, on ss.69(2.1) election form

- From 995 0.

= 562 0.

Capital Tax 562 0.

X

Days in taxation year

555 365

** 365

(366 if leap year)

= 563 0.

Transfer to 543 and complete the return from that point.

** If floating taxation year, refer to Guide.

| | | |
|--|--|---------------------|
| Capital Tax before application of specified credits | | = 543 27,594. |
| Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide) | | - 546 0. |
| Capital Tax 543 - 546 (amount cannot be negative) | | = 550 27,594. |
| | | Transfer to Page 17 |

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Capital Tax continued from Page 12**Calculation of Capital Tax for Financial Institutions****I.1. Credit Unions only**For taxation years commencing after May 4, 1999 enter NIL in **550** on page 12, and complete the return from that point.**I.2. Other than Credit Unions**(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)

565 0. x 0.6% X From **30** 0. % X **555** 0 ÷ 0 (366 if leap year) = + **569** 0.

Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1 Ontario Allocation

570 0. x **571** 0.00 % X From **30** 0. % X **555** 0 ÷ 0 (366 if leap year) = + **574** 0.

Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount Capital Tax Rate (Refer to Guide) Ontario Allocation

Capital Tax for Financial Institutions – other than Credit Unions (before Section II)**569** + **574** = **575** 0.**** If floating taxation year, refer to Guide.****II. Small Business Investment Tax Credit**

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

Allowable Credit for Eligible Investments - **585** 0.Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes

Capital Tax – Financial Institutions **575** - **585** = **586** 0.

Transfer to **543** on Page 12

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

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

Applies to Ontario-related uninsured benefits arrangements.

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

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) - **589** 0.

Premium Tax **588** - **589** = **590** 0.

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

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1

 ± **600** 439,175.

Transfer to Page 15

Add:

| | | | | |
|--|-------|---|------------|-------------------|
| Federal capital cost allowance | ..... | + | 601 | <u>1,225,686.</u> |
| Federal cumulative eligible capital deduction | ..... | + | 602 | <u>1,643.</u> |
| Ontario taxable capital gain | ..... | + | 603 | <u>0.</u> |
| Federal non-allowable reserves. Balance beginning of year | ..... | + | 604 | <u>0.</u> |
| Federal allowable reserves. Balance end of year | ..... | + | 605 | <u>0.</u> |
| Ontario non-allowable reserves. Balance end of year | ..... | + | 606 | <u>0.</u> |
| Ontario allowable reserves. Balance beginning of year | ..... | + | 607 | <u>0.</u> |
| Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE) | ..... | + | 608 | <u>0.</u> |
| Federal resource allowance | ..... | + | 609 | <u>0.</u> |
| Federal depletion allowance | ..... | + | 610 | <u>0.</u> |
| Federal foreign exploration and development expenses | ..... | + | 611 | <u>0.</u> |
| Management fees, rents, royalties and similar payments to non-arms' length non-residents | ..... |  |  |  |

Number of Days in Taxation Year

| Days after Sept. 30, 2001 and before Jan. 1, 2004 | Total Days |
|---|------------|
| 33 | 365 |

| Days after Dec. 31, 2003 and before Jan. 1, 2005 | Total Days |
|--|------------|
| 34 | 365 |

612 0. × 5 ÷ 12.5000 × **33** 365 ÷ **73** 365 = + **633** 0.
612 0. × 5 ÷ 14.0000 × **34** 0 ÷ **73** 365 = + **634** 0.

 Total add-back amount for Management fees, etc. **633** + **634** = 0. + **613** 0.

 Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661 excluding any negative amount in **473** from Ont. CT23 schedule 161 + **615** 0.

 Add any negative amount in **473** from Ont. CT23 Schedule 161 + **616** 0.

 Federal allowable business investment loss + **620** 0.

 Total of other items not allowed by Ontario but allowed federally (Attach schedule) + **614** 0.
Total of Additions **601** to **611** + **613** + **615** + **616** + **620** + **614** = 1,227,329. **640** 1,227,329.

Transfer to Page 15

Deduct:

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

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continued on Page 15

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

continued from Page 14

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 From \pm 600 439,175.Total of Additions From = 640 1,227,329.Subtotal of deductions on page 14 From = 681 1,227,329.**Deduct:****Ontario New Technology Tax Incentive (ONTTI) Gross-up***(Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)*Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying intellectual property deducted in the current taxation year 662 0.**ONTTI Gross-up deduction calculation:**

| | | | | | |
|-----------------|--------------------|---------------|-------------------|----|-----------------|
| From <u>662</u> | Gross-up of CCA | | | | |
| | 0. x | <u>100</u> | | | |
| | From <u>30</u> | <u>0.0000</u> | | | |
| | Ontario Allocation | | | | |
| | | | - From <u>662</u> | 0. | = <u>663</u> 0. |

