

APPENDIX 32

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

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

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

055 Do not use this area

Identification

Business number (BN)  
Corporation's name

001 86673 1649 RC 0001  
002Wasaga Distribution Inc.

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

003☐ Yes ☒ No

Address of head office

Has this address changed since the last time we were notified?  
(If Yes, complete lines 011 to 018)

010☐ Yes ☒ No

011 950 River Road West

012  
City Province, territory, or state

015 Wasaga Beach 016 ON

Country (other than Canada) Postal code/Zip code

017 018 L9Z 2K6

Mailing address (if different from head office address)

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

020 Yes☐ No☒

(If Yes, complete lines 021 to 028)

021 c/o

022 P.O. Box 20

023 950 River Road West

City Province, territory, or state

025 Wasaga Beach 026 ON

Country (other than Canada) Postal code/Zip code

027 028 L9Z 1A2

Location of books and records

Has the location of books and records changed since the last time we were notified?

030☐ Yes ☒ No

(If Yes, complete lines 031 to 038)

031 P.O. Box 20

032 950 River Road West

City Province, territory, or state

035 Wasaga Beach 036 ON

Country (other than Canada) Postal code/Zip code

037 038 L9Z 1A2

040 Type of corporation at the end of the tax year

1☒ Canadian-controlled private corporation (CCPC)

4☐ Corporation controlled by a public corporation

2☐ Other private corporation

5☐ Other corporation (specify, below)

3☐ Public corporation

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

043

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

004☐ Yes ☐ No

To which tax year does this return apply?

From 060 2005/01/01 to 061 2005/12/31

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

063☐ Yes ☒ No

If Yes, provide the date control was acquired

065

Is the corporation a professional corporation that is a member of a partnership?

067☐ Yes ☒ No

Is this the first year of filing after:

Incorporation? 070☐ Yes ☒ No

Amalgamation? 071☐ Yes ☒ No

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

Has there been a wind-up of a subsidiary under section 88 during the current tax year?

If Yes, complete and attach Schedule 24

072☐ Yes ☒ No

Is this the final tax year before amalgamation?

076☐ Yes ☒ No

Is this the final return up to dissolution?

078☐ Yes ☒ No

Is the corporation a resident of Canada?

080☒ Yes ☐ No

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

081

Is the non-resident corporation claiming an exemption under an income tax treaty?

082☐ Yes ☒ No

If Yes, complete and attach Schedule 91.

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

085 1☐ Exempt under paragraph 149(1)(e) or (l)

2☐ Exempt under paragraph 149(1)(j)

3☐ Exempt under paragraph 149(1)(t)

4☒ Exempt under other paragraphs of section 149

Do not use this area

091 092 093 094 095 096

100

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

	Yes	Schedule
Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input type="checkbox"/>	11
If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	----
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or		
ii) is the corporation claiming the refundable portion of Part I tax?	207 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	213 <input checked="" type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input type="checkbox"/>	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 <input type="checkbox"/>	36
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

\* We do not print this schedule.

**Attachments - Continued from page 2****APPENDIX 32****Yes Schedule**

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

**Additional information**

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

**Taxable income**

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF	<b>300</b>	698,575	A
<b>Deduct:</b> Charitable donations from Schedule 2	<b>311</b>		
Gifts to Canada, a province, or a territory from Schedule 2	<b>312</b>		
Cultural gifts from Schedule 2	<b>313</b>		
Ecological gifts from Schedule 2	<b>314</b>		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	<b>320</b>		
Part VI.1 tax deduction from Schedule 43 *	<b>325</b>		
Non-capital losses of preceding tax years from Schedule 4	<b>331</b>		
Net capital losses of preceding tax years from Schedule 4	<b>332</b>		
Restricted farm losses of preceding tax years from Schedule 4	<b>333</b>		
Farm losses of preceding tax years from Schedule 4	<b>334</b>		
Limited partnership losses of preceding tax years from Schedule 4	<b>335</b>		
Taxable capital gains or taxable dividends allocated from a central credit union	<b>340</b>		
Prospector's and grubstaker's shares	<b>350</b>		
Subtotal			B
Subtotal (amount A minus amount B) (if negative, enter "0")		698,575	C
<b>Add:</b> Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	<b>355</b>		D
<b>Taxable income</b> (amount C plus amount D)	<b>360</b>	698,575	
Income exempt under paragraph 149(1)(t)	<b>370</b>		
<b>Taxable income</b> for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)			Z

