Authorization Request – Signature page

- Have this signature page signed and dated by the authorized signing officer of the business.
- Keep a copy of the signed and dated signature page in your files for six years from the date this information is transmitted to the CRA. Do not mail or fax the signature page unless you are requested to do so.

Representative ID **OR** Group ID **OR** Firm BN: BN: 121363626

Representative name: Millard, Rouse & Rosebrugh LLP

Representative phone number: 1 (519)759-3511 Extension:

Business number: 863742599

Business name: Tillsonburg Hydro Inc.

Level of authorization: Update and view (**level 2**) authorization applied to **all** program accounts and **all** fiscal years.

Expiry date:

List of authorization(s):

Certified: Robert Kent

Certification

By signing and dating this page, you authorize the Canada Revenue Agency to interact with the representative mentioned above.

First name: Robert Last name: Kent

Signature: Date signed: 2024-04-28

Telephone number: (519) 688-3009 Extension:

Canada Revenue Agency   Agence du revenu du Canada

Information Return for Corporations Filing Electronically

- **Do not send this form to the Canada Revenue Agency (CRA) unless we ask for it. We will not keep or return this form.**
- Complete this return for every initial and amended T2 Corporation Income Tax Return electronically filed with the CRA on your behalf.
- By completing Part 2 and signing Part 3, you acknowledge that, under the federal Income Tax Act, you have to keep all records used to prepare your T2 Corporation Income Tax Return, and provide this information to us on request.
- Part 4 must be completed by either you or the electronic transmitter of your T2 Corporation Income Tax Return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted your return.

Part 1 – Identification

Corporation's name: Tillsonburg Hydro Inc.

Business number: 86374 2599 RC0001

Tax year start (Year Month Day): 2023-01-01

Tax year-end (Year Month Day): 2023-12-31

Is this an amended return? ☐ Yes ☒ No

Email address:

Notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. I understand that by providing an email address, I am **registering** the corporation to receive email notifications from the CRA. The CRA will notify the corporation at this email address when correspondence is available in My Business Account and requiring immediate attention. Correspondence will be considered as received on the date that the email is sent. For more information, see **canada.ca/cra-business-email-notifications**.

Part 2 – Declaration

Enter the following amounts, if applicable, from the T2 return for the tax year noted in Part 1:

Net income or loss for income tax purposes from Schedule 1, financial statements, or General Index of Financial Information (GIFI) (line 300)	18,287
Part I tax payable (line 700)	2,743
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	585
Total tax payable (line 770)	3,328

Part 3 – Certification and authorization

I, Kent (Last name) Robert (First name) President (Position, office, or rank),

am an authorized signing officer of the corporation. I certify that I have examined the T2 Corporation Income Tax Return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part 4 to electronically file the T2 Corporation Income Tax Return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

2024-04-29		(519) 688-3009
Date (yyyy/mm/dd)	Signature of an authorized signing officer of the corporation	Telephone number

The CRA will accept an electronic signature if it is applied in accordance with the guidance specified by the CRA.

Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

Millard, Rouse & Rosebrugh LLP	A3079
Name of person or firm	Electronic filer number

Privacy notice

Personal information is collected and used to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be disclosed to other federal, provincial, territorial, aboriginal or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 and CRA PPU 211 on Information about Programs and Information Holdings at **canada.ca/cra-information-about-programs**.

200

Canada Revenue Agency Agence du revenu du Canada

T2 Corporation Income Tax Return

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 or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal Income Tax Act and Income Tax Regulations. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your tax centre. You have to file the return within six months after the end of the corporation's tax year.

For more information see **canada.ca/taxes** or Guide T4012, T2 Corporation – Income Tax Guide.

Identification

Business number (BN) **001** 86374 2599 RC0001

Corporation's name
002 Tillsonburg Hydro Inc.

Address of head office
Has this address changed since the last time the CRA was notified? . . . . **010** Yes ☐ No ☒
If **yes**, complete lines 011 to 018.
011 10 LISGAR AVENUE
012
City **015** Tillsonburg
Province, territory, or state **016** ON
Country (other than Canada) **017**
Postal or ZIP code **018** N4G 5A5

Mailing address (if different from head office address)
Has this address changed since the last time the CRA was notified? . . . . **020** Yes ☐ No ☒
If **yes**, complete lines 021 to 028.
021 c/o
022
023
City **025**
Province, territory, or state **026**
Country (other than Canada) **027**
Postal or ZIP code **028**

Location of books and records (if different from head office address)
Has this address changed since the last time the CRA was notified? . . . . **030** Yes ☐ No ☒
If **yes**, complete lines 031 to 038.
031
032
City **035**
Province, territory, or state **036**
Country (other than Canada) **037**
Postal or ZIP code **038**

040 **Type of corporation at the end of the tax year** (tick one)
- ☒ 1 Canadian-controlled private corporation (CCPC)
- ☐ 2 Other private corporation
- ☐ 3 Public corporation
- ☐ 4 Corporation controlled by a public corporation
- ☐ 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . **043** Year Month Day

To which tax year does this return apply?
Tax year start Year Month Day **060** 2023-01-01
Tax year-end Year Month Day **061** 2023-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? . . . . **063** Yes ☐ No ☒

If **yes**, provide the date control was acquired . . . . **065** Year Month Day

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? . . . . **066** Yes ☐ No ☒

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

Is this the first year of filing after:
Incorporation? . . . . **070** Yes ☐ No ☒
Amalgamation? . . . . **071** Yes ☐ No ☒
If **yes**, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? . . . . **072** Yes ☐ No ☒
If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? . . . . **076** Yes ☐ No ☒

Is this the final return up to dissolution? . . . . **078** Yes ☐ No ☒

If an election was made under section 261, state the functional currency used **079**

Is the corporation a resident of Canada? **080** Yes ☒ No ☐
If **no**, give the country of residence on line 081 and complete and attach Schedule 97.
081

Is the non-resident corporation claiming an exemption under an income tax treaty? . . . . **082** Yes ☐ No ☒
If **yes**, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:
085
- ☐ 1 Exempt under paragraph 149(1)(e) or (l)
- ☐ 2 Exempt under paragraph 149(1)(j)
- ☐ 4 Exempt under other paragraphs of section 149

Do not use this area
095 **096** **898**

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.

Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	150	☐	9
Is the corporation an associated CCPC?	160	☐	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161	☐	49
Does the corporation have any non-resident shareholders who own voting shares?	151	☐	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	☐	11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	☐	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	☐	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	☐	15
Is the corporation claiming a loss or deduction from a tax shelter?	166	☐	T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167	☐	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168	☐	22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169	☐	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the Income Tax Regulations?	170	☐	29
Did the corporation have a total amount over CAN$1 million of reportable transactions with non-arm's length non-residents?	171	☐	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	☒	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172	☐	
Does the corporation earn income from one or more Internet web pages or websites?	180	☐	88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	☒	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	202	☐	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	☒	3
Is the corporation claiming any type of losses?	204	☐	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	☒	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	☐	6
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	207	☐	7
Does the corporation have any property that is eligible for capital cost allowance?	208	☒	8
Does the corporation have any resource-related deductions?	212	☐	12
Is the corporation claiming deductible reserves?	213	☒	13
Is the corporation claiming a patronage dividend deduction?	216	☐	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	217	☐	17
Is the corporation an investment corporation or a mutual fund corporation?	218	☐	18
Is the corporation carrying on business in Canada as a non-resident corporation?	220	☐	20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221	☐	21
Does the corporation have any Canadian manufacturing and processing profits or zero-emission technology manufacturing profits?	227	☐	27
Is the corporation claiming an investment tax credit?	231	☐	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	☐	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	☒	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	☒	
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	☐	38
Is the corporation claiming a Part I tax credit?	242	☐	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243	☐	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	☐	45
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250	☐	39
Is the corporation claiming a Canadian film or video production tax credit?	253	☐	T1131
Is the corporation claiming a film or video production services tax credit?	254	☐	T1177
Is the corporation claiming a Canadian journalism labour tax credit?	272	☐	58
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255	☐	92

Attachments (continued)

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271	☐	T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$100,000?	259	☐	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	☐	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	☐	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	☐	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	☐	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	☐	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	☒	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266	☐	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267	☐	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	☒	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269	☐	54
Is the corporation claiming a return of fuel charge proceeds to farmers tax credit?	273	☐	63
Are you an employer reporting a non-qualified security agreement under subsection 110(1.9)?	274	☐	59
Is the corporation claiming an air quality improvement tax credit?	275	☐	65
Is the corporation subject to the additional 1.5% tax on banks and life insurers?	276	☐	68

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	Yes ☐	No ☒
Is the corporation inactive?	280	Yes ☐	No ☒

What is the corporation's main revenue-generating business activity? 221122 Electric Power Distribution

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

284	Electricity distribution	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year?	291	Yes ☐	No ☒
Did the corporation emigrate from Canada during the tax year?	292	Yes ☐	No ☒
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	Yes ☐	No ☐
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	Year Month Day	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	Yes ☐	No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI	300		18,287	A
Deduct:				
Charitable donations from Schedule 2	311			
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine made before March 22, 2017, from Schedule 2	315			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction*	325			
Non-capital losses of previous tax years from Schedule 4	331			
Net capital losses of previous tax years from Schedule 4	332			
Restricted farm losses of previous tax years from Schedule 4	333			
Farm losses of previous tax years from Schedule 4	334			
Limited partnership losses of previous tax years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Employer deduction for non-qualified securities	352			
Subtotal			►	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			18,287	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		18,287	
Taxable income for the year from a personal services business				Z.1

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 9.

Small business deduction

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

Income eligible for the small business deduction from Schedule 7 . . . . **400** 18,287 A

Taxable income from line 360 on page 3, **minus** 100/28 (3.57143) of the amount on line 632* on page 8, **minus** 4 times the amount on line 636** on page 8, and **minus** any amount that, because of federal law, is exempt from Part I tax . . . . **405** 18,287 B

Business limit (see notes 1 and 2 below) . . . . **410** 500,000 C

Notes:

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount 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

Taxable capital business limit reduction for tax years starting before April 7, 2022

Amount C 500,000 x **415** *** 5,334 D / 11,250 = ... 500,000 E1

Taxable capital business limit reduction for tax years starting after April 6, 2022

Amount C 500,000 x **415** *** 5,334 D / 90,000 = ... E2

Amount E1 or amount E2, whichever applies 500,000 ▶ 500,000 E3

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7**** . **417** – 50,000 = . . F

Amount C 500,000 / 100,000 x Amount F = ... G

The greater of amount E3 and amount G **422** 500,000 H

Reduced business limit (amount C **minus** amount H) (if negative, enter "0") . . . . **426** I

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below) . . . . J

Reduced business limit after assignment (amount I **minus** amount J) . . . . **428** K

Small business deduction – Amount A, B, C, or K, whichever is the least . . . . x 19 % = **430**

Enter amount from line 430 at amount K on page 8.

* Calculate the amount of foreign non-business income tax credit deductible on 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 on line 636 without reference to the corporation tax reductions under section 123.4.

*** **Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior** year **minus** $10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current** year **minus** $10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

**** Enter the total adjusted aggregate investment income of the corporation and all associated corporations for each tax year that ended in the preceding calendar year. Each corporation with such income has to file a Schedule 7. For a corporation's first tax year that starts after 2018, this amount is reported at line 744 of the corresponding Schedule 7. Otherwise, this amount is the total of all amounts reported at line 745 of the corresponding Schedule 7 of the corporation for each tax year that ended in the preceding calendar year.

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

	L1 Name of corporation receiving the income and assigned amount	L Business number of the corporation receiving the assigned amount 490	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L [3] 500	N Business limit assigned to corporation identified in column L [4] 505
1.				

Total **510** ______________ Total **515** ______________

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income (other than specified farming or fishing income of the corporation for the year) from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
   (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
   (B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
      (I) persons (other than the private corporation) with which the corporation deals at arm's length, or
      (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column M in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 426.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3			18,287	A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		B		
Amount 13K from Part 13 of Schedule 27		C		
Personal services business income **432**		D		
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least		E		
Aggregate investment income from line 440 on page 6*		F		
Subtotal (**add** amounts B to F)		▶		G
Amount A **minus** amount G (if negative, enter "0")			18,287	H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %			2,377	I

Enter amount I on line 638 on page 8.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from line 360 on page 3				J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		K		
Amount 13K from Part 13 of Schedule 27		L		
Personal services business income **434**		M		
Subtotal (**add** amounts K to M)		▶		N
Amount J **minus** amount N (if negative, enter "0")				O
General tax reduction – Amount O **multiplied** by 13 %				P

Enter amount P on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ________ x 30 2 / 3 % = ... ________ A

Foreign non-business income tax credit from line 632 on page 8 . . . . ________ B

Foreign investment income from Schedule 7 . . . . **445** ________ x 8 % = ________ C

Subtotal (amount B **minus** amount C) (if negative, enter "0") ________ ▶ ________ D

Amount A **minus** amount D (if negative, enter "0") . . . . ________ E

Taxable income from line 360 on page 3 . . . . 18,287 F

Amount from line 400, 405, 410, or 428 on page 4, whichever is the least . . . . ________ G

Foreign non-business income tax credit from line 632 on page 8 . . . . ________ x 75 / 29 = ________ H

Foreign business income tax credit from line 636 on page 8 . . ________ x 4 = ________ I

Subtotal (**add** amounts G to I) ________ ▶ ________ J

Subtotal (amount F **minus** amount J) 18,287 K x 30 2 / 3 % = 5,608 L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9) . . . . 2,743 M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least . . . . **450** ________ N

Refundable dividend tax on hand

Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (line 530 of the preceding tax year)			520		A
Non-eligible refundable dividend tax on hand (NERDTOH) at the end of the previous tax year (line 545 of the preceding tax year) (if negative, enter "0")			535		B
Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3)		C			
Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3)		D			
Subtotal (amount C **plus** amount D)		▶			E
Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary			525		F
ERDTOH dividend refund for the previous tax year			570		G
Refundable portion of Part I tax (from line 450 on page 6)					H
Part IV tax before deductions (amount 2A from Schedule 3)		I			
Part IV tax allocated to ERDTOH (amount E)		J			
Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43)		K			
Subtotal (amount I **minus** total of amounts J and K)		▶			L
Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary			540		M
NERDTOH dividend refund for the previous tax year			575		N
38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3)					O
Part IV tax payable allocated to NERDTOH, net of losses claimed (amount L **minus** amount O) (if negative enter “0”)					P
NERDTOH at the end of the tax year (total of amounts B, H, M, and P **minus** amount N) (if negative, enter "0")			545		
Part IV tax payable allocated to ERDTOH, net of losses claimed (amount E **minus** the amount, if any, by which amount O exceeds amount L) (if negative, enter "0")					Q
ERDTOH at the end of the tax year (total of amounts A, F, and Q **minus** amount G) (if negative, enter "0")			530		

Dividend refund

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)		AA
ERDTOH balance at the end of the tax year (line 530)		BB
Eligible dividend refund (amount AA or BB, whichever is less)		CC
38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3)	105,417	DD
NERDTOH balance at the end of the tax year (line 545)		EE
Non-eligible dividend refund (amount DD or EE, whichever is less)		FF
Amount DD **minus** amount EE (if negative, enter "0")	105,417	GG
Amount BB **minus** amount CC (if negative, enter "0")		HH
Additional non-eligible dividend refund (amount GG or HH, whichever is less)		II
Dividend refund – Amount CC **plus** amount FF **plus** amount II		JJ

Enter amount JJ on line 784 on page 9.

Part I tax

Base amount Part I tax – Taxable income (from line 360 on page 3) **multiplied** by 38 %						550	6,949	A
Additional tax on personal services business income (section 123.5)								
Taxable income from a personal services business	555		x 5 % =			560		B
Additional tax on banks and life insurers from Schedule 68						565		C
Recapture of investment tax credit from Schedule 31						602		D
Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income (if it was a CCPC throughout the tax year)								
Aggregate investment income from line 440 on page 6					E			
Taxable income from line 360 on page 3		18,287	F					
Deduct: Amount from line 400, 405, 410, or 428 on page 4, whichever is the least			G					
Net amount (amount F **minus** amount G)		18,287	▶	18,287	H			
Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount E or amount H						604		I
Subtotal (**add** amounts A, B, C, D, and I)							6,949	J
Deduct:								
Small business deduction from line 430 on page 4					K			
Federal tax abatement			608	1,829				
Manufacturing and processing profits deduction and zero-emission technology manufacturing deduction from Schedule 27			616					
Investment corporation deduction			620					
Taxed capital gains	624							
Federal foreign non-business income tax credit from Schedule 21			632					
Federal foreign business income tax credit from Schedule 21			636					
General tax reduction for CCPCs from amount I on page 5			638	2,377				
General tax reduction from amount P on page 5			639					
Federal logging tax credit from Schedule 21			640					
Eligible Canadian bank deduction under section 125.21			641					
Federal qualifying environmental trust tax credit			648					
Investment tax credit from Schedule 31			652					
Subtotal				4,206	▶		4,206	L
Part I tax payable – Amount J **minus** amount L							2,743	M

Enter amount M on line 700 on page 9.

Privacy notice

Personal information (including the SIN) is collected to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 on Information about Programs and Information Holdings at **canada.ca/cra-information-about-programs**.

Summary of tax and credits

Federal tax

Part I tax payable from amount M on page 8	700	2,743		
Part III.1 tax payable from Schedule 55	710			
Part IV tax payable from Schedule 3	712			
Part IV.1 tax payable from Schedule 43	716			
Part VI tax payable from Schedule 38	720			
Part VI.1 tax payable from Schedule 43	724			
Part VI.2 tax payable from Schedule 67	725			
Part XIII.1 tax payable from Schedule 92	727			
Part XIV tax payable from Schedule 20	728			
Total federal tax		2,743		

Add provincial or territorial tax:

Provincial or territorial jurisdiction **750** ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Quebec and Alberta)	760	585	
Total tax payable	770	3,328	A

Deduct other credits:

Investment tax credit refund from Schedule 31	780			
Dividend refund from amount JJ on page 7	784			
Federal capital gains refund from Schedule 18	788			
Federal qualifying environmental trust tax credit refund	792			
Return of fuel charge proceeds to farmers tax credit from Schedule 63	795			
Canadian film or video production tax credit (Form T1131)	796			
Film or video production services tax credit (Form T1177)	797			
Canadian journalism labour tax credit from Schedule 58	798			
Air quality improvement tax credit from Schedule 65	799			
Tax withheld at source	800			
Total payments on which tax has been withheld 801				
Provincial and territorial capital gains refund from Schedule 18	808			
Provincial and territorial refundable tax credits from Schedule 5	812			
Tax instalments paid	840	138,254		
Total credits	890	138,254	▶ 138,254	B

Balance (amount A **minus** amount B) -134,926

If the result is negative, you have **a refund**. If the result is positive, you have a **balance owing**.
Enter the amount below on whichever line applies.

