



Grant Thornton

Financial Statements

Sydney Utilities Limited

March 31, 2009

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Auditors' Report

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To the Directors of

Sydney Utilities Limited

We have audited the statement of financial position of Sydney Utilities Limited as at March 31, 2009, and the statements of financial activities for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2009, and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sydney, Nova Scotia

May 15, 2009

Grant Thornton LLP
Chartered accountants

Sydney Utilities Limited

Statement of Financial Position

March 31

2009

2008

Financial assets

Receivables

Sydney Steel Corporation

\$ 588,931 \$ 213,874

Other

19,579 6,279

608,510 220,153

Liabilities

Trade payables

101,619

Payable to Harbourside Commercial Park Inc.

1,139,845 854,614

1,241,464 854,614

Net financial liabilities

(632,954) (634,461)

Non-financial assets

Capital assets (Note 3)

539,501 583,501

Prepays

5,453 6,960

544,954 590,461

Total net liabilities

\$ (88,000) \$ (44,000)

Company position

Capital stock

\$ 1 \$ 1

Accumulated deficit

(88,001) (44,001)

\$ (88,000) \$ (44,000)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Sydney Utilities Limited

Statement of Financial Activities

Year Ended March 31

2009

2008

Revenue		
Recoveries (Note 4)	<u>\$ 375,057</u>	<u>\$ 213,874</u>
Expenses		
Electricity	228,808	204,466
Engineering fees	119,000	
Amortization	44,000	44,000
Insurance	15,666	6,963
Miscellaneous	<u>11,583</u>	<u>2,446</u>
	<u>419,057</u>	<u>257,875</u>
Net expenditure	(44,000)	(44,001)
Accumulated deficit, beginning of year	<u>(44,001)</u>	
Accumulated deficit, end of year	<u>\$ (88,001)</u>	<u>\$ (44,001)</u>

See accompanying notes to the statements.

Sydney Utilities Limited

Notes to the Financial Statements

March 31, 2009

1. Nature of operations

Sydney Utilities Limited is a wholly owned subsidiary of Harbourside Commercial Park Inc., a crown corporation owned by the Province of Nova Scotia. It funds the utility costs of the Sydney River pumping station and commenced operations on March 30, 2007.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector, which for purposes of the Company's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards and pronouncements.

a) Accrual basis of accounting

Revenues and expenses are recorded on the accrual basis of accounting.

b) Financial assets

Cash and cash equivalents are recorded at cost which approximates market value. Accounts receivable are recorded at the principal amount less valuation allowances. These allowances are recorded where collectability is considered doubtful.

c) Net financial assets

Net assets represent the financial assets of the Company less direct liabilities.

d) Non financial assets

Capital assets having useful lives extending beyond the accounting period, are held for use in the production or supply of goods and services and are not intended for sale in the ordinary course of operations. Capital assets are recorded at net historical cost and include all costs directly attributable to the acquisition.

Capital assets are amortized using the straight-line method at the following rates:

Sydney River substation	10 years
Sydney River pumping station	10 years
Storage tank	10 years

Sydney Utilities Limited

Notes to the Financial Statements

March 31, 2009

2. Summary of significant accounting policies (continued)

e) Accumulated deficit

Accumulated deficit represents the liabilities of the Company less financial assets and non-financial assets. This represents the accumulated balance of net deficit/surplus arising from the operations of the Company.

f) Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Capital assets

			<u>2009</u>	<u>2008</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 187,500		\$ 187,500	\$ 187,500
Sydney River substation	330,000	\$ 66,000	264,000	297,000
Sydney River pumping station	100,000	20,000	80,000	90,000
Storage tank	10,000	2,000	8,000	9,000
Water and power lines	<u>1</u>	<u></u>	<u>1</u>	<u>1</u>
	<u>\$ 627,501</u>	<u>\$ 88,000</u>	<u>\$ 539,501</u>	<u>\$ 583,501</u>

4. Related party transactions

In the prior year, the Company purchased land, buildings and equipment from Sydney Steel Corporation, a Crown corporation for proceeds totalling \$627,501.

Included in revenues are recovery of expenses of \$375,057 (2008 - \$213,874) received from Sydney Steel Corporation.

These transactions are in the normal course of operations and are measured at the exchange amount which approximates fair market value.

Sydney Utilities Limited

Notes to the Financial Statements

March 31, 2009

5. Capital Stock

Authorized:

The Company is authorized to issue 40,000 common shares with par value of \$1 each.

Issued and outstanding:	<u>2009</u>	<u>2008</u>
1 common share	<u>\$ 1</u>	<u>\$ 1</u>