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

**Small business deduction****Canadian-controlled private corporations (CCPCs) throughout the tax year**Income from active business carried on in Canada from Schedule 7 **400** 698,575 **A**Taxable income from line 360 on page 3, **minus** 10/3 of the amount on line 632 on page 7, **minus** 3 times the amount on line 636 on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax **405** **B****Calculation of the business limit:**

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

\$250,000 x	Number of days in the tax year in 2004		=		1
	Number of days in the tax year	365			

\$300,000 x	Number of days in the tax year in 2005 and in 2006	365	=	300,000	2
	Number of days in the tax year	365			

\$400,000 x	Number of days in the tax year after 2006		=		3
	Number of days in the tax year	365			
	Add amounts at lines 1, 2, and 3			300,000	4

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

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

**Business limit reduction:**

Amount C	X	415	D	=		E
			11,250			

Reduced business limit (amount C minus amount E) (if negative, enter "0") **425** 0 **F****Small business deduction** – 16% of whichever amount is the least: A, B, C, or F **430** 0 **G**  
(enter amount G on line 9 of page 7)**Accelerated tax reduction**

(For tax years ending before January 1, 2006)

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

(enter amount n on line 637 of page 7)

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

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

**Resource deduction**

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Taxable resource income [as defined in subsection 125.11(1)]

**435**

H

Amount H \_\_\_\_\_ x Number of days in the taxation year in 2003  
Number of days in the taxation year 365 x 1% = \_\_\_\_\_ I

Amount H \_\_\_\_\_ x Number of days in the taxation year in 2004  
Number of days in the taxation year 365 x 2% = \_\_\_\_\_ J

Amount H \_\_\_\_\_ x Number of days in the taxation year in 2005  
Number of days in the taxation year 365 x 3% = \_\_\_\_\_ K

Amount H \_\_\_\_\_ x Number of days in the taxation year in 2006  
Number of days in the taxation year 365 x 5% = \_\_\_\_\_ L

Amount H \_\_\_\_\_ x Number of days in the taxation year after 2006  
Number of days in the taxation year 365 x 7% = \_\_\_\_\_ M

**Resource deduction** – total of amounts I, J, K, L, and M**438**

N

(enter amount N on line 10 of page 7)

**General tax reduction for Canadian-controlled private corporations****Canadian-controlled private corporations throughout the tax year**

Taxable income from line 360 page 3

Amount Z from Part 9 of Schedule 27 \_\_\_\_\_ x 100 / 7 = \_\_\_\_\_ B

Amount QQ from Part 13 of Schedule 27 \_\_\_\_\_ C

Taxable resource income from line 435 above \_\_\_\_\_ D

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

Amount on line 400, 405, 410, or 425 on page 4, whichever is the least \_\_\_\_\_ F

Aggregate investment income from line 440 of page 6 \_\_\_\_\_ G

Amount used to calculate the accelerated tax reduction (amount m of page 4) \_\_\_\_\_

Subtotal



H

Amount A minus amount H (if negative, enter "0") \_\_\_\_\_ I

**General tax reduction for Canadian-controlled private corporations** - Amount x 7% \_\_\_\_\_ J

(Enter amount J on line 638 of page 7)

**General tax reduction**

**Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation; and for tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the full tax rate of 38% (eg. deposit insurance company).**

Taxable income from line 360 on page 3

Amount Z from Part 9 of Schedule 27 \_\_\_\_\_ x 100 / 7 = \_\_\_\_\_ N

Amount QQ from Part 13 of Schedule 27 \_\_\_\_\_ O

Taxable resource income from line 435 above \_\_\_\_\_ P

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

Total of amounts N, O, P, and Q \_\_\_\_\_



R

Amount M **minus** amount R (if negative, enter "0") \_\_\_\_\_ S**General tax reduction** - Amount S x 7% \_\_\_\_\_ T