Generally, the CRA does not charge or refund a difference of $2 or less.

Refund code **894** 1

Refund 134,926

Balance owing

For information on how to enrol for direct deposit, go to **canada.ca/cra-direct-deposit**.

For information on how to make your payment, go to **canada.ca/payments**.

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** Yes ☐ No ☒

If this return was prepared by a tax preparer for a fee, provide their: EFILE number **920** A3079

RepID **925**

Certification

I, **950** Kent **951** Robert **954** President,

Last name	First name	Position, office, or rank
Kent	Robert	President

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 also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

Date (yyyy/mm/dd)	Signature of the authorized signing officer of the corporation	Telephone number
955 2024-04-29	Robert Kent Digitally signed by Robert Kent Date: 2024.05.17 08:43:29 -04'00'	**956** (519) 688-3009

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

Name of other authorized person	Telephone number
958	**959**

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. **990** 1

Schedule of Instalment Remittances

Name of corporation contact

Telephone number

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Prior year remittance maintained	1,254
2024-03-17		137,000

Total amount of instalments claimed (carry the result to line 840 of the T2 Return)	138,254	**A**
Total instalments credited to the taxation year per T9	138,254	**B**

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	6,095,068	5,876,745
	Total tangible capital assets	2008	+	36,642,925	34,096,117
	Total accumulated amortization of tangible capital assets	2009	–	15,227,975	14,438,808
	Total intangible capital assets	2178	+	18,080	18,080
	Total accumulated amortization of intangible capital assets	2179	–	5,424	1,898
	Total long-term assets	2589	+	2,921,327	2,263,044
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	30,444,001	27,813,280
	Liabilities				
	Total current liabilities	3139	+	3,899,832	5,262,354
	Total long-term liabilities	3450	+	13,917,979	10,180,193
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	17,817,811	15,442,547
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	12,626,190	12,370,733
	Total liabilities and shareholder equity	3640	=	30,444,001	27,813,280
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	4,643,237	4,387,780

* Generic item

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

Income statement information

Description **GIFI**

Operating name . . . . **0001** ____
Description of the operation . . . . . **0002** ____
Sequence number **0003** 01

Income statement information

Account	Description	GIFI		Current year	Prior year
	Total sales of goods and services	8089	+	25,530,557	26,333,325
	Cost of sales	8518	–	20,749,063	21,925,821
	Gross profit/loss	8519	=	4,781,494	4,407,504
	Cost of sales	8518	+	20,749,063	21,925,821
	Total operating expenses	9367	+	4,247,709	3,875,671
	Total expenses (mandatory field)	9368	=	24,996,772	25,801,492
	Total revenue (mandatory field)	8299	+	25,530,557	26,333,325
	Total expenses (mandatory field)	9368	–	24,996,772	25,801,492
	Net non-farming income	9369	=	533,785	531,833

Farming income statement information

	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		

	Net income/loss before taxes and extraordinary items	9970	=	533,785	531,833

	Total – other comprehensive income	9998	=		

Extraordinary items and income (linked to Schedule 140)

	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	3,328	90,415
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	530,457	441,418

Canada Revenue Agency   Agence du revenu du Canada

Schedule 141

General Index of Financial Information (GIFI) – Additional Information

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

- Corporations need to complete all parts of this schedule that apply and include it with their T2 return along with their other GIFI schedules.
- For more information, see Guide RC4088, General Index of Financial Information (GIFI), and Guide T4012, T2 Corporation – Income Tax Guide.

Part 1 – Information on the person primarily involved with the financial information

Can you identify the person* specified in the heading of Part 1? . . . . . **111** Yes ☒ No ☐

If you answered **no**, go to Part 2.

Does that person have a professional designation in accounting? . . . . . **095** Yes ☐ No ☒

Is that person connected** with the corporation? . . . . . **097** Yes ☒ No ☐

* A person primarily involved with the financial information is a person who has more than a 50% involvement in preparing the financial information that the T2 return is based on. For example, if three persons prepared the financial information by doing respectively 30%, 30%, and 40% of the work, answer **no** at line 111. If they did respectively 10%, 20%, and 70% of the work, answer **yes** at line 111 and complete Part 1 by referring only to the third person.

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

Part 2 – Type of involvement

Choose one or more of the following options that represent your involvement and that of the person referred to in Part 1:

Completed an auditor's report . . . . . **300** ☒

Completed a review engagement report . . . . . **301** ☐

Conducted a compilation engagement . . . . . **302** ☐

Provided accounting services . . . . . **303** ☐

Provided bookkeeping services . . . . . **304** ☐

Other (please specify) **305**

Part 3 – Reservations

If you selected option **1** (300) or **2** (301) in Part 2 above, answer the following question:

Has the person referred to in Part 1 expressed a reservation? . . . . . **099** Yes ☐ No ☒

Part 4 – Other information

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

Did the corporation have any subsequent events? . . . . . **104** Yes ☐ No ☒

Did the corporation re-evaluate its assets during the tax year? . . . . . **105** Yes ☐ No ☒

Did the corporation have any contingent liabilities during the tax year? . . . . . **106** Yes ☐ No ☒

Did the corporation have any commitments during the tax year? . . . . . **107** Yes ☐ No ☒

Does the corporation have investments in joint venture(s) or partnership(s)? . . . . . **108** Yes ☐ No ☒

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . **200** Yes ☐ No ☒

If **yes**, enter the amount recognized:

		In net income Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	**210**		**211**	
Intangible assets	**215**		**216**	
Investment property	**220**			
Biological assets	**225**			
Financial instruments	**230**		**231**	
Other	**235**		**236**	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . **250** Yes ☐ No ☒

Did the corporation apply hedge accounting during the tax year? . . . . . **255** Yes ☐ No ☒

Did the corporation discontinue hedge accounting during the tax year? . . . . . **260** Yes ☐ No ☒

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . **265** Yes ☐ No ☒

If **yes**, you have to maintain a separate reconciliation.

Part 5 – Information on the person who prepared the T2 return

If the person who prepared the T2 return has a professional designation in accounting but is not the person identified in Part 1, choose all of the following options that apply:

Prepared the T2 return and the financial information contained therein . . . . . **310** ☐

The client provided the financial statements . . . . . **311** ☐

The client provided a trial balance . . . . . **312** ☒

The client provided a general ledger . . . . . **313** ☐

Other (please specify) . . . . . **314** ________________

General Index of Financial Information

Notes to the financial statements

1. DESCRIPTION OF THE BUSINESS

Tillsonburg Hydro Inc. (the Entity), was incorporated provincially under the Business Corporations Act of Ontario on October 26, 2000. The Entity's principal business activity is to distribute electrical power to the residents of the Town of Tillsonburg in accordance with Section 144 of the Electricity Act, 1998. The Corporation operates under a licence issued by the Ontario Energy Board (OEB). The Corporation is regulated by the OEB and adjustments to the Corporation's distribution and power rates require OEB approval. The address of the Corporation's registered office is 200 Broadway Street, 2nd Floor, Tillsonburg, Ontario, N4G 5A7.

2. BASIS OF PRESENTATION

The Entity's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board (IASB).

(a) Approval of the financial statements

The financial statements were approved by the Board of Directors on April 30, 2024.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, unless otherwise stated.

These financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Entity's functional currency.

(d) Subsequent events

The Entity has evaluated the events and transactions occurring after December 31, 2023 through April 30, 2024, when the Board approved the financial statements, and identified the events and transactions which required recognition in the Entity's financial statements.

(e) Rate setting and industry regulation

The Ontario Energy Board Act (1998) (the Act) gave the Ontario Energy Board (OEB) powers and responsibilities to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounts treatment that may differ from IFRS for enterprises operating in a non-rate regulated environment.

The Act provides for a competitive market in the sale of electricity in addition to the regulation of the monopoly electricity delivery system in Ontario.

2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)

The OEB has regulatory authority over the electricity delivery sector. The Act set out the Board's powers to issue a distribution license, which must be obtained by any person owning or operating a distribution system under the Act. The Act allows the Board to prescribe license requirements and conditions to electricity distributors, which includes such considerations as specified accounting records, regulatory accounting principles, separation of accounts for separate businesses, and filing requirements for rate setting purposes.

With the commencement of the open market, the Corporation purchases electricity from the Independent Electricity System Operator (IESO), at spot market rates and charges its customers unbundled rates. The unbundled rates include the actual cost of generation and transmission of electricity and an approved rate for electricity distribution. The cost of generation, transmission, and other charges such as connection are collected by Tillsonburg Hydro Inc. and remitted to the IESO. The Corporation retains the distribution charge on the customer hydro invoices. The OEB has the general power to include or exclude costs, revenues, losses, or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated Corporation. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The Corporation's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered on future rates. In addition, the Corporation has recorded regulatory liabilities, which will represent amounts for expenses incurred in different periods than would be the case had the Corporation been unregulated. Specific regulatory assets and liabilities are disclosed in note 12.

The Corporation's approved distribution rates include components for the recovery of distribution expenses, regulatory assets and liabilities, and a rate of return on capital assets.

Rate setting - Distribution revenue

The Corporation is required to file a "Cost of Service" ("COS") rate application every five years, unless approved for a deferral, under which the OEB establishes the revenues required to recover the forecasted operating and capital expenditures to support the Corporation's business. The Corporation estimates usage and the costs to service each customer class in order to determine the appropriate rates to be charged by each customer class. The COS rate application is reviewed by the OEB and any registered interveners. Rates are approved based upon the review of evidence and information, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (IRM) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS rate application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

In 2022, the Corporation submitted an Incentive Rate-setting Mechanism (IRM) application to the OEB for 2022 Electricity Distribution rates. On March 23, 2023, the Corporation received a decision from the OEB that approved changes to rates that the Corporation charges for electricity distribution, to be effective May 1, 2023.

Rate setting - Electricity rates

General Index of Financial Information

Notes to the financial statements

The OEB sets electricity prices for certain low volume consumers twice per year (May and November) based upon an estimate of how much it will cost to supply the province with electricity in the coming year (Regulated Price Plan). Remaining customers will pay either the market price for electricity or the contracted price for electricity if they have enrolled with a retailer. The Company is billed for the cost of the electricity that its customers use and passes this cost on to its customers without a markup.

In 2021, the OEB adjusted the Regulated Price Plan in response to the Government issued Emergency Orders under the Emergency Management and Civil Protection Act to assist Ontarians who were forced to stay home due to the COVID-19 pandemic.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents consist of overnight deposits at a Canadian chartered bank

(b) Revenue recognition

Sale and distribution of electricity

Revenues from energy sales and electricity distribution are recorded on the basis of cyclical billings and include estimates of customer usage since the last meter reading to the end of the year (unbilled revenue). The Entity applies judgment to the measurement of the estimated consumption and to the valuation of the consumption.

Distribution revenue is recorded based on the approved OEB distribution rates to recover the costs of delivering electricity to customers. This revenue also includes revenue related to the collection of the rate riders approved by the OEB.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (continued)

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 Revenue from Contracts with Customers. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Entity's obligation to continue to provide the customer access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order to receive ongoing access to electricity. The Entity has concluded that the performance obligation is the supply of the electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

(c) Accounts receivable

Accounts receivable are recorded at the invoiced amount and overdue amounts bear interest at rates approved by the OEB. The Corporation evaluated its allowance for doubtful accounts on its expected credit loss (ECL) model based on its historic credit loss experience. Accounts receivable are shown net of an allowance for doubtful accounts of $176,833 (2022 - $150,749).

(d) Unbilled revenue

Unbilled revenue is recorded based on an estimated amount for electricity delivered and not yet billed. The estimate is based on actual meter readings provided and analyzed by a meter demand management company. Actual unbilled revenue could vary based on actual meter reading dates and the fiscal year end.

(e) Inventory

Inventory consists of repair parts, supplies, and material held for future capital expansion and maintenance activities and is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis. Items considered major spare parts are recorded as capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant, and equipment (PP&E) are measured at cost or deemed cost established on the transition date. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Parts of an item of property, plant, and equipment that have different useful lives are accounted for as separate items (major components) of property, plant and equipment.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

The cost of replacing a part of an item in PP&E is recognized in the net book value of the item if it probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of the property, plant and equipment is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is recognized in comprehensive income on a straight-line basis over the estimate useful life of each part or component of property, plant, and equipment. Land is not depreciated. Work in progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

Distribution station equipment	40 years
Poles, towers, and fixtures	50 years
Overhead conductors	60 years
Overhead devices	40 years
Underground conduit	50 years
Underground conductors and devices	30 years
Transformers	40 years
Services overhead	50 years
Services underground	40 years
Distribution meters	25 years

Smart meters	15 years
Computer hardware	5 years
Computer software	5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

Property, plant, and equipment assets with finite lives are tested for recoverability at each reporting date to determine whether there is any indication of impairment. Any impairment is recognized in comprehensive income when the asset's carrying value exceeds its estimated recoverable amount.

An impairment charge may be reversed only if there is objective evidence that a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognized is warranted. A reversal of an impairment charge is recognized immediately in comprehensive income. After such a reversal, the depreciation charge, where relevant, is adjusted in future periods on a systematic basis over the asset's remaining useful life.

The carrying amounts of the Entity s other non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

(h) Customer deposits

Deposits from electricity customers are cash collections to guarantee the payment of electricity bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(i) Provisions

A provision is recognized if, as a result of a past event, the Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Deferred income taxes

Income taxes are reported using the deferred income taxes method, as follows: current income tax expense is the estimated income taxes payable for the current year after any refunds or the use of losses incurred in previous years, and deferred income taxes reflect:

the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes;

the benefit of unutilized tax losses that will more likely than not be realized and carried forward to future years to reduce income taxes.

Deferred income taxes are estimated using the rates enacted by tax law and those substantively enacted for the years in which deferred income taxes assets are likely to be realized, or deferred income tax liabilities settled.

The effect of a change in tax rates on deferred income tax assets and liabilities is included in earnings in the period when the change is substantively enacted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Payment in lieu of corporate income taxes

Under the Electricity Act, the Corporation provides for payments in lieu of corporate income taxes, also referred to as income tax expense, using the tax liability method. Under the tax liability method, current income taxes payable are recorded based on taxable income. The Entity recognizes deferred tax assets and liabilities for future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the carrying value and their respective tax basis, using tax rates enacted or substantially enacted by the statement of financial position date that are in effect for the year in which the differences are expected to reverse.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realized. The calculation of current and deferred taxes requires management to make certain judgments with respect to changes in tax interpretations, regulations, and legislation, and to estimate probable outcomes on the timing and reversal of temporary differences and tax authority audits of income tax.

Rate-regulated accounting requires the recognition of regulatory balances and related deferred tax assets and liabilities for the amount of deferred taxes expected to be refunded or recovered from customers through future electricity distribution rates. A gross up to reflect the income tax benefits or liabilities associated with the revenue impact resulting from the the realization of deferred taxes is recorded within regulatory balances.

(l) Regulatory deferral accounts

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Entity.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance.

The probability of recovery or repayment of the regulatory account balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the year incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Regulatory deferral accounts (continued)

Regulatory deferral accounts attract interest at OEB prescribed rates. In 2023 the rates were 4.73% (2022 - 0.57%) in quarter one, 4.98% (2022 - 1.02%)

in quarter two, 4.98% (2022 - 2.20%) in quarter three and 5.49% (2022 - 3.87%) in quarter four.

(m) Intangible Assets

Intangible assets consist of a company website. Intangible assets are initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulate impairment (losses). Amortization is provided using the straight-line basis over 5 years.

(n) Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates are underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

a) Note 3 - Revenue recognition - estimates of unbilled revenue
b) Note 3 - Accounts receivable - allowance for impairment
c) Note 3 - Property, plant, and equipment, useful lives and the identification of significant components of property, plant, and equipment
d) Note 3, 12 - Recognition and measurement of regulatory balances
e) Note 14 - Recognition of deferred tax assets - availability of future taxable income against which deductible temporary differences and tax loss carryforwards can be used.

4. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Entity s designation of such instruments. Settlement date accounting is used.

Classification

Cash and cash equivalents	Fair value through profit and loss (FVTPL)
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities
Due from/to related parties	Other financial assets/liabilities
Current portion of customer deposits	Other financial liabilities
Long-term debt	Other financial liabilities
Non-current portion of customer deposits	Other financial liabilities

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Amortized cost

Subsequent to initial recognition, loans and receivables are accounted for at amortized cost using the effective interest method.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are recorded at amortized cost using the effective interest method and include all

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financial liabilities, other than derivative instruments.

Effective interest method

The Entity uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums, or discounts earned or incurred for financial instruments.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Entity has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements are established based on the following hierarchy that categorizes the inputs to valuation techniques:

Level 1 Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities

Level 2 Fair value measurement using inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 Fair value measurement using inputs that are not based on observable market date (unobservable inputs)

The fair values of cash and cash equivalents approximate their carrying amounts due to their short-term nature.

The following table presents the financial instruments recorded at fair value in the Statement of Financial Position, classified using the fair value hierarchy described above:

December 31, 2023	Level 1	Level 2	Level 3	Total financial assets and liabilities at fair value
Financial assets				
Cash and cash equivalents	521,647	-	-	521,647
Total Financial Assets	521,647	-	-	521,647

December 31, 2022	Level 1	Level 2	Level 3	Total financial assets and liabilities at fair value
Financial assets				
Cash and cash equivalents	793,075	-	-	793,075
Total Financial Assets	793,075	-	-	793,075

Impairment of financial assets

A financial asset is assessed using the lifetime expected credit losses (ECL) model to determine whether there is any objective evidence that it is impaired, using the simplified approach. This includes both quantitative and qualitative information and analysis, based on the Entity s historical experience, adjusted for forward-looking factors specific to the current credit environment.