Workplace Child Care Tax Incentive

| | | | | | | |
|--------------------------|------------|------|----------------|--------------------|--|-----------------|
| Qualifying expenditures: | <u>665</u> | 0. x | 30.00% x | <u>100</u> | | = <u>666</u> 0. |
| | | | From <u>30</u> | <u>100.0000</u> | | |
| | | | | Ontario Allocation | | |

Workplace Accessibility Tax Incentive

| | | | | | | |
|--------------------------|------------|------|----------------|--------------------|--|-----------------|
| Qualifying expenditures: | <u>667</u> | 0. x | 100.00% x | <u>100</u> | | = <u>668</u> 0. |
| | | | From <u>30</u> | <u>100.0000</u> | | |
| | | | | Ontario Allocation | | |

Number of Employees accommodated 669 0**Ontario School Bus Safety Tax Incentive (OSBSTI):** *(Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)*

| | | | | | | |
|--------------------------|------------|------|----------------|--------------------|--|-----------------|
| Qualifying expenditures: | <u>670</u> | 0. x | 30.00% x | <u>100</u> | | = <u>671</u> 0. |
| | | | From <u>30</u> | <u>100.0000</u> | | |
| | | | | Ontario Allocation | | |

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

| | | | | | | |
|--------------------------|------------|------|----------------|--------------------|--|-----------------|
| Qualifying expenditures: | <u>672</u> | 0. x | 15.00% x | <u>100</u> | | = <u>673</u> 0. |
| | | | From <u>30</u> | <u>100.0000</u> | | |
| | | | | Ontario Allocation | | |

Ontario allowable business investment loss + 678 0.Ontario Scientific Research Expenses claimed in year in 477 + 679 0.Amount added to income federally for an amount that was negative in line 454 of federal form T661 + 677 0.Total of other deductions allowed by Ontario (Attach schedule) + 664 0.Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 .. = 1,227,329. 680 1,227,329.Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 439,175.

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Continuity of Losses Carried Forward

| | Non-Capital Losses (1) | Total Capital Losses (9) (10) | Farm Losses | Restricted Farm Losses | Listed Personal Property Losses | Limited Partnership Losses (6) |
|--|---------------------------|-------------------------------------|-------------------------|---------------------------|------------------------------------|-----------------------------------|
| Balance at Beginning of Year | 700 (2) 77,446 | 710 (2) 0 | 720 (2) 0 | 730 0 | 740 0 | 750 0 |
| Add: | | | | | | |
| Current year's losses (7) | 701 0 | 711 0 | 721 0 | 731 0 | 741 0 | 751 0 |
| Losses from predecessor corporations (3) | 702 0 | 712 0 | 722 0 | 732 0 | 742 0 | 752 0 |
| Subtotal | 703 0 | 713 0 | 723 0 | 733 0 | 743 0 | 753 0 |
| Subtract: | | | | | | |
| Utilized during the year to reduce taxable income | 704 (2) 77,446 | 715 (2) (4) 0 | 724 (2) 0 | 734 (2) (4) 0 | 744 (4) 0 | 754 (4) 0 |
| Expired during the year | 705 0 | 716 0 | 725 0 | 735 0 | 745 0 | 755 0 |
| Carried back to prior years to reduce taxable income (5) | 706 (2) to Page 17 0 | 716 (2) to Page 17 0 | 726 (2) to Page 17 0 | 736 (2) to Page 17 0 | 746 0 | 756 0 |
| Subtotal | 707 77,446 | 717 0 | 727 0 | 737 0 | 747 0 | 757 0 |
| Balance at End of Year | 709 (8) 0 | 719 0 | 729 0 | 739 0 | 749 0 | 759 0 |

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount 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) Commencing in the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance at End of Year by Year of Origin

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

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

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

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Ministry of Finance**.

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
 - 1) the first day of the taxation year after the loss year,
 - 2) the day on which the corporation's return for the loss year is delivered to the Minister, or
 - 3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

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

Summary

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

(Includes credit interest)

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

Certification

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

Name (please print)

ROSE MURPHY

Title

Mgr of Finance and Administrat

Full Residence Address

Signature

Date

2003-03-08

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

NIAGARA-ON-THE-LAKE HYDRO INC.

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2002-12-31

DOLLARS ONLY

**Corporate Minimum Tax - Schedule A:
Calculation of CMT Base****Banks** - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.

Net Income/Loss (unconsolidated, determined in accordance with GAAP)

+ 2100 632,452.

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

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

Subtotal = 0. 2109 0.