(enter amount T on line 639 of page 7)

**Refundable portion of Part I tax**

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

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

**Deduct:**

Foreign investment income **445** X 9 1/3 % = \_\_\_\_\_  
(Amount L from Part 2 of Schedule 7) (if negative, enter "0") ▶ B

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

Taxable income from line 360 on page 3	698,575
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## Deduct:

Amount on line 400, 405, 410, or 425 on page 4,  
whichever is the least

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

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

$$698,575 \times 26 \frac{2}{3}\% = 186,287 \text{ D}$$
Part I tax payable minus investment tax credit refund  
(line 700 minus line 780 on page 8)

**Deduct:** Corporate surtax from line 600 of page 7

	F
<b>Net amount</b>	<b>F</b>

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least	450	0	F
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## Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding tax year	460
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**Deduct:** Dividend refund for the previous tax year 465

**Add the total of:**

Refundable portion of Part I tax from line 450 above

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

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

480 \_\_\_\_\_ ▶ H

Refundable dividend tax on hand at the end of the tax year - Amount G plus amount H	485	0
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## Dividend refund

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

Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3

X 1/3

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

J

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

**Part I tax**

**Base amount** **APPENDIX 32** 38% of taxable income (line 360 or amount Z, whichever applies) from page 3

550 0 A

**Corporate surtax calculation**

Base amount from line A above 1

**Deduct:**

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 69,858 2

Investment corporation deduction from line 620 below 3

Federal logging tax credit from line 640 below 4

Federal qualifying environment trust tax credit from line 648 below 5

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

28% of taxable income from line 360 on page 3 a

28% of taxed capital gains b 6

Part I tax otherwise payable (line A plus line C and D minus line F) c

Total of lines 2 to 6 69,858 7

Net amount (line 1 minus line 7) 8

**Corporate surtax** - 4% of the amount on line 8 600 B

Recapture of investment tax credit from line III in Part 24 of Schedule 31 602 C

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

Aggregate investment income from line 440 on page 6 i

Taxable income from line 360 on page 3 698,575

**Deduct:**

Amount on line 400, 405, 410, or 425 of page 4, whichever is the least

Net amount 698,575 698,575 ii

**Refundable tax on CCPC's investment income** - 6 2/3% of whichever is less: amount i or ii 604 D

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

**Deduct:**

Small business deduction from line 430 on page 4 9

Federal tax abatement 608

Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 616

Investment corporation deduction (taxed capital gains 624 ) 620

Additional deduction - credit unions from Schedule 17 628

Federal foreign non-business income tax credit from Schedule 21 632

Federal foreign business income tax credit from Schedule 21 636

Accelerated tax reduction from amount n of page 4 637

Resource deduction from line 438 of page 5 10

General tax reduction for CCPCs from amount J on page 5 638

General tax reduction from amount T on page 5 639

Federal logging tax credit from Schedule 21 640

Federal political contribution tax credit 644

Federal political contributions 646

Federal qualifying environmental trust tax credit 648

Investment tax credit from Schedule 31 652

Apprenticeship Job Creation Tax Credit (Applicable for salaries and wages paid to qualifying apprentices on or after May 2, 2006)

Subtotal F

**Part I tax payable** - Line E minus line F (enter amount G on line 700 of page 8) 0 G

**Summary of tax and credits****Federal tax** APPENDIX 32

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

**Add provincial and territorial tax:**

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

Total tax payable **770** 0 A**Deduct other credits:**

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld <b>801</b>		
Allowable refund for non-resident-owned investment corporations - Schedule 26	804	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	

Total credits **890** Balance (line A minus line B) 0 BRefund Code **894** Overpayment**Direct Deposit Request**

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

☐ Start ☐ Change information **910** Branch number  
**914** Institution number **918** Account number

If the result is negative, you have an **overpayment**.If the result is positive, you have a **balance unpaid**.

Enter the amount on whichever line applies.

