

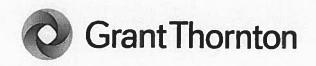
Financial statements

Sydney Utilities Limited

March 31, 2014

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Independent auditor's report

Grant Thornton LLP Suite 200 500 George Place Sydney, Nova Scotia B1P 1K6

T (902) 562-5581 F (902) 562-0073 www.GrantThornton.ca

To the directors of

Sydney Utilities Limited

We have audited the accompanying financial statements of Sydney Utilities Limited, which comprise the statement of financial position as at March 31, 2014, and the statements of financial activities and changes in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

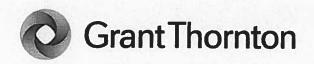
Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the



circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sydney Utilities Limited as at March 31, 2014, and the results of its operations and changes in net debt for the year then ended in accordance with Canadian public sector accounting standards.

Sydney, Canada

June 27, 2014

Grant Thornton LLP
Chartered accountants

Sydney Utilities Limited Statement of financial position March 31 2014 2013 Financial assets Receivables Sydney Steel Corporation 13,069 18,200 Other 47,270 60,339 18,200 Liabilities Trade payables 3,674 Payable to Harbourside Commercial Park Inc. 689,015 661,629 692,689 661,629 **Net debt (632,350)** (643,429)Non-financial assets Capital assets - land 200,250 200,250 (432,100)\$ (443,179) **Company position** Capital stock (Note 4) Accumulated deficit (432,101)(443, 180)\$ (432,100) \$ (443,179) 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	2014	2013
Revenue Recoveries (Note 3)	\$ 96,979	\$ 72,642
Expenses Operating costs Property taxes	74,647 11,253 85,900	92,262 11,267 103,529
Annual surplus (deficit)	11,079	(30,887)
Accumulated deficit, beginning of year	(443,180)	(412,293)
Accumulated deficit, end of year	\$ (432,101)	<u>\$ (443,180</u>)

See accompanying notes to the financial statements.

Sydney Utilities Limited Statement of changes in net debt

2014	2013
<u>\$ 11,079</u>	\$ (30,887)
11,079	(30,887)
(643,429)	(612,542)
\$ (632,350)	\$ (643,429)
	\$ 11,079 11,079 (643,429)

See accompanying notes to the financial statements.

Sydney Utilities Limited Notes to the financial statements

March 31, 2014

1. Nature of operations

Sydney Utilities Limited is a wholly owned subsidiary of Harbourside Commercial Park Inc., which is a crown corporation owned by the Province of Nova Scotia. It funds the operating costs of the Grand Lake pumping station. It 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 liabilities

Net financial liabilities 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.

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.

Sydney Utilities Limited Notes to the financial statements

March 31, 2014

2.	Summary	of	significant	accounting	policies	(continued)
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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. Related party transactions

Included in revenue is a recovery of expenses received from Sydney Steel Corporation in the amount of \$11,253 (2013 - \$12,112). These transactions are in the normal course of operations and are measured at the exchange amount which approximates fair market value.

4. Capital stock

Authorized:

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

Issued and outstanding:	<u>2014</u>	<u>2013</u>
1 common share	<u>\$ 1</u>	<u>\$1</u>