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June 25, 2012

BNY Trust Company of Canada

The Honourable Joe Oliver
Minister of Natural Resources
Natural Resources Canada
Minister's Office
580 Booth Street, 21st Floor, Room C7-1
Ottawa, Ontario K1A 0E4

Mr. Ken Nash, President
Nuclear Waste Management Organization
22 St. Clair Avenue East, 6th Floor
Toronto, Ontario M4T 2S3

Subject: Audited Financial Statements – Nuclear Fuel Waste Trust

Hon. Oliver and Mr. Nash:

Under section 23(2) of the Nuclear Fuel Waste Act, audited financial statements are required to be sent to you. I am pleased to enclose the audited financial statements of the Nuclear Fuel Waste Trust (English & French) for the year ended March 31, 2012.

Should you have any questions, please do not hesitate to contact me directly.

Sincerely,

Moran Chiu (Ms)
Relationship Manager
BNY Trust Company of Canada
The Bank of New York Mellon – Global Trust Services
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cc: Ms. Kathleen Hollington, Senior Policy Advisor
Mr. David McCauley, Director
Uranium and Radioactive Waste Division
Natural Resources Canada

Mr. Leonard Lee-White, ADM
Treasury Division - Dept. of Finance, Province of New Brunswick

Mr. Darren Murphy, NB Power Group – no enclosure
Mr. Jonathan Dobson, NB Power Holding Corporation – no enclosure

Encl: a/s

Financial Statements of

**NEW BRUNSWICK POWER NUCLEAR CORPORATION
NUCLEAR FUEL WASTE TRUST**

For the year ended 31 March, 2012



Deloitte & Touche LLP
Brunswick House
44 Chipman Hill, 7th Floor
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Independent Auditor's Report

To the Trustee of New Brunswick Power Nuclear Corporation-Nuclear Fuel Waste Trust

We have audited the accompanying financial statements of New Brunswick Power Nuclear Corporation – Nuclear Fuel Waste Trust, which comprise the statements of assets as at March 31, 2012, March 31, 2011 and April 1, 2010, and statements of operations and comprehensive income and changes in assets for the years ended March 31, 2012 and March 31, 2011, 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 International Financial Reporting 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 audits. We conducted our audits 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 in our audits 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 the New Brunswick Power Nuclear Corporation – Nuclear Fuel Waste Trust as at March 31, 2012, March 31, 2011 and April 1, 2010 and the results of the operations and changes in assets for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards.

Deloitte & Touche LLP

Chartered Accountants
June 21, 2012

**NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR
FUEL WASTE TRUST**

**Statement of Assets
for the year ended March 31, 2012
(in thousands)**

	2012	2011
ASSETS		
INVESTMENTS		
Cash (Note 4)	\$ -	\$ 1
Investments (Note 4)	93,791	76,131
	93,791	76,132
OTHER		
Accrued interest receivable (Note 4)	496	385
TOTAL ASSETS	\$ 94,287	\$ 76,517

**NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR
FUEL WASTE TRUST**

**Statement of Operations and Comprehensive Income
for the year ended March 31, 2012
(in thousands)**

		2012		2011
Interest income	\$	3,380	\$	2,981
INCOME FROM OPERATIONS		3,380		2,981
Other comprehensive income				
Unrealized gains on available-for-sale investments		9,784		2,145
COMPREHENSIVE INCOME	\$	13,164	\$	5,126

**NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR
FUEL WASTE TRUST**

**Statement of Changes in Assets
for the year ended March 31, 2012
(in thousands)**

		2012		2011
ASSETS, BEGINNING OF YEAR	\$	76,517	\$	66,934
Contributions		-		(1)
Transfers		4,606		4,458
Increase in assets from operations		3,380		2,981
Increase in assets from other comprehensive income		9,784		2,145
ASSETS, END OF YEAR	\$	94,287	\$	76,517

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

**Notes to the Financial Statements
for the year ended March 31, 2012
(in thousands)**

1. DESCRIPTION OF THE FUNDS

As required under the Nuclear Fuel Waste Act (NFWA), owners of nuclear fuel waste established, by incorporation, the Nuclear Waste Management Organization (NWMO). The NWMO will report regularly to the Government of Canada and make recommendations on long-term management of nuclear fuel waste.

The *Nuclear Fuel Waste Act* requires major owners of used nuclear fuel in Canada to establish trust funds to finance the long-term management of used nuclear fuel. In June 2007, the Government of Canada announced its decision to accept the long-term disposal plan proposed by the NWMO. The funding requirement is based on the accepted proposal and was approved on April 7, 2009. The funding requirement for 2011/12 was \$5.0 million (\$4.0 million in 2010/11).

The Trustee of the Trust is CIBC Mellon Trust Company. The NWMO is the beneficiary of the Trust. The Trust, the Point Lepreau Used Fuel Management Segregated Fund and the Point Lepreau Decommissioning Segregated Fund collectively have been accepted by the Canadian Nuclear Safety Commission as satisfaction of New Brunswick Power Nuclear Corporation's (Nuclearco's) financial guarantee requirement in the operating license.