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

Balance unpaid

Enclosed payment **898**

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

**896** 1 Yes ☐ 2 No ☒ NA ☐**Certification**

**950** Lalonde **951** Michael **954** Manager  
Surname First name Position, office or rank  
**955** 2007/08/08 **956** (705) 429-2517  
Date 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** **959** ( ) -  
Name Telephone number

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





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.

Net income (loss) after taxes and extraordinary items per financial statements **A** 413,996

Add:

Provision for income taxes - current	101	216,652	
Interest and penalties on taxes	103	5,896	
Amortization of tangible assets	104	582,125	
Income/loss for tax purposes - joint ventures/partnerships	109	(419)	
Total of fields 101 to 199	500	804,254	804,254

Deduct:

Capital cost allowance - Schedule 8	403	395,626	
Cumulative eligible capital deduction - Schedule 10	405	1,274	
Tax reserves claimed in current year - Schedule 13	413	76,671	
Total of fields 300 to 394	499	46,104	
Total of fields 401 to 499	510	519,675	519,675

Net income (loss) for income tax purposes (enter on line 300 of the T2 return) 698,575

Deduct:

Other deductions:

700 Amortization Of Contributions In Aid Of Construction	390	46,104	
Total of fields 300 to 394 (Enter this amount at line 499)		46,104	46,104



Canada Revenue  
Agency

Agence du revenu  
du Canada

CAPITAL COST ALLOWANCE

Schedule 8

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

1 Class	2 UCC at start of year	3 Cost of additions in the year	4 Net adjustments	5 Proceeds of dispositions in the year	7 Adjustment for additions (1/2 x (col 3 - 5))	8 Base amount for CCA	9 Rate %	10 CCA for the year (col 8 x 9 or a lower amount)	11 Recapture of CCA	12 Terminal loss	13 UCC at the end of the year
200	201	203	205	207	211		212	217	213	215	220
1	767,244					767,244	4	30,690			736,554
1	8,622,651					8,622,651	4	344,906			8,277,745
47		500,750			250,375	250,375	8	20,030			480,720
Totals	9,389,895	500,750			250,375	9,640,270		395,626			9,495,019

RELATED AND ASSOCIATED CORPORATIONS

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

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

associated corporation(s)

Name	Country (if not Canada)	Business # (Canadian corporation only)	Code note 1	Common shares		Preferred shares		Book value of capital stock
				# owned	% owned	# owned	% owned	
100	200	300	400	500	550	600	650	700
Wasaga Resource Services Inc.		86758 4724 RC 0001	3					
Geosands Inc.		86673 1441 RC 0001	1	100	100.000			2,745,596
Wasaga Genco Inc.		NR	3					
The Corporation of the Town of Wasaga Beach		10810 1577 RC 0001	4					
Note 1 : Enter the code number of the relationship that applies: 1- Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated								
								100

APPENDIX 32

BALANCE SHEET INFORMATION

Schedule 100

Assets	Code	Current year	Prior year
Cash and deposits	1000		
Accounts Receivable	1060	2,097,641	1,886,069
Due from / investment in related parties	1400	348,919	
Other current assets	1480	(845,999)	(440,808)
Taxes recoverable / refundable	1483	31,359	85,622
Land	1600	508,704	508,716
Buildings	1680	982,607	982,607
Machinery, equipment, furniture and fixtures	1740	15,868,499	15,075,583
Accumulated amortization of machinery, equipment, furniture and fixtures	1741	(8,075,440)	(7,493,314)
Other tangible capital assets	1900	(1,106,495)	(859,656)
Accumulated amortization of other tangible capital assets	1901	(3,634)	(3,634)
Other long term assets	2420	966,052	441,961
Total assets	2599	10,772,213	10,183,146

Liabilities	Code	Current year	Prior year
Bank overdraft	2600		
Amounts payable and accrued liabilities	2620	322,126	289,887
Due to related parties	2860		20,797
Other current liabilities	2960	72,062	32,456
Due to related parties	3300	3,593,269	3,593,269
Other long term liabilities	3320	124,022	
Total liabilities	3499	4,111,479	3,936,409

