

Financial Statements of

SYDNEY UTILITIES LIMITED

Year ended March 31, 2018



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INDEPENDENT AUDITORS' REPORT

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, 2018 and the statements of financial activities, change in net debt and cash flows 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.

Auditors' 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 auditors' 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 auditors consider 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, these financial statements present fairly, in all material respects, the financial position of Sydney Utilities Limited as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants

Sydney, Canada
June 29, 2018

SYDNEY UTILITIES LIMITED

Statement of Financial Position

March 31, 2018, with comparative figures for 2017

	2018	2017
FINANCIAL ASSETS		
Receivables		
Sydney Steel Corporation	\$ 12,567	\$ 12,616
Other	39,694	33,190
	<u>52,261</u>	<u>45,806</u>
FINANCIAL LIABILITIES		
Trade payables	37,650	31,039
Payable to Harbourside Commercial Park Inc.	638,411	635,107
	<u>676,061</u>	<u>666,146</u>
NET DEBT	(623,800)	(620,340)
NON-FINANCIAL ASSETS		
Tangible capital assets – land	200,250	200,250
TOTAL NET DEBT	<u>\$ (423,550)</u>	<u>\$ (420,090)</u>
COMPANY POSITION		
Capital stock (note 3)	\$ 1	\$ 1
Accumulated deficit	(423,551)	(420,091)
	<u>\$ (423,550)</u>	<u>\$ (420,090)</u>

See accompanying notes to financial statements.

On behalf of Sydney Utilities Limited

_____ Director

_____ Director

SYDNEY UTILITIES LIMITED

Statement of Financial Activities

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
REVENUES		
Recoveries	\$ 90,444	\$ 88,517
EXPENSES		
Operating costs	82,976	78,798
Property taxes	10,928	10,928
	93,904	89,726
ANNUAL DEFICIT	(3,460)	(1,209)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(420,091)	(418,882)
ACCUMULATED DEFICIT, END OF YEAR	\$ (423,551)	\$ (420,091)

See accompanying notes to financial statements.

SYDNEY UTILITIES LIMITED

Statement of Change in Net Debt

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
ANNUAL DEFICIT	\$ (3,460)	\$ (1,209)
NET DEBT, BEGINNING OF YEAR	(420,090)	(418,881)
NET DEBT, END OF YEAR	\$ (423,550)	\$ (420,090)

See accompanying notes to financial statements.

SYDNEY UTILITIES LIMITED

Statement of Cash Flows

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (3,460)	\$ (1,209)
Change in non-cash operating working capital		
Decrease in receivable from Sydney Steel Corporation	49	325
Decrease (increase) in other receivables	(6,504)	10,080
Increase in trade payables	6,611	14,713
Increase (decrease) in payable to Harbourside Commercial Park Inc.	3,304	(23,909)
CHANGE IN CASH AND CASH EQUIVALENTS, BEING CASH AND CASH EQUIVALENTS, END OF YEAR	\$ –	\$ –

See accompanying notes to financial statements.

SYDNEY UTILITIES LIMITED

Notes to Financial Statements

Year ended March 31, 2018

NATURE OF OPERATIONS

Sydney Utilities Limited (the "Company") 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.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Company's financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

(b) Net debt

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

(c) Tangible capital assets

Tangible 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. Tangible capital assets are recorded at net historical cost and include all costs directly attributable to the acquisition.

(d) 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.

(e) Revenue recognition

Revenues are recognized in the period in which the transaction or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis except when accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government recoveries are recognized as revenue when expenses are incurred and collectability is reasonably assured.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingencies and the reported amounts of revenues and expenses in the financial statements and accompanying notes. Significant items subject to management's estimates and assumptions include the valuation of receivables and carrying value of land. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

SYDNEY UTILITIES LIMITED

Notes to Financial Statements

Year ended March 31, 2018

2. RELATED PARTY TRANSACTIONS

Included in revenue is a recovery of expenses received from Sydney Steel Corporation, a company commonly controlled by the Province of Nova Scotia, in the amount of \$10,928 (2017 - \$10,928). These transactions are in the normal course of operations and are measured at the exchange amount which approximates fair market value.

3. CAPITAL STOCK

Authorized

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

Issued and outstanding

	2018	2017
1 common share	\$ 1	\$ 1