The Entity measures the loss allowance at an amount equal to the lifetime ECL for accounts receivables or contract assets that result from transactions that are within the scope of IFRS 15, and do not contain a significant financing component. The Entity uses a provision matrix to measure the lifetime ECL of accounts receivable from individual customers which accounts for exposures in different customer classes.

If the amount of impairment loss subsequently decreases due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.

4. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Corporation has a significant number of customers which minimizes concentration of credit risk. The Corporation's distribution revenue is earned on a broad base of customers principally located in Tillsonburg, with no single customer that accounts for revenue or accounts receivable balance in excess of 10% of the respective balance.

An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. The carrying amount of accounts receivable is reduced through the use of the allowance. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2023 is $176,833 (2022 - $150,749). An impairment loss of $60,000 (2022 - $60,000) was recognized during the year.

The Entity invests in short-term investments, depending on cash flow availability, which are not considered a credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Entity is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable. The Entity monitors its liquidity risk to ensure access to sufficient funds to meet operational requirements.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk, and commodity price risk. The Entity does not currently have any material commodity or foreign exchange risk. The Entity is exposed to fluctuations in interest rates as the regulated rate of return for the Entity s distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities.

5. ACCOUNTS RECEIVABLE

	2023	2022
Trade receivables	1,894,560	1,829,499
Other receivables	109,047	101,124
Allowance for doubtful accounts	(176,833)	(150,749)
	1,826,774	1,779,874

6. INVENTORY

The amount of inventory consumed by the Corporation and recognized as an expense during the year was $22,312 (2022 - $21,890). An amount of $Nil (2022 - $Nil) was written down due to obsolescence.

7. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

As the Corporation of the Town of Tillsonburg (Town) is the sole shareholder of the Entity, the Entity and the Town are considered related parties.

Banking and accounting activities are administered by the Town on behalf of Tillsonburg Hydro Inc. Amounts due from (to) related parties represent the net working capital position between the Town and the Corporation. A Master Service Agreement (MSA), which was updated in 2013, governs the financial relationship between the Entity and the Town. These financial statements reflect this MSA. This MSA was updated for the year beginning January 1, 2019 and was approved by both parties as of January 28, 2019. The costing provisions set out in the agreement includes a fixed indirect fee of $140,000 (2022 - $140,000).

A summary of transactions between these related parties are as follows:

	2023	2022
Service based expenditures		
Labour	2,050,703	2,057,759
Fleet	172,677	177,000
Rent	150,000	150,000
Master service agreement	140,000	140,000
	2,513,380	2,524,759

	2023	2022
Service based sales		
Hydro billings	485,118	492,898
Capital projects	132,488	111,386
	617,606	604,284

7. RELATED PARTY TRANSACTIONS (Continued)

As disclosed the entity received $190,680 (2022 - $111,386) in funds related to deposits on capital projects from the Town. These balances are included in the Deposits in Aid of Construction balance on the statement of financial position.

At year end outstanding balances due from (to) related parties was $817,749 (2022 - $2,496,386). Interest paid during the year on outstanding balances amounted to 153,954.

The Entity also paid dividends to the Town of $275,000 (2022 - $200,000). The amounts due to and from related parties are non-interest bearing and unsecured if repaid in the following year. Amounts not paid within one year

(b) Key management personnel

They key management personnel of the Corporation have been defined as members of the Board of Directors and the executive managerial team members:

The compensation paid or payable is as follows:

	2023	2022
Salaries and benefits and directors' fees	399,016	453,911

8. INTANGIBLE ASSETS

	2023	2022
Cost		
Cost - beginning of the year	18,080	-
Additions	-	18,080
Disposals	-	-
Cost - end of the year	18,080	18,080
Accumulated Amortization		
Accumulated amortization - beginning of the year	1,898	-
Additions	3,526	1,898
Disposals	-	-
Accumulated amortization - end of the year	5,424	1,898

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Net Book Value	12,656	16,182

9. PROPERTY, PLANT AND EQUIPMENT

Cost	2022 Balance	Additions	Disposals	2023 Balance
Substation land	11,520	-	-	11,520
Substation equipment	366,936	-	-	366,936
Distribution system	33,228,593	2,597,600	61,104	35,765,089
Computer hardware	28,403	-	-	28,403
Computer software	763,848	6,027	-	769,875
	34,399,300	2,603,627	61,104	36,941,823

Accumulated Amortization	2022 Balance	Amortization	Accumulated Amortization on Disposals	2023 Balance
Substation land	-	-	-	-
Substation equipment	167,230	12,792	-	180,022
Distribution system	13,531,707	792,449	61,104	14,263,052
Computer hardware	25,763	1,704	-	27,467
Computer software	714,109	43,325	-	757,434
	14,438,809	850,270	61,104	15,227,975

Cost	2021 Balance	Additions	Disposals	2022 Balance
Substation land	11,520	-	-	11,520
Substation equipment	366,936	-	-	366,936
Distribution system	31,351,327	1,958,186	80,920	33,228,593
Computer hardware	26,168	2,236	-	28,404
Computer software	763,848	-	-	763,848
	32,519,799	1,960,422	80,920	34,399,301

Accumulated Amortization	2021 Balance	Amortization	Accumulated Amortization on Disposals	2022 Balance
Substation land	-	-	-	-
Substation equipment	154,438	12,792	-	167,230
Distribution system	12,881,311	731,315	80,920	13,531,706
Computer hardware	24,283	1,480	-	25,763
Computer software	671,656	42,453	-	714,109
	13,731,688	788,040	80,920	14,438,808

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Net Book Value	2023	2022
Substation land	11,520	11,520
Substation equipment	186,914	199,706
Distribution system	21,502,037	19,696,887
Computer hardware	936	2,641
Computer software	12,441	49,739
	21,713,848	19,960,493

Included in distribution systems is $298,898 of work in progress (2022 - $303,184).

As at December 31, 2023, the property, plant and equipment are subject to a general security agreement as described in Note 11.

10. NET NON-UTILITY ACTIVITIES

The non-utility capital assets are comprised of solar powered equipment which is not regulated by the OEB, these assets are fully amortized. The net revenue generated from these assets is recorded in the non-utility activities.

11. LONG-TERM DEBT

During 2023, the Entity was approved to borrow $8,500,000 for capital project at prime rate of interest less 0.65%. As of December 31, 2023, the Corporation had been advanced $8,000,000 (2022 - $5,000,000). The loan has interest only payments, TD Prime less 0.65% per annum, for two years after the final draw, which can be extended for one more year upon approved request. Full repayment is due upon contractual term maturity. As a result, the $8,000,000 has been reflected in the financial statements as long-term debt. A general security agreement provides collateral for the loan.

12. REGULATORY ASSETS AND LIABILITIES

The following expenses (recoveries) may be considered by the OEB in future rate applications and accordingly have been deferred until such time as direction is provided by the OEB.

Regulatory assets	2022 Balance (restated - Note 21)	Additions/ transfers	Recovery/ reversals	2023 Balance
Retail settlement variances	1,422,269	175,674	163,991	1,761,934
Recovery of regulatory assets	58,303	49,080	-	107,383
Deferred tax asset	845,228	206,782	-	1,052,010
	2,325,800	431,536	163,991	2,921,327

Regulatory assets	2021 Balance	Additions/ transfers	Recovery/ reversals	2022 Balance (restated - Note 21)
Retail settlement variances	1,348,219	74,050	-	1,422,269
Recovery of regulatory assets	56,247	2,056	-	58,303
Deferred tax asset	606,830	238,398	-	845,228
	2,011,296	314,504	-	2,325,800

Regulatory liabilities	2022 Balance (restated - Note 21)	Additions/ transfers	Recovery/ reversals	2023 Balance
Retail settlement variances	76,872	166,749	(1,335)	242,286
Deferred costs	92,294	20,464	-	112,758
Deferred tax asset	-	-	-	-
	169,166	187,213	(1,335)	355,044

Regulatory liabilities	2021 Balance	Additions/ transfers	Recovery/ reversals	2022 Balance (restated - Note 21)
Retail settlement variances	438,325	(361,453)	-	76,872
Deferred costs	76,857	15,437	-	92,294
Deferred tax asset	-	-	-	-
	515,182	(346,016)	-	169,166

The retail settlement variance accounts represent the difference between the amount charged by the IESO based on the settlement invoice and the amount billed to customers using the OEB approved rates. The disposition of these amounts is expected to be reflected in future rate adjustments.

The balance in the recovery of regulatory assets represents the amount that the OEB has considered final in prior applications and set a rate for recovery.

The Entity continually assesses the likelihood of recovery of each of its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Entity judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

13. DEFERRED CONTRIBUTIONS

Deferred customer contributions in aid of construction or acquisition of property, plant, and equipment is as follows:

	2023	2022

Deferred contributions, beginning of year | 4,228,555 | 3,831,067
Add: deferred contributions received | 425,653 | 528,839
Less: amounts recognized as other revenue | (143,283) | (131,351)
Deferred contributions, end of year | 4,510,925 | 4,228,555

14. PAYMENTS IN LIEU OF CORPORATE TAXES

| | 2023 | | 2022
Total current and deferred taxes | | 210,110 | | 328,813
Prior year underprovision | - | | - |
Deferred tax liabilities - opening | 845,228 | | 606,830 |
Deferred tax liabilities - ending | 1,052,010 | | 845,228 |
Deferred tax provision | | (206,782) | | (238,398)
Total current tax payable (recovery) | | 3,328 | | 90,415

Reconciliation of effective tax rate

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate are as follows:

| 2023 | 2022
Income (loss) before income taxes | 330,918 | 109,711
Add: net movement in regulatory balances | 202,867 | 422,122
| 533,785 | 531,833
| |
Expected taxes based on a statutory rate of 26.5% (2022 - 26.5%) | 141,453 |
140,936Capital cost allowance in excess of depreciation | (99,626) | (91,575)
Other additions and deductions | (38,499) | (34,683)
Under (Over) provision of prior years | - | 75,737
Income tax expense (recovery) | 3,328 | 90,415

Components of the Entity's deferred tax balances:

| 2023 | 2022
Regulatory balances | 416,986 | 347,563
Property, plant and equipment | 1,830,419 | 1,618,232
Deferred contributions | (1,195,395) | (1,120,567)
| 1,052,010 | 845,228

15. SHARE CAPITAL 2023 2022

Authorized
Unlimited - Common voting shares
Unlimited - Class A shares non-voting, non-cumulative, redeemable
Issued
1 Common voting share 6,992,565 6,992,565

16. CAPITAL MANAGEMENT

The Entity defines capital as shareholders' equity and long term debt. As at December 31, 2023, shareholders equity amounts to $12,626,195 (2022 - $12,370,738) and long term debt amounts to $8,000,000 (2022 - $5,000,000) The Corporation's objectives when managing capital are to ensure sufficient liquidity to supports its financial obligations and execute its operating and strategic plans; maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and utilize short-term funding sources to manage its capital requirements.

17. EXPENSES BY NATURE

	2023	2022
Contracted services - salaries and benefits	1,309,675	1,289,587
Materials	22,312	21,890
Contracted services	524,422	476,238
Amortization	853,797	789,938
Corporate charges	518,860	622,400
Other	1,018,643	675,617
	4,247,709	3,875,670

18. PRUDENTIAL SUPPORT

Tillsonburg Hydro Inc. has posted a letter of credit with the Independent Electricity System Operator (IESO) in the amount of $956,406 (2022 - $956,406). The IESO is responsible for ensuring that prudential support is posted by all market participants to satisfy their prudential support and obligation and, therefore, mitigate the impact of an event of default by a market participant on the rest of the market.

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Entity generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include services ancillary to the electricity distribution, pole rentals, other regulatory services charges and capital contributions.

		2023
Revenue from contracts with customers		
Rent from electric property		41,061
Miscellaneous service revenue		153,239
Retail service revenue		13,784
		208,084
Deferred capital contribution		143,283
Other revenue		48,192
		399,559

20. COMMITMENTS

(i) General

The Company has entered into a lease agreement for the period of January 1, 2024 to May 31, 2027 for the location of 43 John Pound Road in Tillsonburg. Monthly lease costs for the first five months are $3,400 with subsequent monthly lease costs increasing to $11,153.

(ii) General Liability Insurance

The Corporation has obtained general liability and enhanced directors and officers insurance overage from the Municipal Electric Association Reciprocal Insurance Exchange (the MEARIE Group). The MEARIE is an insurance reciprocal whereby all members through the unincorporated group share risks with each other. Members of the MEARIE Group are assessed a premium deposit at policy execution. Should the group experience losses that are in excess of the accumulated premium deposits of its members combined with reserves and supplementary insurance, members would be assessed a supplementary or retro assessment on a pro-rata basis for the periods which the Corporation was a member.

21. COMPARATIVE FIGURES

The prior year's figures, provided for purposes of comparison, have been restated due to a comprehensive review completed of all Regulated Price Plan (RPP) related preliminary settlement claims with the IESO for the period of 2016-2022. A review of the past allocations of Class B RPP Global Adjustment to Cost of Power and the related calculations was also completed. A more precise method of determining RPP consumption was developed, improvements in preliminary settlements and changes to the allocation calculation were applied. These adjustments had no income statement impact but rather were a reallocation within the components of the regulatory asset and liability lines in the current year. In addition, during the current year the Company has changed the presentation of the regulatory assets and liabilities accounts to confirm to their ending account values rather than net settlement amounts. There is no change in the overall regulatory balance but rather the groupings of regulatory assets and liabilities have been updated over the prior year. The following outlines the impact of these adjustments:

	2022 Opening balance restatement	2022 Opening balance grouping reallocation	2022 Addition / transfer adjustment	Net impact to 2022 ending balances
Regulatory assets				
Retail settlement variances	(2,822,876)	3,232,524	(388,308)	21,340
Recovery of regulatory assets	-	40,722	695	41,417
Regulatory liabilities				
Retail settlement variances	(2,822,876)	3,261,201	(361,453)	76,872
Recovery of regulatory assets	-	12,045	(26,160)	(14,115)
	-	-	-	-

In addition, the prior year figures, provided for comparison, have been restated to correct the allocation of the net movement in regulatory balances. As a result, energy sales decreased by $399,920, other income decreased by $22,202, cost of power decreased by $660,520 and net movement in regulatory balances decreased by $238,398.

1.   DESCRIPTION OF THE BUSINESS

Tillsonburg Hydro Inc. (the Entity), was incorporated provincially under the Business Corporations Act of Ontario on October 26, 2000. The Entity's principal business activity is to distribute electrical power to the residents of the Town of Tillsonburg in accordance with Section 144 of the Electricity Act, 1998. The Corporation operates under a licence issued by the Ontario Energy Board (OEB). The Corporation is regulated by the OEB and adjustments to the Corporation's distribution and power rates require OEB approval. The address of the Corporation's registered office is 200 Broadway Street, 2nd Floor, Tillsonburg, Ontario, N4G 5A7.

2.   BASIS OF PRESENTATION

The Entity's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board (IASB).

(a)   Approval of the financial statements

The financial statements were approved by the Board of Directors on April 26, 2024.

(b)   Basis of measurement

The financial statements have been prepared on a historical cost basis, unless otherwise stated.

These financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

(c)   Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Entity's functional currency.

(d)   Subsequent events

The Entity has evaluated the events and transactions occurring after December 31, 2023 through April 26, 2024, when the Board approved the financial statements, and identified the events and transactions which required recognition in the Entity's financial statements.

(e) Rate setting and industry regulation

The Ontario Energy Board Act (1998) (the Act) gave the Ontario Energy Board (OEB) powers and responsibilities to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounts treatment that may differ from IFRS for enterprises operating in a non-rate regulated environment.

The Act provides for a competitive market in the sale of electricity in addition to the regulation of the monopoly electricity delivery system in Ontario.

2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)

The OEB has regulatory authority over the electricity delivery sector. The Act set out the Board's powers to issue a distribution license, which must be obtained by any person owning or operating a distribution system under the Act. The Act allows the Board to prescribe license requirements and conditions to electricity distributors, which includes such considerations as specified accounting records, regulatory accounting principles, separation of accounts for separate businesses, and filing requirements for rate setting purposes.

With the commencement of the open market, the Corporation purchases electricity from the Independent Electricity System Operator (IESO), at spot market rates and charges its customers unbundled rates. The unbundled rates include the actual cost of generation and transmission of electricity and an approved rate for electricity distribution. The cost of generation, transmission, and other charges such as connection are collected by Tillsonburg Hydro Inc. and remitted to the IESO. The Corporation retains the distribution charge on the customer hydro invoices. The OEB has the general power to include or exclude costs, revenues, losses, or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated Corporation. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The Corporation's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered on future rates. In addition, the Corporation has recorded regulatory liabilities, which will represent amounts for expenses incurred in different periods than would be the case had the Corporation been unregulated. Specific regulatory assets and liabilities are disclosed in note 12.

The Corporation's approved distribution rates include components for the recovery of distribution expenses, regulatory assets and liabilities, and a rate of return on capital assets.

Rate setting - Distribution revenue

The Corporation is required to file a "Cost of Service" ("COS") rate application every five years, unless approved for a deferral, under which the OEB establishes the revenues required to recover the forecasted operating and capital expenditures to support the Corporation's business. The Corporation estimates usage and the costs to service each customer class in order to determine the appropriate rates to be charged by each customer class. The COS rate application is reviewed by the OEB and any registered interveners. Rates are approved based upon the review of evidence and information, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (IRM) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS rate application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

In 2022, the Corporation submitted an Incentive Rate-setting Mechanism (IRM) application to the OEB for 2022 Electricity Distribution rates. On March 23, 2023, the Corporation received a decision from the OEB that approved changes to rates that the Corporation charges for electricity distribution, to be effective May 1, 2023.

Rate setting - Electricity rates

The OEB sets electricity prices for certain low volume consumers twice per year (May and November) based upon an estimate of how much it will cost to supply the province with electricity in the coming year (Regulated Price Plan). Remaining customers will pay either the market price for electricity or the contracted price for electricity if they have enrolled with a retailer. The Company is billed for the cost of the electricity that its customers use and passes this cost on to its customers without a markup.