Equity	Code	Current year	Prior year
Common shares	3500	100	100
Contributed and other surplus	3540	5,232,969	5,232,969
Retained earnings / deficit	3600	1,427,665	1,013,668
Total equity	3620	6,660,734	6,246,737
Total liabilities and equity	3640	10,772,213	10,183,146

Retained earnings	Code	Current year	Prior year
Retained earnings/deficit-start	3660	1,013,669	690,873
Net income / loss	3680	413,996	322,795
Total retained earnings	3849	1,427,665	1,013,668

Details

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

Revenue	Code	Current year	Prior year
Trade sales of goods and services	8000	11,390,456	9,897,888
Total sales of goods and services	8089	11,390,456	9,897,888
Investment revenue	8090	113,754	23,370
Other revenue	8230	122,964	36,041
Total revenue	8299	11,627,174	9,957,299

Cost of sales	Code	Current year	Prior year
Opening inventory	8300		
Purchases / cost of materials	8320	8,556,211	7,001,864
Direct wages	8340		3,660
Other direct costs	8450		1,830
Cost of sales	8518	8,556,211	7,007,354
Gross profit / loss (item 8089 - item 8518)	8519	2,834,245	2,890,534

Operating expenses	Code	Current year	Prior year
Advertising and promotion	8520	84,215	125,604
Amortization of tangible assets	8670	582,125	553,977
Interest and bank charges	8710	266,408	260,347
Repairs and maintenance	8960		271
Salaries and wages	9060	49,640	39,350
Sub-contracts	9110	22,668	17,030
Other expenses	9270	1,435,259	1,375,442
Total operating expenses	9367	2,440,315	2,372,021
Total expenses	9368	10,996,526	9,379,375
Net non-farming income	9369	630,648	577,924

Farming revenue	Code	Current year	Prior year
Grains and oilseeds	9370		
Total farm revenue	9659		

Farming expenses	Code	Current year	Prior year
Crop expenses	9660		
Total farm expenses	9898		
Net farm income	9899		
Net income / loss before taxes and extraordinary items	9970	630,648	577,924

Summary

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

Extraordinary items	9975 -	-	
Legal settlements	9976 -	-	
Unrealized gains / losses	9980 +	+	
Unusual items	9985 -	-	
Current income taxes	9990 -	216,652	255,129
Future income tax provision	9995 -	-	
Net income / loss after taxes and extraordinary items	9999 =	413,996	322,795

# Income statement summary

Schedule 140 is used to summarize the information from multiple Schedules 125.

	Current year		Prior year
	9970	630,648	577,924
Net income/loss before taxes and extraordinary items	9970	630,648	577,924
Extraordinary items	9975	-	-
Legal settlements	9976	-	-
Unrealized gains/losses	9980	+	+
Unusual items	9985	-	-
Current income taxes	9990	-	-
Future income tax provision	9995	-	-
Net income/loss after taxes and extraordinary items	9999	=	=



## NOTES CHECKLIST

Schedule 141

## APPENDIX 32

- This schedule should be completed from the perspective of the person who prepared or reported on the **financial statements**. This person is referred to as the "accounting practitioner", in this schedule.
- For more information, see RC4088, *Guide to the General Index of Financial Information (GIFI) for Corporations and T4012, T2 Corporation – Income Tax Guide*.
- Attach a copy of this schedule, along with any Notes to the financial statements, to the GIFI.

**Part 1 – Accounting practitioner information**Does the accounting practitioner have a professional designation? 095 ☒ Yes ☐ NoIs the accounting practitioner connected\* with the corporation? 097 ☐ Yes ☒ No

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

**Note**

If the accounting practitioner does not have a professional designation or is connected with the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4.