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

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

| | | | |
|---|---|------|----|
| Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1)) | + | 2114 | 0. |
|---|---|------|----|

Subtotal = 110,706. 2115 110,706.

Add/Subtract:

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

| | | | | | |
|--|---|------|---------|------|----|
| ** Fed.s.85 | + | 2116 | 0. or - | 2117 | 0. |
| ** Fed.s.85.1 | + | 2118 | 0. or - | 2119 | 0. |
| ** Fed.s.97 | + | 2120 | 0. or - | 2121 | 0. |
| ** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years | + | 2122 | 0. or - | 2123 | 0. |
| ** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years | + | 2124 | 0. or - | 2125 | 0. |
| ** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years | + | 2126 | 0. or - | 2127 | 0. |

| | | | |
|--|---|------|----|
| Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income | - | 2150 | 0. |
|--|---|------|----|

Subtotal (Additions) = 0. 2128 0.

Subtotal (Subtractions) = 0. 2129 0.

** Other adjustments ± 2130 0.

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

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

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

Deduct: * CMT losses: pre-1994 Loss + From 2210 0.

* CMT losses: other eligible losses + 2211 209,468.

= 209,468. 2134 209,468.

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

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

CMT Base = 2135 533,690.

Transfer to CMT Base on Page 8

Corporate Minimum Tax (CMT)



Schedule B: Continuity of CMT Losses Carried Forward

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

Add: Current year's losses + [2202] 0.

Losses from predecessor corporations on amalgamation (3) + [2203] 0.

Losses from predecessor corporations on wind-up (3) + [2204] 0.

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

Subtotal = 0. + [2207] 0.

Adjustments (attach schedule) ± [2208] 0.

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

Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income + [2210] 0.

Other eligible losses utilized during the year to reduce adjusted net income (4) .. + [2211] 209,468.

Losses expired during the year + [2212] 0.

Subtotal = 209,468. - [2213] 209,468.

Balances at End of Year (5) [2209] - [2213] = [2214] 0.

Notes:

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

(2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))

(3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))

(4) CMT losses must be used to the extent of the lesser of the adjusted net income [2133] and CMT losses available [2209].

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

Schedule C: Analysis of CMT Losses Year End Balance by Year of Origin

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

| | Year of Origin (oldest year first) year month day | CMT Losses of Corporation | CMT Losses of Predecessor Corporations |
|--------|---|---------------------------|---|
| [2240] | 9th preceding taxation year 2001-12-31 | [2260] 0 | [2280] 0 |
| [2241] | 8th preceding taxation year 2002-12-31 | [2261] 0 | [2281] 0 |
| [2242] | 7th preceding taxation year | [2262] 0 | [2282] 0 |
| [2243] | 6th preceding taxation year | [2263] 0 | [2283] 0 |
| [2244] | 5th preceding taxation year | [2264] 0 | [2284] 0 |
| [2245] | 4th preceding taxation year | [2265] 0 | [2285] 0 |
| [2246] | 3rd preceding taxation year | [2266] 0 | [2286] 0 |
| [2247] | 2nd preceding taxation year | [2267] 0 | [2287] 0 |
| [2248] | 1st preceding taxation year | [2268] 0 | [2288] 0 |
| [2249] | Current taxation year | [2269] 0 | [2289] 0 |
| Totals | | [2270] 0 | [2290] 0 |

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

Corporate Minimum Tax (CMT)



Schedule D: Continuity of CMT Credit Carryovers

| | | | | |
|--|--------------------|-------|----------|---------|
| Balance at Beginning of year (1) | ..... | + | 2301 | 0. |
| Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL) | ..... | + | From 280 | 0. |
| CMT Credit Carryovers from predecessor corporations (2) | ..... | + | 2302 | 0. |
| Amalgamation (x) 2303 <input type="checkbox"/> Yes | | | | |
| Wind-up (x) 2304 <input type="checkbox"/> Yes | | | | |
| Subtotal | ..... | = | 0. | + |
| Adjustments (Attach schedule) | ..... | ± | 2306 | 0. |
| CMT credit carryover available | 2301 + 2305 ± 2306 | ..... | = | 2307 0. |
| Transfer to Page 8 | | | | |
| Subtract: CMT Credit utilized during the year to reduce income tax (Page 8) | ..... | + | From 310 | 0. |
| CMT Credit expired during the year | ..... | + | 2308 | 0. |
| Subtotal | ..... | = | 0. | - |
| Balance at End of Year (3) | 2307 - 2309 | ..... | = | 2310 0. |

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (3) Amount in 2310 must equal sum of 2370 + 2390.

Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

| | Year of Origin (oldest year first) year month day | CMT Credit Carryovers of Corporation | CMT Credit Carryovers of Predecessor Corporation(s) |
|---------------|---|---|--|
| 2340 | 9th preceding taxation year | 2360 | 2380 |
| | 2001-12-31 | 0 | 0 |
| 2341 | 8th preceding taxation year | 2361 | 2381 |
| | 2002-12-31 | 0 | 0 |
| 2342 | 7th preceding taxation year | 2362 | 2382 |
| | | 0 | 0 |
| 2343 | 6th preceding taxation year | 2363 | 2383 |
| | | 0 | 0 |
| 2344 | 5th preceding taxation year | 2364 | 2384 |
| | | 0 | 0 |
| 2345 | 4th preceding taxation year | 2365 | 2385 |
| | | 0 | 0 |
| 2346 | 3rd preceding taxation year | 2366 | 2386 |
| | | 0 | 0 |
| 2347 | 2nd preceding taxation year | 2367 | 2387 |
| | | 0 | 0 |
| 2348 | 1st preceding taxation year | 2368 | 2388 |
| | | 0 | 0 |
| 2349 | Current taxation year | 2369 | 2389 |
| | | 0 | 0 |
| Totals | | 2370 | 2390 |
| | | 0 | 0 |

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

Calculation of Tax Rates for the

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

1. Calculation of IDSBC Rate

Number of Days In Taxation Year

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

2. Calculation of Specified Rate for Surtax

Number of Days In Taxation Year

| | | | | | |
|-------|---|---|---|------------|----------|
| | | Days after Dec 31, 1998 and before Jan 1, 2000 | | Total Days | |
| 4.67% | x | 0 | / | 365 | = .0000% |

| | | | | | |
|-------|---|---|---|------------|----------|
| | | Days after Dec 31, 1999 and before Jan 1, 2001 | | Total Days | |
| 5.00% | x | 0 | / | 365 | = .0000% |

| | | | | | |
|-------|---|---|---|------------|----------|
| | | Days after Dec 31, 2000 and before Oct 1, 2001 | | Total Days | |
| 5.00% | x | 0 | / | 365 | = .0000% |

| | | | | | |
|---------|---|--|---|------------|-----------|
| | | Days after Sept 30, 2001 and before Jan 1, 2003 | | Total Days | |
| 4.3330% | x | 365 | / | 365 | = 4.3330% |

| | | | | | |
|---------|---|---|---|------------|----------|
| | | Days after Dec 31, 2002 and before Jan 1, 2004 | | Total Days | |
| 4.6670% | x | 0 | / | 365 | = .0000% |

| | | | | | |
|---------|---|---|---|------------|---------|
| | | Days after Dec 31, 2003 and before Jan 1, 2005 | | Total Days | |
| 4.6670% | x | 0 | / | 365 | = .0000 |

| | | |
|--|---|---------|
| Specified Rate of Surtax for the Taxation Year | = | 4.3330% |
| | | ===== |



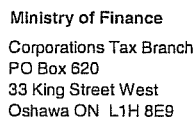
Surtax on Canadian-Controlled Private Corporations

[illegible]



Corporate Minimum Tax - Associated Corporations

CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver. 3-2003

NIAGARA-ON-THE-LAKE HYDRO INC.

Loans or Advances Credited or Advanced to Corporation

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

Transfer to 353 of the CT23 Total = 7.083,669

Summary of Capital Cost Allowance

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

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

Enter in boxes [650] [650] on the CT23

pte 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).



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

Ontario Cumulative Eligible Capital Deduction Schedule 10

(For taxation years 2000 and later)

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

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

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) 23,469^A

Add: Cost of eligible capital property acquired during the taxation year + 0^B
Amount transferred on amalgamation or wind-up of subsidiary + 0^C
Other adjustments + 0^D

Total of B + C + D = 0 X 0.75 = 0^E

Subtotal A + E = 23,469^F

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year + 0^G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada) + 0^H
Other adjustments + 0^I

Total of G + H + I = 0 X 0.75 = 0^J

Ontario cumulative eligible capital balance F – J = 23,469^K

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

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

* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum. Enter amount in box 651 of the CT23

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

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

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

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

Amount from line K above (show as a positive amount) 0^N

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 0¹

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA 0²

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 0³

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 0⁴

Line 3 deduct line 4 0⁵

Total lines 1 + 2 + 5 0⁶

Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 0⁷

Deduct line 7 from line 6 0

N – O (cannot be negative) 0^O

Amount on line 5 0 X 1/2 0^P

P – Q 0^Q

Amount on line R 0 X 2/3* 0^R

Lesser of line N or line O 0^S

Amount to be included in income S + T 0^T

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



Taxable Capital of Associated Corporations

Schedule CT21

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

| | | |
|------------------------------|---|---------|
| Aggregate of taxable capital | = | 180.012 |
|------------------------------|---|---------|

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