In 2021, the OEB adjusted the Regulated Price Plan in response to the Government issued Emergency Orders under the Emergency Management and Civil Protection Act to assist Ontarians who were forced to stay home due to the COVID-19 pandemic.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents consist of overnight deposits at a Canadian chartered bank

(b) Revenue recognition

Sale and distribution of electricity

Revenues from energy sales and electricity distribution are recorded on the basis of cyclical billings and include estimates of customer usage since the last meter reading to the end of the year (unbilled revenue). The Entity applies judgment to the measurement of the estimated consumption and to the valuation of the consumption.

Distribution revenue is recorded based on the approved OEB distribution rates to recover the costs of delivering electricity to customers. This revenue also includes revenue related to the collection of the rate riders approved by the OEB.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (continued)

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 Revenue from Contracts with Customers. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Entity's obligation to continue to provide the customer access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order to receive ongoing access to electricity. The Entity has concluded that the performance obligation is the supply of the electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

(c) Accounts receivable

Accounts receivable are recorded at the invoiced amount and overdue amounts bear interest at rates approved by the OEB. The Corporation evaluated its allowance for doubtful accounts on its expected credit loss (ECL) model based on its historic credit loss experience. Accounts receivable are shown net of an allowance for doubtful accounts of $176,833 (2022 - $150,749).

(d) Unbilled revenue

Unbilled revenue is recorded based on an estimated amount for electricity delivered and not yet billed. The estimate is based on actual meter readings provided and analyzed by a meter demand management company. Actual unbilled revenue could vary based on actual meter reading dates and the fiscal year end.

(e) Inventory

Inventory consists of repair parts, supplies, and material held for future capital expansion and maintenance activities and is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis. Items considered major spare parts are recorded as capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant, and equipment (PP&E) are measured at cost or deemed cost established on the transition date. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Parts of an item of property, plant, and equipment that have different useful lives are accounted for as separate items (major components) of property, plant and equipment.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

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The cost of replacing a part of an item in PP&E is recognized in the net book value of the item if it probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of the property, plant and equipment is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is recognized in comprehensive income on a straight-line basis over the estimate useful life of each part or component of property, plant, and equipment. Land is not depreciated. Work in progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

Distribution station equipment	40 years
Poles, towers, and fixtures	50 years
Overhead conductors	60 years
Overhead devices	40 years
Underground conduit	50 years
Underground conductors and devices	30 years
Transformers	40 years
Services overhead	50 years
Services underground	40 years
Distribution meters	25 years
Smart meters	15 years
Computer hardware	5 years
Computer software	5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

Property, plant, and equipment assets with finite lives are tested for recoverability at each reporting date to determine whether there is any indication of impairment. Any impairment is recognized in comprehensive income when the asset's carrying value exceeds its estimated recoverable amount.

An impairment charge may be reversed only if there is objective evidence that a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognized is warranted. A reversal of an impairment charge is recognized immediately in comprehensive income. After such a reversal, the depreciation charge, where relevant, is adjusted in future periods on a systematic basis over the asset's remaining useful life.

The carrying amounts of the Entity s other non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

(h) Customer deposits

Deposits from electricity customers are cash collections to guarantee the payment of electricity bills. Interest is paid on customer deposits. Deposits are refundable to customers who demonstrate an acceptable level of

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credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(i) Provisions

A provision is recognized if, as a result of a past event, the Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Deferred income taxes

Income taxes are reported using the deferred income taxes method, as follows: current income tax expense is the estimated income taxes payable for the current year after any refunds or the use of losses incurred in previous years, and deferred income taxes reflect:

the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes;

the benefit of unutilized tax losses that will more likely than not be realized and carried forward to future years to reduce income taxes.

Deferred income taxes are estimated using the rates enacted by tax law and those substantively enacted for the years in which deferred income taxes assets are likely to be realized, or deferred income tax liabilities settled. The effect of a change in tax rates on deferred income tax assets and liabilities is included in earnings in the period when the change is substantively enacted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Payment in lieu of corporate income taxes

Under the Electricity Act, the Corporation provides for payments in lieu of corporate income taxes, also referred to as income tax expense, using the tax liability method. Under the tax liability method, current income taxes payable are recorded based on taxable income. The Entity recognizes deferred tax assets and liabilities for future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the carrying value and their respective tax basis, using tax rates enacted or substantially enacted by the statement of financial position date that are in effect for the year in which the differences are expected to reverse. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realized. The calculation of current and deferred taxes requires management to make certain judgments with respect to changes in tax interpretations, regulations, and legislation, and to estimate probable outcomes on the timing and reversal of temporary differences and tax authority audits of income tax. Rate-regulated accounting requires the recognition of regulatory balances and related deferred tax assets and liabilities for the amount of deferred taxes expected to be refunded or recovered from customers through future electricity distribution rates. A gross up to reflect the income tax benefits or liabilities associated with the revenue impact resulting from the the realization of deferred taxes is recorded within regulatory balances.

(l) Regulatory deferral accounts

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances

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represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Entity.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance.

The probability of recovery or repayment of the regulatory account balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the year incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Regulatory deferral accounts (continued)

Regulatory deferral accounts attract interest at OEB prescribed rates. In 2023 the rates were 4.73% (2022 - 0.57%) in quarter one, 4.98% (2022 - 1.02%) in quarter two, 4.98% (2022 - 2.20%) in quarter three and 5.49% (2022 - 3.87%) in quarter four.

(m) Intangible Assets

Intangible assets consist of a company website. Intangible assets are initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulate impairment (losses). Amortization is provided using the straight-line basis over 5 years.

(n) Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates are underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

a) Note 3 - Revenue recognition - estimates of unbilled revenue
b) Note 3 - Accounts receivable - allowance for impairment
c) Note 3 - Property, plant, and equipment, useful lives and the identification of significant components of property, plant, and equipment
d) Note 3, 12 - Recognition and measurement of regulatory balances
e) Note 14 - Recognition of deferred tax assets - availability of future taxable income against which deductible temporary differences and tax loss carryforwards can be used.

Corporation's name	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

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4. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Entity s designation of such instruments. Settlement date accounting is used.
Classification
Cash and cash equivalents Fair value through profit and loss (FVTPL)
Accounts receivable Amortized cost
Accounts payable and accrued liabilities Other financial liabilities
Due from/to related parties Other financial assets/liabilities
Current portion of customer deposits Other financial liabilities
Long-term debt Other financial liabilities
Non-current portion of customer deposits Other financial liabilities

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Amortized cost
Subsequent to initial recognition, loans and receivables are accounted for at amortized cost using the effective interest method.
Other financial liabilities
Subsequent to initial recognition, other financial liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.
Effective interest method
The Entity uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums, or discounts earned or incurred for financial instruments.
Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Entity has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
4. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements are established based on the following hierarchy that categorizes the inputs to valuation techniques:
Level 1 Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities
Level 2 Fair value measurement using inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3 Fair value measurement using inputs that are not based on observable market date (unobservable inputs)
The fair values of cash and cash equivalents approximate their carrying amounts due to their short-term nature.
The following table presents the financial instruments recorded at fair value in the Statement of Financial Position, classified using the fair value hierarchy described above:
December 31, 2023 | Level 1 | Level 2 | Level 3 | Total financial assets and liabilities at fair valueFinancial assets | | | |
Cash and cash equivalents | 521,647 | - | - | 521,647
Total Financial Assets | 521,647 | - | - | 521,647
December 31, 2022 | Level 1 | Level 2 | Level 3 | Total financial assets

and liabilities at fair valueFinancial assets | | | |
Cash and cash equivalents | 793,075 | - | - | 793,075
Total Financial Assets | 793,075 | - | - | 793,075

Impairment of financial assets

A financial asset is assessed using the lifetime expected credit losses (ECL) model to determine whether there is any objective evidence that it is impaired, using the simplified approach. This includes both quantitative and qualitative information and analysis, based on the Entity s historical experience, adjusted for forward-looking factors specific to the current credit environment.

The Entity measures the loss allowance at an amount equal to the lifetime ECL for accounts receivables or contract assets that result from transactions that are within the scope of IFRS 15, and do not contain a significant financing component. The Entity uses a provision matrix to measure the lifetime ECL of accounts receivable from individual customers which accounts for exposures in different customer classes.

If the amount of impairment loss subsequently decreases due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.

4. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Corporation has a significant number of customers which minimizes concentration of credit risk. The Corporation's distribution revenue is earned on a broad base of customers principally located in Tillsonburg, with no single customer that accounts for revenue or accounts receivable balance in excess of 10% of the respective balance.

An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. The carrying amount of accounts receivable is reduced through the use of the allowance. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2023 is $176,833 (2022 - $150,749). An impairment loss of $60,000 (2022 - $60,000) was recognized during the year.

The Entity invests in short-term investments, depending on cash flow availability, which are not considered a credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Entity is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable. The Entity monitors its liquidity risk to ensure access to sufficient funds to meet operational requirements.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk, and commodity price risk. The Entity does not currently have any material commodity or foreign exchange risk. The Entity is exposed to fluctuations in interest rates as the regulated rate of return for the Entity s distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities.

5. ACCOUNTS RECEIVABLE

	2023	2022
Trade receivables	1,894,560	1,829,499
Other receivables	109,047	101,124
Allowance for doubtful accounts	(176,833)	(150,749)
	1,826,774	1,779,874

6. INVENTORY

The amount of inventory consumed by the Corporation and recognized as an expense during the year was $22,312 (2022 - $21,890). An amount of $Nil (2022 - $Nil) was written down due to obsolescence.

7. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

As the Corporation of the Town of Tillsonburg (Town) is the sole shareholder of the Entity, the Entity and the Town are considered related parties. Banking and accounting activities are administered by the Town on behalf of Tillsonburg Hydro Inc. Amounts due from (to) related parties represent the net working capital position between the Town and the Corporation. A Master Service Agreement (MSA), which was updated in 2013, governs the financial relationship between the Entity and the Town. These financial statements reflect this MSA. This MSA was updated for the year beginning January 1, 2019 and was approved by both parties as of January 28, 2019. The costing provisions set out in the agreement includes a fixed indirect fee of $140,000 (2022 - $140,000).

A summary of transactions between these related parties are as follows:

	2023	2022
Service based expenditures		
Labour	2,050,703	2,057,759
Fleet	172,677	177,000
Rent	150,000	150,000
Master service agreement	140,000	140,000
	2,513,380	2,524,759

	2023	2022
Service based sales		
Hydro billings	485,118	492,898
Capital projects	132,488	111,386
	617,606	604,284

7. RELATED PARTY TRANSACTIONS (Continued)

As disclosed the entity received $190,680 (2022 - $111,386) in funds related to deposits on capital projects from the Town. These balances are included in the Deposits in Aid of Construction balance on the statement of financial position.

At year end outstanding balances due from (to) related parties was $817,749 (2022 - $2,496,386). Interest paid during the year on outstanding balances amounted to 153,954.

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The Entity also paid dividends to the Town of $275,000 (2022 - $200,000). The amounts due to and from related parties are non-interest bearing and unsecured if repaid in the following year. Amounts not paid within one year

(b) Key management personnel

They key management personnel of the Corporation have been defined as members of the Board of Directors and the executive managerial team members:

The compensation paid or payable is as follows:

	2023	2022
Salaries and benefits and directors' fees	399,016	453,911

8. INTANGIBLE ASSETS

	2023	2022
Cost		
Cost - beginning of the year	18,080	-
Additions	-	18,080
Disposals	-	-
Cost - end of the year	18,080	18,080
Accumulated Amortization		
Accumulated amortization - beginning of the year	1,898	-
Additions	3,526	1,898
Disposals	-	-
Accumulated amortization - end of the year	5,424	1,898
Net Book Value	12,656	16,182

9. PROPERTY, PLANT AND EQUIPMENT

Cost	2022 Balance	Additions	Disposals	2023 Balance
Substation land	11,520	-	-	11,520
Substation equipment	366,936	-	-	366,936
Distribution system	33,228,593	2,597,600	61,104	35,765,089
Computer hardware	28,403	-	-	28,403
Computer software	763,848	6,027	-	769,875
	34,399,300	2,603,627	61,104	36,941,823

Accumulated Amortization	2022 Balance	Amortization	Accumulated Amortization on Disposals	2023 Balance
Substation land	-	-	-	-
Substation equipment	167,230	12,792	-	180,022
Distribution system	13,531,707	792,449	61,104	14,263,052
Computer hardware	25,763	1,704	-	27,467
Computer software	714,109	43,325	-	757,434
	14,438,809	850,270	61,104	15,227,975

Cost	2021 Balance	Additions	Disposals	2022 Balance
Substation land	11,520	-	-	11,520
Substation equipment	366,936	-	-	366,936
Distribution system	31,351,327	1,958,186	80,920	33,228,593
Computer hardware	26,168	2,236	-	28,404
Computer software	763,848	-	-	763,848
	32,519,799	1,960,422	80,920	34,399,301

Accumulated Amortization	2021 Balance	Amortization	Accumulated Amortization on Disposals	2022 Balance
Substation land	-	-	-	-
Substation equipment	154,438	12,792	-	167,230
Distribution system	12,881,311	731,315	80,920	13,531,706
Computer hardware	24,283	1,480	-	25,763
Computer software	671,656	42,453	-	714,109

	13,731,688	788,040	80,920	14,438,808

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Net Book Value	2023	2022
Substation land	11,520	11,520
Substation equipment	186,914	199,706
Distribution system	21,502,037	19,696,887
Computer hardware	936	2,641
Computer software	12,441	49,739
	21,713,848	19,960,493

Included in distribution systems is $298,898 of work in progress (2022 - $303,184).

As at December 31, 2023, the property, plant and equipment are subject to a general security agreement as described in Note 11.

10. NET NON-UTILITY ACTIVITIES

The non-utility capital assets are comprised of solar powered equipment which is not regulated by the OEB, these assets are fully amortized. The net revenue generated from these assets is recorded in the non-utility activities.

11. LONG-TERM DEBT

During 2023, the Entity was approved to borrow $8,500,000 for capital project at prime rate of interest less 0.65%. As of December 31, 2023, the Corporation had been advanced $8,000,000 (2022 - $5,000,000). The loan has interest only payments, TD Prime less 0.65% per annum, for two years after the final draw, which can be extended for one more year upon approved request. Full repayment is due upon contractual term maturity. As a result, the $8,000,000 has been reflected in the financial statements as long-term debt. A general security agreement provides collateral for the loan.

12. REGULATORY ASSETS AND LIABILITIES

The following expenses (recoveries) may be considered by the OEB in future rate applications and accordingly have been deferred until such time as direction is provided by the OEB.

Regulatory assets	2022 Balance (restated - Note 21)	Additions/ transfers	Recovery/ reversals	2023 Balance
Retail settlement variances	1,422,269	175,674	163,991	1,761,934
Recovery of regulatory assets	58,303	49,080	-	107,383
Deferred tax asset	845,228	206,782	-	1,052,010
	2,325,800	431,536	163,991	2,921,327

Regulatory assets	2021 Balance	Additions/ transfers	Recovery/ reversals	2022 Balance (restated - Note 21)
Retail settlement variances	1,348,219	74,050	-	1,422,269
Recovery of regulatory assets	56,247	2,056	-	58,303
Deferred tax asset	606,830	238,398	-	845,228
	2,011,296	314,504	-	2,325,800

Regulatory liabilities	2022 Balance (restated - Note 21)	Additions/ transfers	Recovery/ reversals	2023 Balance
Retail settlement variances	76,872	166,749	(1,335)	242,286
Deferred costs	92,294	20,464	-	112,758
Deferred tax asset	-	-	-	-
	169,166	187,213	(1,335)	355,044

Regulatory liabilities	2021 Balance	Additions/ transfers	Recovery/ reversals	2022 Balance (restated - Note 21)
Retail settlement variances	438,325	(361,453)	-	76,872
Deferred costs	76,857	15,437	-	92,294
Deferred tax asset	-	-	-	-
	515,182	(346,016)	-	169,166

The retail settlement variance accounts represent the difference between the amount charged by the IESO based on the settlement invoice and the amount billed to customers using the OEB approved rates. The disposition of these amounts is expected to be reflected in future rate adjustments.

The balance in the recovery of regulatory assets represents the amount that the OEB has considered final in prior applications and set a rate for recovery.

The Entity continually assesses the likelihood of recovery of each of its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Entity judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

13. DEFERRED CONTRIBUTIONS

Deferred customer contributions in aid of construction or acquisition of property, plant, and equipment is as follows:

	2023	2022
Deferred contributions, beginning of year	4,228,555	3,831,067
Add: deferred contributions received	425,653	528,839
Less: amounts recognized as other revenue	(143,283)	(131,351)
Deferred contributions, end of year	4,510,925	4,228,555

14. PAYMENTS IN LIEU OF CORPORATE TAXES

		2023		2022
Total current and deferred taxes		210,110		328,813
Prior year underprovision	-		-	
Deferred tax liabilities - opening	845,228		606,830	
Deferred tax liabilities - ending	1,052,010		845,228	
Deferred tax provision		(206,782)		(238,398)
Total current tax payable (recovery)		3,328		90,415

Reconciliation of effective tax rate

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate are as follows:

	2023	2022
Income (loss) before income taxes	330,918	109,711
Add: net movement in regulatory balances	202,867	422,122
	533,785	531,833
Expected taxes based on a statutory rate of 26.5% (2022 - 26.5%)	141,453	140,936
Capital cost allowance in excess of depreciation	(99,626)	(91,575)
Other additions and deductions	(38,499)	(34,683)
Under (Over) provision of prior years	-	75,737
Income tax expense (recovery)	3,328	90,415

Components of the Entity's deferred tax balances:

	2023	2022
Regulatory balances	416,986	347,563
Property, plant and equipment	1,830,419	1,618,232

Deferred contributions	(1,195,395)	(1,120,567)
	1,052,010	845,228

15. SHARE CAPITAL 2023 2022

Authorized
Unlimited - Common voting shares
Unlimited - Class A shares non-voting, non-cumulative, redeemable
Issued
1 Common voting share 6,992,565 6,992,565

16. CAPITAL MANAGEMENT

The Entity defines capital as shareholders' equity and long term debt. As at December 31, 2023, shareholders equity amounts to $12,626,195 (2022 - $12,370,738) and long term debt amounts to $8,000,000 (2022 - $5,000,000) The Corporation's objectives when managing capital are to ensure sufficient liquidity to supports its financial obligations and execute its operating and strategic plans; maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and utilize short-term funding sources to manage its capital requirements.