**Part 2 – Type of involvement**

Choose the option that represents the highest level of involvement of the accounting practitioner: 198

Completed an auditor's report 1 ☒Completed a review engagement report 2 ☐Conducted a compilation engagement 3 ☐**Part 3 – Reservations**If you selected option "1" or "2" under **Type of involvement** above, answer the following question:Has the accounting practitioner expressed a reservation? 099 ☐ Yes ☒ No**Part 4 – Other information**Were notes to the financial statements prepared? 101 ☒ Yes ☐ No

If Yes, complete lines 102 to 107 below:

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

If Yes, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? 109 ☐ Yes ☐ No



**APPENDIX 32**

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

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

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

**Part 1 – Consent to release of information to a representative**

Client's name: Wasaga Distribution Inc. Business Number: 866731649

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

Gaviller & Company LLP

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

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

(705) 445-2020

Representative's telephone number

(705) 444-5833

Representative's fax number

**Part 2 – Details of consent**

**A. Which accounts?**

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

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

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

Corporate income tax	RC0001 <input type="checkbox"/>	RC <u>                    </u>	RC <u>                    </u>
GST/HST	RT0001 <input type="checkbox"/>	RT <u>                    </u>	RT <u>                    </u>
Payroll deductions	RP0001 <input type="checkbox"/>	RP <u>                    </u>	RP <u>                    </u>
Import/Export	RM0001 <input type="checkbox"/>	RM <u>                    </u>	RM <u>                    </u>

**B. Which years?**

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

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

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



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

Business Number: 866731649

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

( ) -  
Representative's fax number

1. All year-ends up to:

2. All year-ends beginning in:  and all years after that.

3. The following year-ends only:

Date 2007/08/08

# Tax instalments paid

Jurisdiction	Description	Date	Amount
Ontario			264,850
Federal			
Total			264,850

\* Enter Québec instalments paid on form CO-1027.VE

## Summary by jurisdiction

Federal		Manitoba	
British Columbia		Ontario	264,850
Alberta			
Saskatchewan			

# Related and Associated Corporations Summary

		Corporation #1	Corporation #2	Corporation #3	Total
<b>Corporation name</b>		Wasaga Distribution Inc.	Wasaga Resource Services Inc.	Geosands Inc.	
<b>Business number</b>		86673 1649 RC 0001	86758 4724 RC 0001	86673 1441 RC 0001	
<b>Taxation year end</b>		2005/12/31	2005/12/31	2005/12/31	
<b>Federal</b>					
<b>Schedule 9</b>	# of common shares owned			100	100
	% of common shares owned			100.000	100.000
	# of preferred shares owned				
	% of preferred shares owned				
	Book value of capital stock			2,745,596	2,745,696
<b>Schedule 23</b>	Business limit (before allocation)	300,000	300,000	300,000	1,200,000
	% of the business limit	100.000			100.000
	Allocation of the business limit	300,000			300,000
<b>Schedule 49</b>	Allocation of SR&ED expenditure limit				
<b>Capital tax</b>					
<b>Schedule 36</b>	Allocation of capital deduction	50,000,000			50,000,000
<b>Schedule 39</b>	Allocation of capital deduction	200,000,000			200,000,000
<b>Schedule 343</b>	Allocation of capital deduction	5,000,000			5,000,000
<b>Schedule 362</b>	Allocation of capital deduction	5,000,000			5,000,000
<b>Alberta</b>					
<b>AT1 Schedule 1</b>	% of business limit	100.000			100.000
	Allocation of the base amount	200,000			200,000
<b>AT1 Schedule 6</b>	Allocation of Crown royalty shelter	2,000,000			2,000,000
<b>Ontario</b>					
<b>OMinimum</b>	Total assets	10,772,213	7,038,021		17,810,334
	Total revenue	11,627,174	1,815,839		13,443,013
<b>OSurtax</b>	Taxable income	698,575	199,889		898,464
<b>CT21</b>	Taxable capital	12,006,813	3,749,321		15,756,134
<b>Schedule 591</b>	Allocation of net deduction				
<b>OITC</b>	Allocation of OITC expenditure limit				
<b>Québec</b>					
<b>CO-1137.E</b>	% of the \$1,000,000 deduction	100.0000			100.0000
	Paid-up capital	6,246,737			6,246,737
<b>CO-737.18.18</b>	Paid-up capital	6,246,737			6,246,737
<b>CO-1138.1</b>	Allocation of farming and fishing deduction				
<b>RD-1029.7</b>	Assets	10,772,213			10,772,213
<b>RD-1029.7.8</b>	Allocation of SR&ED expenditure limit	2,000,000			2,000,000
	% of the business limit	100.000			100
<b>CO-771.1.3.V</b>	Allocation of the business limit				
<b>Manitoba</b>					
<b>MCT1</b>	Allocation of capital deduction	5,000,000			5,000,000
<b>British Columbia</b>					
<b>Schedule F</b>	Net paid-up capital				
	BC paid-up capital				