The financial statements present the assets of the Trust as at March 31, 2012 and the statements of operations and comprehensive income and changes in assets for the year then ended.

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

**Notes to the Financial Statements
for the year ended March 31, 2012
(in thousands)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Trust have been prepared by management in accordance with International Financial Reporting Standards.

Basis of preparation

Statement of compliance

The financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International accounting Standards Board ("IASB").

The financial statements of the Trust were authorized for issue by the Trustee June 21, 2012.

Basis of measurement

The financial statements of the Trust have been prepared on the historical cost basis except for Available-for-Sale financial assets that are measured at fair value. The financial report has been prepared on a going concern basis.

Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Trust's functional currency. The financial statements of the Trust have been rounded off to the nearest thousand dollars, unless otherwise stated.

Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of the assets, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable when making the judgment about carrying values of assets that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is 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 amount recognized in the financial statements are described in the following notes:

- Note 5 - valuation of financial instruments

Payments in lieu of future income taxes

Payments in lieu of future income taxes are the liability of Nuclearco, the holder of the investments and have been recognized in the records of Nuclearco.

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

Notes to the Financial Statements
for the year ended March 31, 2012
(in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets are initially recognized at fair value (determined using quoted prices in active markets) 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 Trust's designation of such instruments.

Settlement date accounting is used.

Classification

Cash	Loans and receivables
Accrued interest receivable	Loans and receivables
Used fuel management and decommissioning funds	Available-for-sale

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held to maturity or held for trading investments. Except as mentioned below, available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to income.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including receivables, bank balances and cash, are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The Trust 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.

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

**Notes to the Financial Statements
for the year ended March 31, 2012
(in thousands)**

3. CHANGES IN ACCOUNTING POLICIES

Future accounting changes

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Trust has not early adopted these standards and is currently assessing the impact they will have on the financial statements.

IFRS 13, Fair Value Measurements: IFRS 13 defines fair value and sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements.

The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

IFRS 9, Financial Instruments: In July 2011, the IASB agreed to defer the effective date of IFRS 9, Financial Instruments from 2013 to 2015. The standard is the first part of a multi-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement.

IAS 1 – Presentation of Financial Statements: In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoptions permitted. The Trust does not anticipate the application of the amendments to IAS 1 to have a material impact on its financial statements.

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

**Notes to the Financial Statements
for the year ended March 31, 2012
(in thousands)**

4. INVESTMENTS

Investments are comprised of cash and Federal and Provincial Bonds as follows:

	2012		2011	
Cash	\$	-	\$	1
Accrued interest receivable		496		385
Investments		93,791		76,131
	\$	94,287	\$	76,517

Investments include a mark-to-market unrealized gain of \$12,724 at March 31, 2012, as compared to a mark-to-market unrealized gain of \$2,940 at March 31, 2011. These are recorded in accumulated other comprehensive income.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Trust, through its financial assets, has exposure to the following risks from its use of financial instruments: credit risk and interest rate risk.

Credit risk

The Trust's principal financial assets are cash, investments and accrued interest receivable, which are subject to credit risk. The carrying amounts of financial assets on the statement of assets represent the Funds' maximum credit exposure at the statement of assets date.

The credit risk on cash, investments and accrued interest receivable is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies. Additionally the credit risk on investments is limited because the bonds are issued by federal and provincial governments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust has interest rate risk exposure as changes in interest rates directly affect the value of the Trust's investments.

A 0.5% increase or decrease in interest rates would cause a corresponding change of approximately \$5.7 million in the value of the investments.

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

**Notes to the Financial Statements
for the year ended March 31, 2012
(in thousands)**

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair value

The fair value of cash and accrued interest receivable approximates their carrying values due to their short-term maturity. The financial instruments carried at fair value are classified using a fair value hierarchy which has 3 levels as follows

Hierarchy Level	Fair values are determined	Includes these financial instruments
1	using inputs that are quoted prices in active markets for identical assets or liabilities.	Investments
2	using internal models using observable market prices as inputs	The Trust currently does not have any fair values in level 2.
3	based on internal models using inputs that are not based on observable market data,	The Trust currently does not have any fair values in level 3.

6. TRANSITION TO IFRS

These are Trust's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Trust for the year ended March 31, 2012, the comparative information presented in these financial statements for the year ended March 31, 2011 and in the preparation of an opening IFRS statement of financial position at April 1, 2010 (the Trust's date of transition). The Trust's issued financial statements for the year ended March 31, 2011 were previously prepared in accordance with Canadian generally accepted accounting policies. The adoption of IFRS had no impact on the previously reported assets of the Trust, and accordingly, no adjustments have been recorded in the statement of assets and statement of operations and comprehensive income. Certain of the Trust's disclosures included in these financial statements reflect the new disclosure requirements of IFRS.