17. EXPENSES BY NATURE

	2023	2022
Contracted services - salaries and benefits	1,309,675	1,289,587
Materials	22,312	21,890
Contracted services	524,422	476,238
Amortization	853,797	789,938
Corporate charges	518,860	622,400
Other	1,018,643	675,617
	4,247,709	3,875,670

18. PRUDENTIAL SUPPORT

Tillsonburg Hydro Inc. has posted a letter of credit with the Independent Electricity System Operator (IESO) in the amount of $956,406 (2022 - $956,406). The IESO is responsible for ensuring that prudential support is posted by all market participants to satisfy their prudential support and obligation and, therefore, mitigate the impact of an event of default by a market participant on the rest of the market.

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Entity generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include services ancillary to the electricity distribution, pole rentals, other regulatory services charges and capital contributions.

		2023
Revenue from contracts with customers		
Rent from electric property		41,061
Miscellaneous service revenue		153,239
Retail service revenue		13,784
		208,084
Deferred capital contribution		143,283
Other revenue		48,192

| | 399,559

20. COMMITMENTS

(i) General

The Company has entered into a lease agreement for the period of January 1, 2024 to May 31, 2027 for the location of 43 John Pound Road in Tillsonburg. Monthly lease costs for the first five months are $3,400 with subsequent monthly lease costs increasing to $11,153.

(ii) General Liability Insurance

The Corporation has obtained general liability and enhanced directors and officers insurance overage from the Municipal Electric Association Reciprocal Insurance Exchange (the MEARIE Group). The MEARIE is an insurance reciprocal whereby all members through the unincorporated group share risks with each other. Members of the MEARIE Group are assessed a premium deposit at policy execution. Should the group experience losses that are in excess of the accumulated premium deposits of its members combined with reserves and supplementary insurance, members would be assessed a supplementary or retro assessment on a pro-rata basis for the periods which the Corporation was a member.

21. COMPARATIVE FIGURES

The prior year's figures, provided for purposes of comparison, have been restated due to a comprehensive review completed of all Regulated Price Plan (RPP) related preliminary settlement claims with the IESO for the period of 2016-2022. A review of the past allocations of Class B RPP Global Adjustment to Cost of Power and the related calculations was also completed. A more precise method of determining RPP consumption was developed, improvements in preliminary settlements and changes to the allocation calculation were applied. These adjustments had no income statement impact but rather were a reallocation within the components of the regulatory asset and liability lines in the current year. In addition, during the current year the Company has changed the presentation of the regulatory assets and liabilities accounts to confirm to their ending account values rather than net settlement amounts. There is no change in the overall regulatory balance but rather the groupings of regulatory assets and liabilities have been updated over the prior year. The following outlines the impact of these adjustments:

	2022 Opening balance restatement	2022 Opening balance grouping reallocation	2022 Addition / transfer adjustment	Net impact to 2022 ending balances
Regulatory assets				
Retail settlement variances	(2,822,876)	3,232,524	(388,308)	21,340
Recovery of regulatory assets	-	40,722	695	41,417
Regulatory liabilities				
Retail settlement variances	(2,822,876)	3,261,201	(361,453)	76,872
Recovery of regulatory assets	-	12,045	(26,160)	(14,115)
	-	-	-	-

In addition, the prior year figures, provided for comparison, have been restated to correct the allocation of the net movement in regulatory balances. As a result, energy sales decreased by $399,920, other income decreased by $22,202, cost of power decreased by $660,520 and net movement in regulatory balances decreased by $238,398.1.   DESCRIPTION OF THE BUSINESS

Tillsonburg Hydro Inc. (the Entity), was incorporated provincially under the Business Corporations Act of Ontario on October 26, 2000. The Entity's principal business activity is to distribute electrical power to the residents of the Town of Tillsonburg in accordance with Section 144 of the

Electricity Act, 1998. The Corporation operates under a licence issued by the Ontario Energy Board (OEB). The Corporation is regulated by the OEB and adjustments to the Corporation's distribution and power rates require OEB approval. The address of the Corporation's registered office is 200 Broadway Street, 2nd Floor, Tillsonburg, Ontario, N4G 5A7.

2. BASIS OF PRESENTATION

The Entity's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board (IASB).

(a) Approval of the financial statements

The financial statements were approved by the Board of Directors on April 26, 2024.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, unless otherwise stated.

These financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Entity's functional currency.

(d) Subsequent events

The Entity has evaluated the events and transactions occurring after December 31, 2023 through April 26, 2024, when the Board approved the financial statements, and identified the events and transactions which required recognition in the Entity's financial statements.

(e) Rate setting and industry regulation

The Ontario Energy Board Act (1998) (the Act) gave the Ontario Energy Board (OEB) powers and responsibilities to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounts treatment that may differ from IFRS for enterprises operating in a non-rate regulated environment.

The Act provides for a competitive market in the sale of electricity in addition to the regulation of the monopoly electricity delivery system in Ontario.

2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)

The OEB has regulatory authority over the electricity delivery sector. The Act set out the Board's powers to issue a distribution license, which must be obtained by any person owning or operating a distribution system under the Act. The Act allows the Board to prescribe license requirements and conditions to electricity distributors, which includes such considerations as specified accounting records, regulatory accounting principles, separation of accounts for separate businesses, and filing requirements for rate setting purposes.

With the commencement of the open market, the Corporation purchases electricity from the Independent Electricity System Operator (IESO), at spot market rates and charges its customers unbundled rates. The unbundled rates include the actual cost of generation and transmission of electricity and an approved rate for electricity distribution. The cost of generation, transmission, and other charges such as connection are collected by Tillsonburg Hydro Inc. and remitted to the IESO. The Corporation retains the distribution charge on the customer hydro invoices. The OEB has the general power to include or exclude costs, revenues, losses, or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated Corporation. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The Corporation's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered on future rates. In addition, the Corporation has recorded regulatory liabilities, which will represent amounts for expenses incurred in different periods than would be the case had the Corporation been unregulated. Specific regulatory assets and liabilities are disclosed in note 12.

The Corporation's approved distribution rates include components for the recovery of distribution expenses, regulatory assets and liabilities, and a rate of return on capital assets.

Rate setting - Distribution revenue

The Corporation is required to file a "Cost of Service" ("COS") rate application every five years, unless approved for a deferral, under which the OEB establishes the revenues required to recover the forecasted operating and capital expenditures to support the Corporation's business. The Corporation estimates usage and the costs to service each customer class in order to determine the appropriate rates to be charged by each customer class. The COS rate application is reviewed by the OEB and any registered interveners. Rates are approved based upon the review of evidence and information, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (IRM) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS rate application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

In 2022, the Corporation submitted an Incentive Rate-setting Mechanism (IRM) application to the OEB for 2022 Electricity Distribution rates. On March 23, 2023, the Corporation received a decision from the OEB that approved changes to rates that the Corporation charges for electricity distribution, to be effective May 1, 2023.

Rate setting - Electricity rates

The OEB sets electricity prices for certain low volume consumers twice per year (May and November) based upon an estimate of how much it will cost to supply the province with electricity in the coming year (Regulated Price Plan). Remaining customers will pay either the market price for electricity or the contracted price for electricity if they have enrolled with a retailer. The Company is billed for the cost of the electricity that its

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customers use and passes this cost on to its customers without a markup.

In 2021, the OEB adjusted the Regulated Price Plan in response to the Government issued Emergency Orders under the Emergency Management and Civil Protection Act to assist Ontarians who were forced to stay home due to the COVID-19 pandemic.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents consist of overnight deposits at a Canadian chartered bank

(b) Revenue recognition

Sale and distribution of electricity

Revenues from energy sales and electricity distribution are recorded on the basis of cyclical billings and include estimates of customer usage since the last meter reading to the end of the year (unbilled revenue). The Entity applies judgment to the measurement of the estimated consumption and to the valuation of the consumption.

Distribution revenue is recorded based on the approved OEB distribution rates to recover the costs of delivering electricity to customers. This revenue also includes revenue related to the collection of the rate riders approved by the OEB.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (continued)

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 Revenue from Contracts with Customers. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Entity's obligation to continue to provide the customer access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order to receive ongoing access to electricity. The Entity has concluded that the performance obligation is the supply of the electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

(c) Accounts receivable

Accounts receivable are recorded at the invoiced amount and overdue amounts bear interest at rates approved by the OEB. The Corporation evaluated its allowance for doubtful accounts on its expected credit loss (ECL) model based on its historic credit loss experience. Accounts receivable are shown net of an allowance for doubtful accounts of $176,833 (2022 - $150,749).

(d) Unbilled revenue

Unbilled revenue is recorded based on an estimated amount for electricity delivered and not yet billed. The estimate is based on actual meter readings provided and analyzed by a meter demand management company. Actual unbilled revenue could vary based on actual meter reading dates and the fiscal year end.

(e) Inventory

Inventory consists of repair parts, supplies, and material held for future capital expansion and maintenance activities and is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis. Items considered major spare parts are recorded as capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant, and equipment (PP&E) are measured at cost or deemed cost established on the transition date. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Parts of an item of property, plant, and equipment that have different useful lives are accounted for as separate items (major components) of property, plant and equipment.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

The cost of replacing a part of an item in PP&E is recognized in the net book value of the item if it probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of the property, plant and equipment is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is recognized in comprehensive income on a straight-line basis over the estimate useful life of each part or component of property, plant, and equipment. Land is not depreciated. Work in progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

Distribution station equipment	40 years
Poles, towers, and fixtures	50 years
Overhead conductors	60 years
Overhead devices	40 years
Underground conduit	50 years
Underground conductors and devices	30 years
Transformers	40 years
Services overhead	50 years
Services underground	40 years
Distribution meters	25 years
Smart meters	15 years
Computer hardware	5 years
Computer software	5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

Property, plant, and equipment assets with finite lives are tested for recoverability at each reporting date to determine whether there is any indication of impairment. Any impairment is recognized in comprehensive income when the asset's carrying value exceeds its estimated recoverable amount.

An impairment charge may be reversed only if there is objective evidence that a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognized is warranted. A reversal of an impairment charge is recognized immediately in comprehensive income. After such a reversal, the depreciation charge, where relevant, is adjusted in future periods on a systematic basis over the asset's remaining useful life.

The carrying amounts of the Entity s other non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

(h) Customer deposits

Deposits from electricity customers are cash collections to guarantee the payment of electricity bills. Interest is paid on customer deposits. Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(i) Provisions

A provision is recognized if, as a result of a past event, the Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Deferred income taxes

Income taxes are reported using the deferred income taxes method, as follows: current income tax expense is the estimated income taxes payable for the current year after any refunds or the use of losses incurred in previous years, and deferred income taxes reflect:

the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes;

the benefit of unutilized tax losses that will more likely than not be realized and carried forward to future years to reduce income taxes.

Deferred income taxes are estimated using the rates enacted by tax law and those substantively enacted for the years in which deferred income taxes assets are likely to be realized, or deferred income tax liabilities settled.

The effect of a change in tax rates on deferred income tax assets and liabilities is included in earnings in the period when the change is substantively enacted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Payment in lieu of corporate income taxes

Under the Electricity Act, the Corporation provides for payments in lieu of corporate income taxes, also referred to as income tax expense, using the tax liability method. Under the tax liability method, current income taxes payable are recorded based on taxable income. The Entity recognizes deferred tax assets and liabilities for future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the carrying value and their respective tax basis, using tax rates enacted or substantially enacted by the statement of financial position date that are in effect for the year in which the differences are expected to reverse.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realized. The calculation of current and deferred taxes requires management to make certain judgments with respect to changes in tax interpretations, regulations, and legislation, and to estimate probable outcomes on the timing and reversal of temporary differences and tax authority audits of income tax.

Rate-regulated accounting requires the recognition of regulatory balances and related deferred tax assets and liabilities for the amount of deferred taxes expected to be refunded or recovered from customers through future electricity distribution rates. A gross up to reflect the income tax benefits or liabilities associated with the revenue impact resulting from the the realization of deferred taxes is recorded within regulatory balances.

(l) Regulatory deferral accounts

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Entity.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance.

The probability of recovery or repayment of the regulatory account balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the year incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Regulatory deferral accounts (continued)

Regulatory deferral accounts attract interest at OEB prescribed rates. In 2023 the rates were 4.73% (2022 - 0.57%) in quarter one, 4.98% (2022 - 1.02%) in quarter two, 4.98% (2022 - 2.20%) in quarter three and 5.49% (2022 - 3.87%) in quarter four.

(m) Intangible Assets

Intangible assets consist of a company website. Intangible assets are initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulate impairment (losses). Amortization is provided

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using the straight-line basis over 5 years.

(n) Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates are underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

a) Note 3 - Revenue recognition - estimates of unbilled revenue
b) Note 3 - Accounts receivable - allowance for impairment
c) Note 3 - Property, plant, and equipment, useful lives and the identification of significant components of property, plant, and equipment
d) Note 3, 12 - Recognition and measurement of regulatory balances
e) Note 14 - Recognition of deferred tax assets - availability of future taxable income against which deductible temporary differences and tax loss carryforwards can be used.

4. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Entity s designation of such instruments. Settlement date accounting is used.

Classification

Cash and cash equivalents	Fair value through profit and loss (FVTPL)
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities
Due from/to related parties	Other financial assets/liabilities
Current portion of customer deposits	Other financial liabilities
Long-term debt	Other financial liabilities
Non-current portion of customer deposits	Other financial liabilities

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Amortized cost

Subsequent to initial recognition, loans and receivables are accounted for at amortized cost using the effective interest method.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Effective interest method

The Entity uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums, or discounts earned or incurred for financial instruments.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Entity has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.   FINANCIAL INSTRUMENTS (Continued)

Fair value measurements are established based on the following hierarchy that categorizes the inputs to valuation techniques:

Level 1   Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities

Level 2   Fair value measurement using inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3   Fair value measurement using inputs that are not based on observable market date (unobservable inputs)

The fair values of cash and cash equivalents approximate their carrying amounts due to their short-term nature.

The following table presents the financial instruments recorded at fair value in the Statement of Financial Position, classified using the fair value hierarchy described above:

December 31, 2023	Level 1	Level 2	Level 3	Total financial assets and liabilities at fair value
Financial assets				
Cash and cash equivalents	521,647	-	-	521,647
Total Financial Assets	521,647	-	-	521,647

December 31, 2022	Level 1	Level 2	Level 3	Total financial assets and liabilities at fair value
Financial assets				
Cash and cash equivalents	793,075	-	-	793,075
Total Financial Assets	793,075	-	-	793,075

Impairment of financial assets

A financial asset is assessed using the lifetime expected credit losses (ECL) model to determine whether there is any objective evidence that it is impaired, using the simplified approach. This includes both quantitative and qualitative information and analysis, based on the Entity s historical experience, adjusted for forward-looking factors specific to the current credit environment.

The Entity measures the loss allowance at an amount equal to the lifetime ECL for accounts receivables or contract assets that result from transactions that are within the scope of IFRS 15, and do not contain a significant financing component. The Entity uses a provision matrix to measure the lifetime ECL of accounts receivable from individual customers which accounts for exposures in different customer classes.

If the amount of impairment loss subsequently decreases due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.

4.   FINANCIAL INSTRUMENTS (Continued)

(a)   Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Corporation has a significant number of customers which minimizes concentration of credit risk. The Corporation's distribution revenue is earned on a broad base of customers principally located in Tillsonburg, with no single customer that accounts for revenue or accounts receivable balance in excess of 10% of the respective balance.

An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. The carrying amount of accounts receivable is reduced through the use of the allowance. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2023 is $176,833 (2022 - $150,749). An impairment loss of $60,000 (2022 - $60,000) was recognized during the year.

The Entity invests in short-term investments, depending on cash flow availability, which are not considered a credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Entity is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable. The Entity monitors its liquidity risk to ensure access to sufficient funds to meet operational requirements.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk, and commodity price risk. The Entity does not currently have any material commodity or foreign exchange risk. The Entity is exposed to fluctuations in interest rates as the regulated rate of return for the Entity s distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities.

5. ACCOUNTS RECEIVABLE

	2023	2022
Trade receivables	1,894,560	1,829,499
Other receivables	109,047	101,124
Allowance for doubtful accounts	(176,833)	(150,749)
	1,826,774	1,779,874

6. INVENTORY

The amount of inventory consumed by the Corporation and recognized as an expense during the year was $22,312 (2022 - $21,890). An amount of $Nil (2022 - $Nil) was written down due to obsolescence.

7. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

As the Corporation of the Town of Tillsonburg (Town) is the sole shareholder of the Entity, the Entity and the Town are considered related parties. Banking and accounting activities are administered by the Town on behalf of Tillsonburg Hydro Inc. Amounts due from (to) related parties represent the net working capital position between the Town and the Corporation. A Master Service Agreement (MSA), which was updated in 2013, governs the financial relationship between the Entity and the Town. These financial statements reflect this MSA. This MSA was updated for the year beginning January 1, 2019 and was approved by both parties as of January 28, 2019. The costing provisions set out in the agreement includes a fixed indirect fee of $140,000 (2022 - $140,000).

A summary of transactions between these related parties are as follows:

	2023	2022
Service based expenditures		
Labour	2,050,703	2,057,759
Fleet	172,677	177,000
Rent	150,000	150,000
Master service agreement	140,000	140,000
	2,513,380	2,524,759

	2023	2022
Service based sales		
Hydro billings	485,118	492,898
Capital projects	132,488	111,386
	617,606	604,284

7. RELATED PARTY TRANSACTIONS (Continued)

As disclosed the entity received $190,680 (2022 - $111,386) in funds related to deposits on capital projects from the Town. These balances are included in the Deposits in Aid of Construction balance on the statement of financial position.