# Related and Associated Corporations Summary

		Corporation #4	Corporation #5	Corporation #6	Total
<b>Corporation name</b>		Wasaga Genco Inc.	The Corporation of the Town of Wasaga Beach		
<b>Business number</b>		NR RC	10810 1577 RC 0001	RC	
<b>Taxation year end</b>		2005/12/31	2005/12/31		
<b>Federal</b>					
<b>Schedule 9</b>	# of common shares owned				100
	% of common shares owned				100.000
	# of preferred shares owned				
	% of preferred shares owned				
	Book value of capital stock		100		2,745,696
<b>Schedule 23</b>	Business limit (before allocation)	300,000			1,200,000
	% of the business limit				100.000
	Allocation of the business limit				300,000
<b>Schedule 49</b>	Allocation of SR&ED expenditure limit				
<b>Capital tax</b>					
<b>Schedule 36</b>	Allocation of capital deduction				50,000,000
<b>Schedule 39</b>	Allocation of capital deduction				200,000,000
<b>Schedule 343</b>	Allocation of capital deduction				5,000,000
<b>Schedule 362</b>	Allocation of capital deduction				5,000,000
<b>Alberta</b>					
<b>AT1 Schedule 1</b>	% of business limit				100.000
	Allocation of the base amount				200,000
<b>AT1 Schedule 6</b>	Allocation of Crown royalty shelter				2,000,000
<b>Ontario</b>					
<b>OMinimum</b>	Total assets	100			17,810,334
	Total revenue				13,443,013
<b>OSurtax</b>	Taxable income				898,464
<b>CT21</b>	Taxable capital				15,756,134
<b>Schedule 591</b>	Allocation of net deduction				
<b>OITC</b>	Allocation of OITC expenditure limit				
<b>Québec</b>					
<b>CO-1137.E</b>	% of the \$1,000,000 deduction				100.0000
	Paid-up capital				6,246,737
<b>CO-737.18.18</b>	Paid-up capital				6,246,737
<b>CO-1138.1</b>	Allocation of farming and fishing deduction				
<b>RD-1029.7</b>	Assets				10,772,213
<b>RD-1029.7.8</b>	Allocation of SR&ED expenditure limit				2,000,000
	% of the business limit				100
<b>CO-771.1.3.V</b>	Allocation of the business limit				
<b>Manitoba</b>					
<b>MCT1</b>	Allocation of capital deduction				5,000,000
<b>British Columbia</b>					
<b>Schedule F</b>	Net paid-up capital				
	BC paid-up capital				

**WASAGA DISTRIBUTION INC.****NOTES TO THE FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2005****1. Accounting policies (continued)**

- (g) Taxes are calculated using the taxes payable method as directed by the Ontario Energy Board. Under the taxes payable method, no provision is made for future taxes arising from the temporary difference between the tax basis of an asset or liability and its carrying amount on the balance sheet. When unrecorded future taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of the company at that time. The unrecognized future tax asset is \$335,137 (2004 - \$322,805) and the unrecognized future tax recovery is \$12,332 (2004 - \$56,887) arising from differences between the carrying amount and tax value of capital assets.

**2. Contributions in aid of construction**

Under the terms of the Distribution System Code, the corporation cannot charge a developer more than the difference between the present value of the projected capital costs and on-going maintenance costs for the equipment and the present value of the projected revenue for distribution services provided by those facilities. These amounts are determined by an economic evaluation study of the project. The corporation estimates that it will return \$139,513 (2004 - \$100,471) of the amounts collected. The liability is included in current liabilities. The balance of \$1,106,495 (2004 - \$860,433) is recorded as a reduction of the cost of capital assets.

**3. Related parties**

The common shares of Wasaga Resource Services Inc., Wasaga Genco Inc. and Wasaga Distribution Inc. are owned by Geosands Inc. which is owned by the Town of Wasaga Beach.

A services agreement was struck between Wasaga Resource Services Inc. and the company. Included in this agreement is an adjustment to the initial base consideration of \$1,056,324 paid by the company for its services up to 80% of the change in customer count. Also included is a relief clause stating that if Wasaga Resource Services Inc. realizes substantially greater costs in providing any new services to the company, compensation can be renegotiated and it would be considered reasonable to have 90% of the costs incurred by the company. In 2005, the base consideration was adjusted upward by \$83,000 to \$1,389,324.

**4. Note payable to the Town of Wasaga Beach**

There are no fixed terms of principal repayment. Interest is determined on the principal amount outstanding on the 30th day following December 31st of each year in which principal is owing. The interest rate payable in any given year is the Government of Canada 10 year bond rate posted by the Bank of Canada on December 31st of each year. Interest may be payable in cash or in additional common shares issued by the company. The interest rate at December 31, 2005 was 3.98% (4.39% in 2004). For 2004 and 2005, the Town of Wasaga Beach increased the interest rate for the note to 7.25%.

# WASAGA DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2005

### 5. Financial instruments

The company's financial instruments consist of unbilled revenue, taxes recoverable, accounts payable and accruals, interest payable, due from/to Wasaga Resources Services Inc. and long-term liabilities. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair value does not vary significantly from recorded value.

### 6. Tax status

The company is exempt from income taxes under section 149 of the Income Tax Act. The company is required to make payments in lieu of tax calculated on the same basis as income taxes on taxable income earned and capital taxes.

### 7. Tax reconciliation

	2005	2004
	%	%
Tax rate per tax return	34.4	32.1
Timing differences	(3.7)	8.0
Permanent differences	-	4.0
Tax rate per financial statements	30.7	44.1

### 8. Supplemental cash flow information

Cash payments and receipts were as follows:

	2005	2004
	\$	\$
Interest	260,512	167,446
Tax and instalments paid	264,850	666,626
Tax refunds	83,541	-

### 9. Comparative figures

Certain comparative figures in Note 10 have been reclassified to conform with the current year's financial statement presentation.

# WASAGA DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2005

### 10. Other assets (liabilities)

Other assets consist of the following:

	2005	2004
	\$	\$
<b>Regulatory Assets</b>		
Qualifying transition factors	627,910	523,477
Other regulatory assets	79,140	53,109
Total regulatory assets	707,050	576,586
<b>Regulatory Liabilities</b>		
Purchased power cost variance	(586,997)	(478,066)
Hydro One regulatory liability	(124,022)	(97,367)
Total regulatory liabilities	(711,019)	(575,433)
Net (liability) asset	(3,969)	1,153

Other regulatory assets consist of the costs of processing \$75 rebate cheques and a portion of OEB regulatory costs to be recovered in future rate applications. The OEB regulatory costs include an interest carrying charge at 5.75%.

Hydro One regulatory liability represents 2002-2006 regulatory assets that Hydro One is collecting from embedded distributors over a 5 year period as authorized by the OEB. The current portion of the liability is \$72,060 (2004 - \$32,455) and is included in accounts payable and accruals. Payments to Hydro One are \$3,606 per month for 3 years starting May 2005 and \$2,399 a month for 4 years to start in May 2006.

The OEB has allowed the company to recover the third tranche of its market adjusted revenue requirement (MARR) from customers with the requirement that it be spent on conservation and demand management activities. In 2005, the company recovered \$198,811 of MARR from customers and expended \$122,140 in conservation and demand management activities. The balance of \$76,671 will be spent on conservation and demand management activities in future years.

**WASAGA DISTRIBUTION INC.****NOTES TO THE FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2005****11. Contingent liability**

A class action claiming \$500,000,000 in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged late payment charges on overdue utility bills at any time after April 1, 1981.

The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code.

The Electricity Distributors Association is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the company.

Due to the uncertainty of the outcome, no liability has been recorded. The company will treat this transaction as a current year expense when the liability is reasonably assured and the amount can be reasonably estimated.