At year end outstanding balances due from (to) related parties was $817,749 (2022 - $2,496,386). Interest paid during the year on outstanding balances amounted to 153,954.

The Entity also paid dividends to the Town of $275,000 (2022 - $200,000). The amounts due to and from related parties are non-interest bearing and unsecured if repaid in the following year. Amounts not paid within one year

(b) Key management personnel

They key management personnel of the Corporation have been defined as members of the Board of Directors and the executive managerial team members:

The compensation paid or payable is as follows:

	2023	2022
Salaries and benefits and directors' fees	399,016	453,911

8. INTANGIBLE ASSETS

	2023	2022
Cost		
Cost - beginning of the year	18,080	-
Additions	-	18,080
Disposals	-	-
Cost - end of the year	18,080	18,080
Accumulated Amortization		
Accumulated amortization - beginning of the year	1,898	-
Additions	3,526	1,898
Disposals	-	-
Accumulated amortization - end of the year	5,424	1,898
Net Book Value	12,656	16,182

9. PROPERTY, PLANT AND EQUIPMENT

Cost	2022 Balance	Additions	Disposals	2023 Balance
Substation land	11,520	-	-	11,520

Substation equipment | 366,936 | - | - | 366,936
Distribution system | 33,228,593 | 2,597,600 | 61,104 | 35,765,089
Computer hardware | 28,403 | - | - | 28,403
Computer software | 763,848 | 6,027 | - | 769,875
| 34,399,300 | 2,603,627 | 61,104 | 36,941,823
Accumulated Amortization | 2022 Balance | Amortization | Accumulated Amortization on Disposals | 2023 BalanceSubstation land | - | - | - | -
Substation equipment | 167,230 | 12,792 | - | 180,022
Distribution system | 13,531,707 | 792,449 | 61,104 | 14,263,052
Computer hardware | 25,763 | 1,704 | - | 27,467
Computer software | 714,109 | 43,325 | - | 757,434
| 14,438,809 | 850,270 | 61,104 | 15,227,975
Cost | 2021 Balance | Additions | Disposals | 2022 Balance
Substation land | 11,520 | - | - | 11,520
Substation equipment | 366,936 | - | - | 366,936
Distribution system | 31,351,327 | 1,958,186 | 80,920 | 33,228,593
Computer hardware | 26,168 | 2,236 | - | 28,404
Computer software | 763,848 | - | - | 763,848
| 32,519,799 | 1,960,422 | 80,920 | 34,399,301
Accumulated Amortization | 2021 Balance | Amortization | Accumulated Amortization on Disposals | 2022 BalanceSubstation land | - | - | - | -
Substation equipment | 154,438 | 12,792 | - | 167,230
Distribution system | 12,881,311 | 731,315 | 80,920 | 13,531,706
Computer hardware | 24,283 | 1,480 | - | 25,763
Computer software | 671,656 | 42,453 | - | 714,109
| 13,731,688 | 788,040 | 80,920 | 14,438,808

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Net Book Value | 2023 | 2022
Substation land | 11,520 | 11,520
Substation equipment | 186,914 | 199,706
Distribution system | 21,502,037 | 19,696,887
Computer hardware | 936 | 2,641
Computer software | 12,441 | 49,739
| 21,713,848 | 19,960,493

Included in distribution systems is $298,898 of work in progress (2022 - $303,184).

As at December 31, 2023, the property, plant and equipment are subject to a general security agreement as described in Note 11.

10. NET NON-UTILITY ACTIVITIES

The non-utility capital assets are comprised of solar powered equipment which is not regulated by the OEB, these assets are fully amortized. The net revenue generated from these assets is recorded in the non-utility activities.

11. LONG-TERM DEBT

During 2023, the Entity was approved to borrow $8,500,000 for capital project at prime rate of interest less 0.65%. As of December 31, 2023, the Corporation had been advanced $8,000,000 (2022 - $5,000,000). The loan has interest only payments, TD Prime less 0.65% per annum, for two years after the final draw, which can be extended for one more year upon approved request. Full repayment is due upon contractual term maturity. As a result, the $8,000,000 has been reflected in the financial statements as long-term debt. A general security agreement provides collateral for the loan.

12. REGULATORY ASSETS AND LIABILITIES

The following expenses (recoveries) may be considered by the OEB in future rate applications and accordingly have been deferred until such time as direction is provided by the OEB.

Regulatory assets	2022 Balance (restated - Note 21)	Additions/ transfers	Recovery/ reversals	2023 Balance
Retail settlement variances	1,422,269	175,674	163,991	1,761,934
Recovery of regulatory assets	58,303	49,080	-	107,383
Deferred tax asset	845,228	206,782	-	1,052,010
	2,325,800	431,536	163,991	2,921,327

Regulatory assets	2021 Balance	Additions/ transfers	Recovery/ reversals	2022 Balance (restated - Note 21)
Retail settlement variances	1,348,219	74,050	-	1,422,269
Recovery of regulatory assets	56,247	2,056	-	58,303
Deferred tax asset	606,830	238,398	-	845,228
	2,011,296	314,504	-	2,325,800

Regulatory liabilities	2022 Balance (restated - Note 21)	Additions/ transfers	Recovery/ reversals	2023 Balance
Retail settlement variances	76,872	166,749	(1,335)	242,286
Deferred costs	92,294	20,464	-	112,758
Deferred tax asset	-	-	-	-
	169,166	187,213	(1,335)	355,044

Regulatory liabilities	2021 Balance	Additions/ transfers	Recovery/ reversals	2022 Balance (restated - Note 21)
Retail settlement variances	438,325	(361,453)	-	76,872
Deferred costs	76,857	15,437	-	92,294
Deferred tax asset	-	-	-	-
	515,182	(346,016)	-	169,166

The retail settlement variance accounts represent the difference between the amount charged by the IESO based on the settlement invoice and the amount billed to customers using the OEB approved rates. The disposition of these amounts is expected to be reflected in future rate adjustments.

The balance in the recovery of regulatory assets represents the amount that the OEB has considered final in prior applications and set a rate for recovery.

The Entity continually assesses the likelihood of recovery of each of its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Entity judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

13. DEFERRED CONTRIBUTIONS

Deferred customer contributions in aid of construction or acquisition of property, plant, and equipment is as follows:

	2023	2022
Deferred contributions, beginning of year	4,228,555	3,831,067
Add: deferred contributions received	425,653	528,839
Less: amounts recognized as other revenue	(143,283)	(131,351)
Deferred contributions, end of year	4,510,925	4,228,555

14. PAYMENTS IN LIEU OF CORPORATE TAXES

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	2023	2022
Total current and deferred taxes	210,110	328,813
Prior year underprovision	-	-
Deferred tax liabilities - opening	845,228	606,830
Deferred tax liabilities - ending	1,052,010	845,228
Deferred tax provision	(206,782)	(238,398)
Total current tax payable (recovery)	3,328	90,415

Reconciliation of effective tax rate

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate are as follows:

	2023	2022
Income (loss) before income taxes	330,918	109,711
Add: net movement in regulatory balances	202,867	422,122
	533,785	531,833
Expected taxes based on a statutory rate of 26.5% (2022 - 26.5%)	141,453	140,936
Capital cost allowance in excess of depreciation	(99,626)	(91,575)
Other additions and deductions	(38,499)	(34,683)
Under (Over) provision of prior years	-	75,737
Income tax expense (recovery)	3,328	90,415

Components of the Entity's deferred tax balances:

	2023	2022
Regulatory balances	416,986	347,563
Property, plant and equipment	1,830,419	1,618,232
Deferred contributions	(1,195,395)	(1,120,567)
	1,052,010	845,228

15. SHARE CAPITAL

		2023	2022
Authorized			
Unlimited - Common voting shares			
Unlimited - Class A shares non-voting, non-cumulative, redeemable			
Issued			
1	Common voting share	6,992,565	6,992,565

16. CAPITAL MANAGEMENT

The Entity defines capital as shareholders' equity and long term debt. As at December 31, 2023, shareholders equity amounts to $12,626,195 (2022 - $12,370,738) and long term debt amounts to $8,000,000 (2022 - $5,000,000) The Corporation's objectives when managing capital are to ensure sufficient liquidity to supports its financial obligations and execute its operating and strategic plans; maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and utilize short-term funding sources to manage its capital requirements.

17. EXPENSES BY NATURE

	2023	2022
Contracted services - salaries and benefits	1,309,675	1,289,587
Materials	22,312	21,890
Contracted services	524,422	476,238
Amortization	853,797	789,938
Corporate charges	518,860	622,400

Other	1,018,643	675,617
	4,247,709	3,875,670

18. PRUDENTIAL SUPPORT

Tillsonburg Hydro Inc. has posted a letter of credit with the Independent Electricity System Operator (IESO) in the amount of $956,406 (2022 - $956,406). The IESO is responsible for ensuring that prudential support is posted by all market participants to satisfy their prudential support and obligation and, therefore, mitigate the impact of an event of default by a market participant on the rest of the market.

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Entity generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include services ancillary to the electricity distribution, pole rentals, other regulatory services charges and capital contributions.

		2023
Revenue from contracts with customers		
Rent from electric property		41,061
Miscellaneous service revenue		153,239
Retail service revenue		13,784
		208,084
Deferred capital contribution		143,283
Other revenue		48,192
		399,559

20. COMMITMENTS

(i) General

The Company has entered into a lease agreement for the period of January 1, 2024 to May 31, 2027 for the location of 43 John Pound Road in Tillsonburg. Monthly lease costs for the first five months are $3,400 with subsequent monthly lease costs increasing to $11,153.

(ii) General Liability Insurance

The Corporation has obtained general liability and enhanced directors and officers insurance overage from the Municipal Electric Association Reciprocal Insurance Exchange (the MEARIE Group). The MEARIE is an insurance reciprocal whereby all members through the unincorporated group share risks with each other. Members of the MEARIE Group are assessed a premium deposit at policy execution. Should the group experience losses that are in excess of the accumulated premium deposits of its members combined with reserves and supplementary insurance, members would be assessed a supplementary or retro assessment on a pro-rata basis for the periods which the Corporation was a member.

21. COMPARATIVE FIGURES

The prior year's figures, provided for purposes of comparison, have been restated due to a comprehensive review completed of all Regulated Price Plan (RPP) related preliminary settlement claims with the IESO for the period of 2016-2022. A review of the past allocations of Class B RPP Global Adjustment to Cost of Power and the related calculations was also completed. A more precise method of determining RPP consumption was developed, improvements in preliminary settlements and changes to the allocation calculation were applied. These adjustments had no income statement impact but rather were a reallocation within the components of the regulatory asset and liability lines in the current year. In addition, during the current year the Company

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has changed the presentation of the regulatory assets and liabilities accounts to confirm to their ending account values rather than net settlement amounts. There is no change in the overall regulatory balance but rather the groupings of regulatory assets and liabilities have been updated over the prior year. The following outlines the impact of these adjustments:

 | 2022 Opening balance restatement | 2022 Opening balance grouping reallocation | 2022 Addition / transfer adjustment | Net impact to 2022 ending balancesRegulatory assets | | | |
Retail settlement variances | (2,822,876) | 3,232,524 | (388,308) | 21,340
Recovery of regulatory assets | - | 40,722 | 695 | 41,417
 | | | |
Regulatory liabilities | | | |
Retail settlement variances | (2,822,876) | 3,261,201 | (361,453) | 76,872
Recovery of regulatory assets | - | 12,045 | (26,160) | (14,115)
 | - | - | - | -

In addition, the prior year figures, provided for comparison, have been restated to correct the allocation of the net movement in regulatory balances. As a result, energy sales decreased by $399,920, other income decreased by $22,202, cost of power decreased by $660,520 and net movement in regulatory balances decreased by $238,398.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

Assets – lines 1000 to 2599

1000	521,647	**1060**	3,777,032	**1120**	1,362,384
1125	298,898	**1484**	135,107	**1599**	6,095,068
1600	11,520	**1740**	366,936	**1774**	798,278
1900	35,466,191	**1901**	-15,227,975	**2008**	36,642,925
2009	-15,227,975	**2010**	18,080	**2011**	-5,424
2178	18,080	**2179**	-5,424	**2420**	2,921,327
2589	2,921,327	**2599**	30,444,001		

Liabilities – lines 2600 to 3499

2620	1,671,914	**2680**	2,074	**2860**	817,749
2961	1,408,095	**3139**	3,899,832	**3140**	12,510,925
3240	1,052,010	**3320**	355,044	**3450**	13,917,979
3499	17,817,811				

Shareholder equity – lines 3500 to 3640

3500	6,992,565	**3540**	990,388	**3600**	4,643,237
3620	12,626,190	**3640**	30,444,001		

Retained earnings – lines 3660 to 3849

3660	4,387,780	**3680**	530,457	**3700**	-275,000
3849	4,643,237				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	25,530,557	**8089**	25,530,557	**8299**	25,530,557

Cost of sales – lines 8300 to 8519

8320	20,749,063	**8518**	20,749,063	**8519**	4,781,494

Operating expenses – lines 8520 to 9369

8670	853,797	**9270**	3,393,912	**9367**	4,247,709
9368	24,996,772	**9369**	533,785		

Extraordinary items and taxes – lines 9970 to 9999

9970	533,785	**9990**	3,328	**9999**	530,457

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Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125			530,457	A

Add:

Provision for income taxes – current	101	3,328		
Amortization of tangible assets	104	853,797		
Non-deductible meals and entertainment expenses	121	3,731		
Other reserves on lines 270 and 275 from Schedule 13	125	150,749		
Reserves from financial statements – balance at the end of the year	126	176,832		
Subtotal of additions		1,188,437 ▶	1,188,437	

Add:

Other additions:

	1 Description 605	2 Amount 295
1	Amortization of non-utility assets	1

Total of column 2	1 ▶	296	1		
Subtotal of other additions		199	1 ▶	1	D
Total additions		500	1,188,438 ▶	1,188,438	
Amount A **plus** line 500				1,718,895	B

Deduct:

Capital cost allowance from Schedule 8	403	1,229,744		
Other reserves on line 280 from Schedule 13	413	176,832		
Reserves from financial statements – balance at the beginning of the year	414	150,749		
Subtotal of deductions		1,557,325 ▶	1,557,325	

Deduct:

Other deductions:

	1 Description 705	2 Amount 395
1	Deferred contributions on capital assets included in income	143,283

Total of column 2	143,283 ▶	396	143,283		
Subtotal of other deductions		499	143,283 ▶	143,283	E
Total deductions		510	1,700,608 ▶	1,700,608	
Net income (loss) for income tax purposes (amount B **minus** line 510)				18,287	C

Enter amount C on line 300 of the T2 return.

T2 SCH 1 E (19)

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Schedule 3

Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

- Corporations must use this schedule to report:
  - non-taxable dividends under section 83
  - deductible dividends under subsection 138(6)
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (a.1), (b) or (d)
  - taxable dividends paid in the tax year that qualify for a dividend refund (see page 3)
- All legislative references are to the federal Income Tax Act.
- The calculations in this schedule apply only to private or subject corporations (as defined in subsection 186(3)).
- A payer corporation is **connected** with a recipient corporation at any time in a tax year, if at that time the recipient corporation meets either of the following conditions:
  - it controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b)
  - it owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation
- If you need more space, continue on a separate schedule.
- File this schedule with your T2 Corporation Income Tax Return.
- Column A1 – Enter "X" if dividends were received from a foreign source.
  Column F1 – Enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H, H.1, I, I.1, I.2 and L **only if** the payer corporation is **connected**.

Important instructions to follow if the payer corporation is connected

- If your corporation's tax year-end is different than that of the **connected** payer corporation, dividends could have been received from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information according to each tax year of the payer corporation.
- When completing columns J, K and L use the **special calculations provided in the notes**.

	A Name of payer corporation (from which the corporation received the dividend) 200	A1	B Enter 1 if payer corporation is **connected** 205	C Business number of **connected** corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYYMMDD 220	E Non-taxable dividends under section 83 230
1			2			
					Total of column E (enter amount on line 402 of Schedule 1)	

Part 1 – Dividends received in the tax year (continued)

	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1), (b), or (d)[1] **240**	F1	G Eligible dividends included in column F **242**	H Total taxable dividends paid by the **connected** payer corporation (line 460 in Schedule 3 for the tax year in column D) **250**	H.1 Total eligible dividends paid by the **connected** payer corporation (line 465 in Schedule 3 for the tax year in column D)	I Dividend refund of the **connected** payer corporation (for tax year in column D)[2] **260**
1						

	I.1 Eligible dividend refund of the **connected** payer corporation from its eligible refundable dividend tax on hand (ERDTOH) (amount CC from T2 return for the tax year in column D)	I.2 Additional non-eligible dividend refund of the **connected** payer corporation from its ERDTOH (amount II from T2 return for the tax year in column D)	J Part IV tax for eligible dividends. Dividends (from column G) **multiplied** by 38 1/3%[3] **265**	K Part IV tax before deductions. Dividends (from column F) **multiplied** by 38 1/3%[4] **275**	L Part IV tax before deductions on taxable dividends received from **connected** corporations[5] **280**
1					

Total of column L (enter amount on line 2E in Part 2) ____________

Taxable dividends received from connected corporations (total amounts from column F with code 1 in column B) . . . . ____________ 1A

Taxable dividends received from non-connected corporations (total amounts from column F with code 2 in column B) . . . . ____________ 1B

Subtotal (amount 1A **plus** amount 1B, include this amount on line 320 of the T2 return) ____________ 1C

Eligible dividends received from connected corporations (total amounts from column G with code 1 in column B) . . . . ____________ 1D

Eligible dividends received from non-connected corporations (total amounts from column G with code 2 in column B) . . . . ____________ 1E

Part IV tax before deductions on taxable dividends received from connected corporations (total amounts from column K with code 1 in column B) . . . . ____________ 1F

Part IV tax before deductions on taxable dividends received from non-connected corporations (total amounts from column K with code 2 in column B) . . . . ____________ 1G

Subtotal (amount 1F **plus** amount 1G) ____________ ▶ ____________ 1H

Part IV tax on eligible dividends received from connected corporations (total amounts from column J with code 1 in column B) . . . . ____________ 1I

Part IV tax on eligible dividends received from non-connected corporations (total amounts from column J with code 2 in column B) . . . . ____________ 1J

Subtotal (amount 1I **plus** amount 1J) ____________ ▶ ____________ 1K

Part IV tax before deductions on taxable dividends (other than eligible dividends) (amount 1H **minus** amount 1K) . . . . ____________ 1L

1 If taxable dividends are received, enter the amount in column F, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column K (and column J, if applicable). Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the **connected** payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For eligible dividends received from **connected** corporations, Part IV tax on dividends is equal to column I **divided** by column H **multiplied** by column G.

4 For taxable dividends received from **connected** corporations, Part IV tax on dividends is equal to column I **divided** by column H **multiplied** by column F.

5 For the purpose of calculating your eligible refundable dividend tax on hand (ERDTOH), Part IV tax on taxable dividends received from **connected** corporations (with a tax year starting after 2018) is equal to the sum of Part IV tax on eligible dividends and non-eligible dividends received from **connected** corporations to the extent that such dividends caused a dividend refund to those corporations from their ERDTOH.

Part IV tax before deductions on taxable dividends received from **connected** corporations for purposes of column L is the sum of (i) and (ii), where

(i) Part IV tax on eligible dividends received from **connected** corporations is equal to amount CC of the **connected** payer corporation (on page 7 of the T2 return) **divided** by line 465 of the **connected** payer corporation, **multiplied** by column G; and

(ii) Part IV tax on non-eligible dividends received from **connected** corporations is equal to amount II of the **connected** payer corporation (on page 7 of the T2 return) **divided** by line 470 of the **connected** payer corporation, **multiplied** by the difference between columns F and G.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received before deductions (amount 1H in part 1) 2A

Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43) **320**

Subtotal (amount 2A **minus** line 320) ▶ 2B

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

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

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

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

Total losses applied against Part IV tax (total of lines 330 to 345) 2C

Amount 2C **multiplied** by 38 1 / 3 % 2D

Part IV tax payable (amount 2B **minus** amount 2D, if negative enter "0") **360**

(enter amount on line 712 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

Part IV tax before deductions on taxable dividends received from connected corporations (total of column L in part 1) 2E

Amount 4A from Schedule 43 . . . . 2F

Part IV tax payable on taxable dividends received from connected corporations
(amount 2E **minus** amount 2F, if negative enter "0") 2G

(enter at amount C on page 7 of the T2 return)

Part IV tax on eligible dividends received from non-connected corporations (amount 1J in part 1) 2H

Amount 4C from Schedule 43 . . . . 2I

Part IV tax payable on taxable dividends received from non-connected corporations
(amount 2H **minus** amount 2I, if negative enter "0") 2J

(enter at amount D on page 7 of the T2 return)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

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

	M Name of recipient corporation with which you are connected	N Business number	O Tax year-end of recipient corporation in which the dividends in column P were received YYYYMMDD	P Taxable dividends paid to recipient corporations with which you are connected	Q Eligible dividends included in column P
	400	**410**	**420**	**430**	**440**
1	The Corporation of the Town of Tillsonburg	12658 7195 RC0001	2023-12-31	275,000	
2					
				275,000 (Total of column P)	(Total of column Q)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund (continued)

Total taxable dividends paid in the tax year to other than connected corporations		450	
Eligible dividends included in line 450	455		
Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column P **plus** line 450)		460	275,000
Total eligible dividends paid in the tax year (total of column Q **plus** line 455)		465	
Total non-eligible taxable dividends paid in the tax year (line 460 **minus** line 465)		470	275,000

Complete this part to determine the following amounts in order to calculate the dividend refund.

Line 465 **multiplied** by 38 1 / 3 % (enter at amount AA on page 7 of the T2 return)		3A
Line 470 **multiplied** by 38 1 / 3 % (enter at amount DD on page 7 of the T2 return)	105,417	3B

Part 4 – Total dividends paid in the tax year

Complete this part **if** the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above)				275,000
Other dividends paid in the tax year (total of 510 to 540)				
Total dividends paid in the tax year			500	275,000
Dividends paid out of capital dividend account	510			
Capital gains dividends	520			
Dividends paid on shares described in subsection 129(1.2)	530			
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540			
Subtotal (total of lines 510 to 540)			►	4A
Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount 4A)				275,000 4B

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

- Use this schedule if any of the following apply to your corporation during the tax year:
  - – it had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B, and D in Part 1)
  - – it is claiming provincial or territorial tax credits or rebates (see Part 2)
  - – it has to pay taxes, other than income tax, for Newfoundland and Labrador or Ontario (see Part 2)
- All legislative references are to the federal Income Tax Regulations (the Regulations).
- For more information, see the T2 Corporation – Income Tax Guide.

Part 1 – Allocation of taxable income

100 ______________________ Enter the regulation that applies (402 to 413).

A Jurisdiction. (tick **yes** if your corporation had a permanent establishment in the jurisdiction during the tax year) **Note 1**		B Total salaries and wages paid in jurisdiction	C B **multiplied** by taxable income, **divided** by G	D Gross revenue attributable to jurisdiction	E D **multiplied** by taxable income, **divided** by H	F Allocation of taxable income (C + E x 1/2) **Note 2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 Yes ☐	104		144		
Prince Edward Island	005 Yes ☐	105		145		
Nova Scotia	007 Yes ☐	107		147		
Nova Scotia Offshore	008 Yes ☐	108		148		
New Brunswick	009 Yes ☐	109		149		
Quebec	011 Yes ☐	111		151		
Ontario	013 Yes ☐	113		153		
Manitoba	015 Yes ☐	115		155		
Saskatchewan	017 Yes ☐	117		157		
Alberta	019 Yes ☐	119		159		
British Columbia	021 Yes ☐	121		161		
Yukon	023 Yes ☐	123		163		
Northwest Territories	025 Yes ☐	125		165		
Nunavut	026 Yes ☐	126		166		
Outside Canada	027 Yes ☐	127		167		
Total		129 G		169 H		

Note 1: **Permanent establishment** is defined in subsection 400(2).
Note 2: For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:
1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the T2 Corporation – Income Tax Guide.
2. If your corporation has provincial or territorial tax payable, complete Part 2.
3. If your corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
18,287		18,287	585

Ontario basic income tax (from Schedule 500)	270	2,103		
Ontario small business deduction (from Schedule 500)	402	1,518		
Subtotal (line 270 **minus** line 402)		585	585	5A
Ontario transitional tax debits (from Schedule 506)	276			
Recapture of Ontario research and development tax credit (from Schedule 508)	277			
Subtotal (line 276 **plus** line 277)				5B
Gross Ontario tax (amount 5A **plus** amount 5B)			585	5C
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario political contributions tax credit (from Schedule 525)	415			
Ontario non-refundable tax credits (total of lines 406 to 415)				5D
Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0")			585	5E
Ontario research and development tax credit (from Schedule 508)	416			
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0")			585	5F
Ontario corporate minimum tax credit (from Schedule 510)	418			
Ontario community food program donation tax credit for farmers (from Schedule 2)	420			
Ontario corporate income tax payable (amount 5F **minus** the total of lines 418 and 420) (if negative, enter "0")			585	5G
Ontario corporate minimum tax (from Schedule 510)	278			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280			
Subtotal (line 278 **plus** line 280)				5H
Total Ontario tax payable before refundable tax credits (amount 5G **plus** amount 5H)			585	5I
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452			
Ontario computer animation and special effects tax credit (from Schedule 554)	456			
Ontario film and television tax credit (from Schedule 556)	458			
Ontario production services tax credit (from Schedule 558)	460			
Ontario interactive digital media tax credit (from Schedule 560)	462			
Ontario book publishing tax credit (from Schedule 564)	466			
Ontario innovation tax credit (from Schedule 566)	468			
Ontario business-research institute tax credit (from Schedule 568)	470			
Ontario regional opportunities investment tax credit (from Schedule 570)	472			
Ontario made manufacturing investment tax credit (from Schedule 572)	474			
Ontario refundable tax credits (total of lines 450 to 474)				5J
Net Ontario tax payable or refundable tax credit (amount 5I **minus** amount 5J) (if a credit, enter amount in brackets) Include this amount on line 255.	290		585	

Summary

Enter the total net tax payable or refundable tax credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable tax credits 255 585

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

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

Part 1 – Agreement between associated eligible persons or partnerships (EPOPs)

Are you associated in the tax year with one or more EPOPs with which you have entered into an agreement under subsection 1104(3.3) of the Regulations? . . . . **105** Yes ☐ No ☒

If you answered **yes**, complete Part 1. Otherwise, go to Part 2.

Enter a percentage assigned to each associated EPOP (including your corporation) as determined in the agreement.

This percentage will be used to allocate the immediate expensing limit. The total of all the percentages assigned under the agreement should not exceed 100%. If the total is more than 100%, then the associated group has an immediate expensing limit of nil. For more information about the immediate expensing limit, see note 12 in Part 2.

	1 Name of EPOP **110**	2 Identification number See **note 1** **115**	3 Percentage assigned under the agreement **120**
1.			
		Total	

Immediate expensing limit allocated to the corporation (see **note 2**) . . . . **125** ____________

Note 1: The identification number is the social insurance number, business number, or partnership account number of the EPOP.

Note 2: If the total of column 3 is more than 100%, enter 0.

Part 2 – CCA calculation

	1 Class number See **note 3** 200	Description	2 Undepreciated capital cost (UCC) at the beginning of the year 201	3 Cost of acquisitions during the year (new property must be available for use) See **note 4** 203	4 Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) See **note 5** 232	5 Adjustments and transfers See **note 6** 205	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See **note 7** 221	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See **note 8** 222	8 Proceeds of dispositions See **note 9** 207
1.	1	Buildings	3,392,813						0
2.	8	furniture and fixtures	76,614						0
3.	10	computer hardware	8,900						0
4.	50	computer hardward after 3/18/07	5,270	6,027	6,027				0
5.	43.2	property acquired after 2/22/05	346						0
6.	47	transmission or distribution equipment	10,072,390	2,176,233					0
		Totals	13,556,333	2,182,260	6,027				

	1 Class number	Description	9 Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) 234	10 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See **note 10**	11 UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) See **note 11** 236	12 Immediate expensing See **note 12** 238	13 Cost of acquisitions on remainder of Class (column 3 **minus** column 4 **plus** column 11 **minus** column 12)	14 Cost of acquisitions from column 13 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56 See **note 13** 225	15 Remaining UCC (column 10 **minus** column 12) (if negative, enter "0")	16 Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 **minus** column 9 **plus** column 6 **minus** column 13 **plus** column 14 **minus** column 7) (if negative, enter "0") See **note 14**
1.	1	Buildings		3,392,813					3,392,813	
2.	8	furniture and fixtures		76,614					76,614	
3.	10	computer hardware		8,900					8,900	
4.	50	computer hardward after 3/18/07		11,297	6,027	6,027			5,270	
5.	43.2	property acquired after 2/22/05		346					346	
6.	47	transmission or distribution equipment		12,248,623			2,176,233	2,176,233	12,248,623	
		Totals		15,738,593	6,027	6,027	2,176,233	2,176,233	15,732,566	

Part 2 – CCA calculation (continued)

	1		17	18	19	20	21	22	23	24
	Class number	Description	Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the year (column 14 **minus** column 16) (if negative, enter "0")	UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the year (column 17 **multiplied** by the relevant factor) See **note 15**	UCC adjustment for property acquired during the year other than AIIP and property included in Classes 54 to 56 (0.5 **multiplied** by the result of column 13 **minus** column 14 **minus** column 6 **plus** column 7 **minus** column 8 **plus** column 9) (if negative, enter "0") See **note 16**	CCA rate % See **note 17**	Recapture of CCA See **note 18**	Terminal loss See **note 19**	CCA (for declining balance method, the result of column 15 **plus** column 18 **minus** column 19, **multiplied** by column 20, or a lower amount, **plus** column 12) See **note 20**	UCC at the end of the year (column 10 **minus** column 23)
					224	212	213	215	217	220
1.	1	Buildings				4	0	0	135,713	3,257,100
2.	8	furniture and fixtures				20	0	0	15,323	61,291
3.	10	computer hardware				30	0	0	2,670	6,230
4.	50	computer hardward after 3/18/07				55	0	0	8,926	2,371
5.	43.2	property acquired after 2/22/05				50	0	0	173	173
6.	47	transmission or distribution equipment	2,176,233	1,088,117		8	0	0	1,066,939	11,181,684
		Totals	2,176,233	1,088,117					1,229,744	14,508,849

Enter the total of column 21 on line 107 of Schedule 1.
Enter the total of column 22 on line 404 of Schedule 1.
Enter the total of column 23 on line 403 of Schedule 1.

Note 3: If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101.

Note 4: Include any property acquired in previous years that has now become available for use, net of any government assistance received or entitled to be received in the year from a government, municipality or other public authority, or a reduction of capital cost after the application of section 80. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.

Note 5: A DIEP reported in column 4 is a property acquired after April 18, 2021, by a corporation that was a Canadian-controlled private corporation (CCPC) throughout the year, which became available for use in the tax year (before 2024) and was designated as such on or before the day that is 12 months after the filing-due date for the tax year to which the designation relates. It includes all capital property subject to the CCA rules, if certain conditions are met, other than property included in Classes 1 to 6, 14.1, 17, 47, 49, and 51. A property can only qualify as DIEP in the year in which it becomes available for use. See subsection 1104(3.1) of the Regulations for more information.

Note 6: Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the UCC (column 10). Items that increase the UCC include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the UCC (show amounts that reduce the UCC in brackets) include assistance received or receivable during the year for a property, subsequent to its disposition, if such assistance would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f). See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5.
Also include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor at least 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.

Note 7: Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Part 2 – CCA calculation (continued)

Note 8: Include all amounts you have repaid during the year for any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d) and
- an inducement, assistance, or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b)

Include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.

Note 9: For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).
If the cost of a zero-emission passenger vehicle (or a passenger vehicle that was, at any time, a DIEP) exceeds the prescribed amount, the proceeds of disposition will be adjusted based on a factor equal to the prescribed amount as a proportion of the actual cost of the vehicle.

Note 10: If the amount in column 5 (as shown in brackets) reduces the undepreciated capital cost, you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.

Note 11: The only amounts incurred before April 19, 2021, to be included in this column are certain inventory purchases from arm's length persons or partnerships where the conditions in paragraphs 1100(0.3)(a) to (c) are met.

Note 12: Immediate expensing applies to a DIEP included in column 11. The total immediate expensing for the tax year (total of column 12) should not exceed the lesser of:

1. Immediate expensing limit: it is equal to one of the following five amounts, whichever is applicable:

- $1.5 million, if you are not associated with any other EPOP in the tax year
- amount from line 125, if you are associated in the tax year with one or more EPOPs
- nil, if the total of the percentages assigned in Part 1 is more than 100% or you are associated in the tax year with one or more EPOPs and have not filed an agreement in prescribed form as required under subsection 1104(3.3) of the Regulations
- the amount determined under subsection 1104(3.5) of the Regulations for any second or subsequent tax years ending in a calendar year, if you have two or more tax years ending in the calendar year in which you are associated with another EPOP that has a tax year ending in that calendar year
- any amount allocated by the minister under subsection 1104(3.4) of the Regulations

The immediate expensing limit has to be prorated if your tax year is less than 365 days. You cannot carry forward any unused amount of the immediate expensing limit.
2. UCC of the DIEP: total of column 11
You have to maintain the CCPC status throughout the relevant tax year in order to claim the immediate expensing.

Note 13: An AIIP is a property (other than property included in Classes 54 to 56) that you acquired after November 20, 2018, and that became available for use before 2028.
Classes 54 and 55 include zero-emission vehicles that you acquired after March 18, 2019, and that became available for use before 2028.
Class 56 applies to eligible zero-emission automotive equipment and vehicles (other than motor vehicles) that are acquired after March 1, 2020, and that became available for use before 2028.
See the T2 Corporation Income Tax Guide for more information.

Note 14: Include only elements from columns 6 and 7 that are not related to the DIEP.

Note 15: The relevant factors for property of a class in Schedule II, that is an AIIP or included in Classes 54 to 56, available for use before 2024 are:

- 2 1/3 for property in Classes 43.1, 54, and 56
- 1 1/2 for property in Class 55
- 1 for property in Classes 43.2 and 53
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 20 for additional information) and
- 0.5 for all other property that is an AIIP

Part 2 – CCA calculation (continued)

Note 16: The UCC adjustment for property acquired during the year (formerly known as the half-year rule or 50% rule) does not apply to certain property (including AIIP, property included in Classes 54 to 56, and property to which the immediate expensing was applied). Include only elements from columns 6 and 7 that are not related to the DIEP.
For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 17: Enter a rate only if you are using the declining balance method. For any other method (for example, the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 23.

Note 18: If the amount in column 10 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 10 in column 21 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1. However, they do apply to a passenger vehicle that was, at any time, a DIEP.

Note 19: If no property is left in the class at the end of the tax year and there is still a positive amount in the column 10, you have a terminal loss. If applicable, enter the positive amount from column 10 in column 22. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1
- property in Class 14.1, unless you have ceased carrying on the business to which it relates
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply, unless certain conditions are met

Note 20: If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction)
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction)
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot, or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction)
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction)
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraphs 1100(1)(y.2) (for single mine properties) and 1100(1)(ya.2) (for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive

The AIIP also apply to property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit as well as to industrial mineral mine or a right to remove minerals from an industrial mineral mine. See the Income Tax Regulations for more detail.

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return.

Tax return

Additions for tax purposes – Schedule 8 regular classes		2,182,260		
Additions for tax purposes – Schedule 8 leasehold improvements	+			
Operating leases capitalized for book purposes	+			
Capital gain deferred	+			
Recapture deferred	+			
Deductible expenses capitalized for book purposes – Schedule 1	+			
Other (specify):				
Deferred Contribution	+	425,652		
Total additions per books	=	2,607,912	▶	2,607,912
Proceeds up to original cost – Schedule 8 regular classes				
Proceeds up to original cost – Schedule 8 leasehold improvements	+			
Proceeds in excess of original cost – capital gain	+			
Recapture deferred – as above	+			
Capital gain deferred – as above	+			
Pre V-day appreciation	+			
Other (specify):				
	+			
Total proceeds per books	=		– ▶	
Depreciation and amortization per accounts – Schedule 1			–	853,797
Loss on disposal of fixed assets per accounts			–	
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	1,754,115

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		21,416,086
Opening net book value	–	19,661,971
Net change per financial statements	=	1,754,115

If the amounts from the tax return and the financial statements differ, explain why below.

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Schedule 13

Continuity of Reserves

Name of corporation	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- File one completed copy of this schedule with the corporation's T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation Income Tax Guide.

Part 1 – Capital gains reserves

	Description of property 001	Balance at the beginning of the year $ 002	Transfer on an amalgamation or the wind-up of a subsidiary $ 003	Add $	Deduct $	Balance at the end of the year $ 004
1						
	Totals	008	009			010

The amount from line 008 **plus** the amount from line 009 should be entered on line 880 of Schedule 6, Summary of Dispositions of Capital Property.
The amount from line 010 should be entered on line 885 of Schedule 6.

Part 2 – Other reserves

Description		Balance at the beginning of the year $	Transfer on an amalgamation or the wind-up of a subsidiary $	Add $	Deduct $	Balance at the end of the year $
Reserve for doubtful debts	☒	110 150,749	115	60,000	33,917	120 176,832
Reserve for undelivered goods and services not rendered	☐	130	135			140
Reserve for prepaid rent	☐	150	155			160
Reserve for refundable containers	☐	190	195			200
Reserve for unpaid amounts	☐	210	215			220
Other tax reserves	☐	230	235			240
Totals		270 150,749	275	60,000	33,917	280 176,832

The amount from line 270 **plus** the amount from line 275 should be entered on line 125 of Schedule 1, Net Income (Loss) for Income Tax Purposes, as an addition.
The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1						
	Reserves from Part 2 of Schedule 13	150,749		60,000	33,917	176,832
	Totals	150,749		60,000	33,917	176,832

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- 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 year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101			
Capital stock (or members' contributions if incorporated without share capital)	103	6,992,565		
Retained earnings	104	4,643,237		
Contributed surplus	105			
Any other surpluses	106	990,388		
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108			
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		12,626,190 ▶	12,626,190	A

Note:

Line 112 is determined by the formula (A – B) x C/D (as per paragraph 181.2(3)(g)) where:

A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if
- a) those lines applied to partnerships in the same manner that they apply to corporations, and
- b) those amounts were computed without reference to amounts owing by the partnership
  - (i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or
  - (ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.

B is the partnership's deferred unrealized foreign exchange losses at the end of the period,

C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and

D is the partnership's income or loss for the period.

Part 1 – Capital (continued)

Subtotal A (from page 1) 12,626,190 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year	121			
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)			▶	B
Capital for the year (amount A **minus** amount B) (if negative, enter “0”)			190	12,626,190

Part 2 – Investment allowance

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

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. 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 a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where 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. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		12,626,190	C
Deduct: Investment allowance for the year (line 490)			D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	12,626,190	

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) 12,626,190 x Taxable income earned in Canada **610** 18,287 / Taxable income 18,287 = **Taxable capital employed in Canada** **690** 12,626,190

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 tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

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

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . **701** ______

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . **711** ______

Total of all amounts each of which is the carrying value at the end of 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 during the year through a permanent establishment in Canada . . . . **712** ______

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . **713** ______

Total deductions (**add** lines 711, 712, and 713) ______ ▶ ______ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . **790** ______

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

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690) . . . . ______ F

Deduct: . . . . 10,000,000 G

Excess (amount F **minus** amount G) (if negative, enter "0") ______ H

Calculation for purposes of the small business deduction (amount H x 0.225%) . . . . ______ I

Enter this amount at line 415 of the T2 return.

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Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

- All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.
- Provide only one number (business number, partnership account number, social insurance number or trust number) per shareholder.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business number or partnership account number (9 digits, 2 letters, and 4 digits. If not registered, enter "**NR**") 200	Social insurance number (9 digits) 300	Trust number (T followed by 8 digits) 350	Percentage common shares 400	Percentage preferred shares 500
1	Corporation of the Town of Tillsonburg	126587195RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue Agency / Agence du revenu du Canada

Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

On: 2023-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- Credit unions are **not** required to complete this schedule.
- All legislative references are to the federal Income Tax Act and Income Tax Regulations.
- When an eligible dividend was paid in the tax year or there was a change in the GRIP balance, file a completed copy of this schedule with your T2 Corporation Income Tax Return. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? ☐ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year . . . **100** 403,176

Taxable income for the year (DICs enter "0")* . . . **110** 18,287

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least* . . . **130**

For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income* . . . **140**

Subtotal (line 130 **plus** line 140) ► A

Income taxable at the general corporate rate (line 110 **minus** amount A) (if negative enter "0") . . . **150** 18,287

After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year)) . . . **190** 13,167

Eligible dividends received in the tax year . . . **200**

Dividends deductible under section 113 received in the tax year . . . **210**

Subtotal (line 200 **plus** line 210) ► B

Becoming a CCPC (amount W5 in Part 4) . . . **220**

Post-amalgamation (total of amount E4 in Part 3 and amount W5 in Part 4) . . . **230**

Post-wind-up (total of amount E4 in Part 3 and amount W5 in Part 4) . . . **240**

Subtotal (**add** lines 220, 230, and 240) **290** ►

Subtotal (**add** lines 100, 190, 290, and amount B) 416,343 C

Eligible dividends paid in the previous tax year . . . **300**

Excessive eligible dividend designations made in the previous tax year . . . **310**

(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)

Subtotal (line 300 **minus** line 310) ► D

GRIP before adjustment for specified future tax consequences (amount C **minus** amount D) (amount can be negative) . . . **490** 416,343

Total GRIP adjustment for specified future tax consequences to previous tax years (amount L3 in Part 2) . . . **560**

GRIP at the end of the tax year (line 490 **minus** line 560) . . . **590** 416,343

Enter this amount on line 160 of Schedule 55, Part III.1 Tax on Excessive Eligible Dividend Designations.

* For lines 110, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (for example, flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2022-12-31

Taxable income before specified future tax consequences from the current tax year 55,390 A1

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least . . . . ____ B1

Aggregate investment income (line 440 of the T2 return) . . . . ____ C1

Subtotal (amount B1 **plus** amount C1) ____ ▶ ____ D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") 55,390 ▶ 55,390 E1

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ____ F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least . . . . ____ G1

Aggregate investment income (line 440 of the T2 return) . . . . ____ H1

Subtotal (amount G1 **plus** amount H1) ____ ▶ ____ I1

Subtotal (amount F1 **minus** amount I1) (if negative, enter "0") ____ ▶ ____ J1

Subtotal (amount E1 **minus** amount J1) (if negative, enter "0") ____ K1

GRIP adjustment for specified future tax consequences to the first previous tax year
(amount K1 **multiplied** by 0.72) . . . . **500** ____

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Second previous tax year 2021-12-31

Taxable income before specified future tax consequences from the current tax year 38,041 A2

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least 38,041 B2

Aggregate investment income (line 440 of the T2 return) C2

Subtotal (amount B2 **plus** amount C2) 38,041 ▶ 38,041 D2

Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") ▶ E2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences F2

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least G2

Aggregate investment income (line 440 of the T2 return) H2

Subtotal (amount G2 **plus** amount H2) ▶ I2

Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") ▶ J2

Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") K2

GRIP adjustment for specified future tax consequences to the second previous tax year
(amount K2 **multiplied** by 0.72) **520**

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2020-12-31

Taxable income before specified future tax consequences from the current tax year A3

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least B3

Aggregate investment income (line 440 of the T2 return) C3

Subtotal (amount B3 **plus** amount C3) ▶ D3

Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") ▶ E3

Future tax consequences that occur for the current year

Amount carried back from the current year to a prior year

Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences F3

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least G3

Aggregate investment income (line 440 of the T2 return) H3

Subtotal (amount G3 **plus** amount H3) ▶ I3

Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") ▶ J3

Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") K3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount K3 **multiplied by** 0.72) **540**

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") L3

Enter amount L3 on line 560

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

- Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.
- Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.
- Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.
- In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year				A4
Eligible dividends paid by the corporation in its last tax year		B4		
Excessive eligible dividend designations made by the corporation in its last tax year		C4		
Subtotal (amount B4 **minus** amount C4)		▶		D4
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) (amount A4 **minus** amount D4)				E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

- Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year, or when a corporation has become a CCPC since the end of its previous tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.
- Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.
- Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.
- Calculate the GRIP addition of a corporation that became a CCPC since the end of its previous tax year.
- In the calculation below, **corporation** means a predecessor or a subsidiary, or a corporation that became a CCPC since the end of its previous tax year. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ________ A5

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ________ B5

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses . . . . ________ C5
Net capital losses . . . . ________ D5
Farm losses . . . . ________ E5
Restricted farm losses . . . . ________ F5
Limited partnership losses . . . . ________ G5
Subtotal (**add** amounts C5 to G5) ________ ▶ ________ H5

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses . . . . ________ I5
Net capital losses . . . . ________ J5
Farm losses . . . . ________ K5
Restricted farm losses . . . . ________ L5
Limited partnership losses . . . . ________ M5
Subtotal (**add** amounts I5 to M5) ________ ▶ ________ N5

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5) ________ ▶ ________ O5

Subtotal (**add** amounts A5, B5, and O5) ________ P5

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ________ Q5
Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . ________ R5
All the corporation's reserves deducted in its previous/last tax year . . . . ________ S5
The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ________ T5
The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ________ U5
Subtotal (**add** amounts Q5 to U5) ________ ▶ ________ V5

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0") . . . . ________ W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, General Rate Income Pool (GRIP) Calculation, or Schedule 54, Low Rate Income Pool (LRIP) Calculation, whichever is applicable.
- File the schedules with your T2 Corporation Income Tax Return no later than six months from the end of the tax year.
- All legislative references are to the Income Tax Act and the Income Tax Regulations.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3		275,000			
Total taxable dividends paid in the tax year	**100**	275,000			
Total eligible dividends paid in the tax year			**150**		
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")			**160**	416,343	
Excessive eligible dividend designation (line 150 **minus** line 160)					A
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			**180**		
Subtotal (amount A **minus** line 180)					B
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount B **multiplied** by 20 %)			**190**		

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3					
Total taxable dividends paid in the tax year	**200**				
Total excessive eligible dividend designations in the tax year (amount A of Schedule 54)					C
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			**280**		
Subtotal (amount C **minus** line 280)					D
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount D **multiplied** by 20 %)			**290**		

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2023-12-31

- Use this schedule if your corporation had a **permanent establishment** (as defined in section 400 of the federal Income Tax Regulations) in Ontario at any time in the tax year and had Ontario taxable income in the tax year.
- Legislative references are to the federal Income Tax Act and Income Tax Regulations.
- This schedule is a worksheet only and is not required to be filed with your T2 Corporation Income Tax Return.

Part 1 – Ontario basic income tax

Ontario taxable income [Note 1]	18,287	1A
Ontario basic rate of tax for the year	**11.5** %	1B
Ontario basic income tax (amount 1A **multiplied** by amount 1B) [Note 2]	2,103	1C

Note 1: If your corporation had a permanent establishment only in Ontario, enter the amount from line 360, from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Note 2: If your corporation had a permanent establishment in more than one jurisdiction or is claiming an Ontario tax credit in addition to Ontario basic income tax, Ontario corporate minimum tax, or Ontario special additional tax on life insurance corporations payable, enter amount 1C on line 270 of Schedule 5, Tax Calculation Supplementary – Corporations. Otherwise, enter it on line 760 of the T2 return.

Part 2 – Ontario small business deduction (OSBD)

Complete this part if your corporation claimed the federal small business deduction under subsection 125(1).

Line 400 of the T2 return 18,287 2A

Line 405 of the T2 return 18,287 2B

Line 410 of the T2 return 500,000 2C

Line 415 of the T2 return 5,334 2D

Business limit reduction for tax years starting before April 7, 2022

Amount 2C ______ x Amount 2D ______ / 11,250 = ______ 2E

Business limit reduction for tax years starting after April 6, 2022

Amount 2C 500,000 x Amount 2D 5,334 / 90,000 = 29,633 2F

Amount 2E or amount 2F, whichever applies 29,633 2G

Line 515 of the T2 return ______ 2H

Subtotal (amount 2C **minus** amount 2G **minus** amount 2H) 470,367 ▶ 470,367 2I

Amount 2A, 2B or 2I whichever is the least 18,287 ▶ 18,287 2J

Ontario domestic factor (ODF): Taxable income for Ontario [Note 3] 18,287.00 / Taxable income for all provinces [Note 4] 18,287 = 1.00000 2K

Amount 2J **multiplied** by amount 2K 18,287 2L

Ontario taxable income (amount 1A) 18,287 2M

Ontario small business income (amount 2L or 2M, whichever is less) 18,287 ▶ 18,287 2N

Ontario small business deduction for the year

Amount 2N 18,287 x 8.3 % = 1,518 2O

Enter Ontario small business deduction for the year (amount 2O) on line 402 of Schedule 5.

Note 3: Enter amount 1A.

Note 4: Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 3 – Ontario adjusted small business income

Complete this part if your corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (amount 1A or 2J, whichever is the least) 18,287 3A

Enter amount 3A at amount 4B in Part 4 of this schedule or at amount 2E in Part 2 of Schedule 502, Ontario Tax Credit for Manufacturing and Processing, whichever applies.

Part 4 – Credit union tax reduction

Complete this part and Schedule 17, Credit Union Deductions, if the corporation was a credit union throughout the tax year.

Amount 2C of Schedule 17		4A		
Ontario adjusted small business income (amount 3A)		4B		
Subtotal (amount 4A **minus** amount 4B) (if negative, enter "0")		►		4C
Amount 4C ______ x 8.3 % =				4D
Ontario domestic factor (amount 2K)			1.00000	4E
Ontario credit union tax reduction (amount 4D **multiplied** by amount 4E)				4F

Enter amount 4F on line 410 of Schedule 5.

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . Tillsonburg Hydro Inc.

Taxation Year . . . . 2023-01-01 to 2023-12-31

Jurisdiction . . . . Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
☐	☐	☐	☐	☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Corporation is associated . . . . N

Corporation is related . . . . N

Number of associated corporations . .

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . . -134,926

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		18,287
Taxable income		18,287
Donations		
Calculation of income from an active business carried on in Canada		18,287
Dividends paid		275,000
Dividends paid – Regular	275,000	
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		403,176
Balance of the general rate income pool at the end of the year		416,343
Part I tax (base amount)		6,949

Credits against Part I tax		**Summary of tax**		**Refunds/credits**	
Small business deduction		Part I	2,743	ITC refund	
M&P deductions		Part IV		Dividends refund:	
Foreign tax credit		Part III.1		– Eligible dividends	
Investment tax credits		Other*		– Non-eligible dividends	
Abatement/Other*	4,206	Provincial or territorial tax	585	Instalments	138,254
				Other*	
				Balance due/refund (–)	-134,926

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryforward balances

Financial statement reserve	176,832
Other reserves	176,832

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	18,287		
Taxable income	18,287		
% Allocation	100.00		
Attributed taxable income	18,287		
Tax payable before deduction*	2,103		
Deductions and credits	1,518		
Net tax payable	585		
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	585		
Instalments and refundable credits			
Balance due/Refund (-)	585		
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return	Taxable capital used to calculate line 120 in Schedule 65
Tillsonburg Hydro Inc.	12,370,733	12,370,733	12,626,190	12,626,190	12,370,733
Total	12,370,733	12,370,733	12,626,190	12,626,190	12,370,733

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)
Total			

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)	Capital used to calculate the Nova Scotia basic capital deduction on financial institutions (Schedule 353)
Total		

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2023-12-31**	**2022-12-31**	**2021-12-31**	**2020-12-31**	**2019-12-31**
Net income	18,287	55,390	38,041	-173,060	-206,339
Taxable income	18,287	55,390	38,041		
Active business income	18,287	55,390	38,041		
Dividends paid	275,000	200,000	200,000	200,000	200,000
Dividends paid – Regular	275,000	200,000	200,000	200,000	200,000
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year	403,176	363,295	363,295	363,295	363,295
GRIP – end of the year	416,343	403,176	363,295	363,295	363,295
Donations					
Balance due/refund (-)	-134,926	-1,222	-5,236	-86,538	-47,445
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2023-12-31**	**2022-12-31**	**2021-12-31**	**2020-12-31**	**2019-12-31**
Taxable income before loss carrybacks	N/A	N/A	38,041		
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A	38,041		

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2023-12-31**	**2022-12-31**	**2021-12-31**	**2020-12-31**	**2019-12-31**
Adjusted taxable income before current year loss carrybacks*	N/A	55,390	38,041		N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A	55,390	38,041		N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2023-12-31	2022-12-31	2021-12-31	2020-12-31	2019-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2023-12-31	2022-12-31	2021-12-31	2020-12-31	2019-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2023-12-31	2022-12-31	2021-12-31	2020-12-31	2019-12-31
Part I	2,743	8,308	3,424		
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against Part I tax

Taxation year end	2023-12-31	2022-12-31	2021-12-31	2020-12-31	2019-12-31
Small business deduction			7,228		
M&P deductions					
Foreign tax credit					
Investment tax credit					
Abatement/other*	4,206	12,740	3,804		

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2023-12-31	2022-12-31	2021-12-31	2020-12-31	2019-12-31
ITC refund					
Dividend refund					
– Eligible dividends					
– Non-eligible dividends					
Instalments	138,254	15,900	7,000	84,000	44,800
Other*			1,660	2,538	2,645

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Ontario

Taxation year end	2023-12-31	2022-12-31	2021-12-31	2020-12-31	2019-12-31
Net income	18,287	55,390	38,041	-173,060	-206,339
Taxable income	18,287	55,390	38,041		
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income	18,287	55,390	38,041		
Surtax					
Income tax payable before deduction	2,103	6,370	4,375		
Income tax deductions /credits	1,518		3,157		
Net income tax payable	585	6,370	1,218		
Taxable capital					
Capital tax payable					
Total tax payable*	585	6,370	1,218		
Instalments and refundable credits			2,878	2,538	2,645
Balance due/refund**	585	6,370	-1,660	-2,538	-2,645

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.