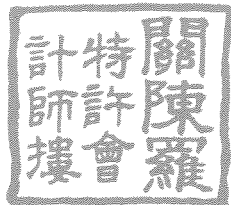


**AECL NUCLEAR FUEL WASTE TRUST FUND**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**



**KWAN CHAN LAW**  

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**CHARTERED ACCOUNTANTS  
PROFESSIONAL CORPORATION**

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# AECL NUCLEAR FUEL WASTE TRUST FUND

**Financial Statements**  
**December 31, 2012**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Trustee of  
AECL NUCLEAR FUEL WASTE TRUST FUND**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **AECL NUCLEAR FUEL WASTE TRUST FUND**, which comprise the balance sheet as at December 31, 2012, and the statements of income and capital 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 accounting standards for not-for-profit organizations, 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 AECL NUCLEAR FUEL WASTE TRUST FUND as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Comparative Information**

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that AECL NUCLEAR FUEL WASTE TRUST FUND adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the Balance sheet as at December 31, 2011 and January 1, 2011, and the statements of Income and Capital and statement of Cash Flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

*Kwan Chan Law*

**Professional Corporation, Authorized to practise public accounting by  
The Institute of Chartered Accountants of Ontario**

Toronto, Ontario  
March 25, 2013

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Balance Sheet December 31, 2012

|                                       | <u>2012</u>              | <u>2011</u>              | <u>2010</u>              |
|---------------------------------------|--------------------------|--------------------------|--------------------------|
|                                       | \$                       | \$                       | \$                       |
| <b>Assets</b>                         |                          |                          |                          |
| <b>Current</b>                        |                          |                          |                          |
| Cash and short term investment        | 171,968                  | 367,094                  | 102,953                  |
| Interest receivable                   | <u>242,807</u>           | <u>202,760</u>           | <u>207,164</u>           |
|                                       | <b>414,775</b>           | <b>569,854</b>           | <b>310,117</b>           |
| <b>Fixed term securities (note 4)</b> | <b><u>40,171,317</u></b> | <b><u>37,454,319</u></b> | <b><u>32,875,617</u></b> |
|                                       | <b><u>40,586,092</u></b> | <b><u>38,024,173</u></b> | <b><u>33,185,734</u></b> |
| <b>Liabilities</b>                    |                          |                          |                          |
| Accounts payable and accruals         | 30,315                   | 25,796                   | 21,501                   |
| <b>Capital</b>                        | <b><u>40,555,777</u></b> | <b><u>37,998,377</u></b> | <b><u>33,164,233</u></b> |
|                                       | <b><u>40,586,092</u></b> | <b><u>38,024,173</u></b> | <b><u>33,185,734</u></b> |

Approved by

*Mund Furr*

FOR AEC TRUST, Trustee

## AECL NUCLEAR FUEL WASTE TRUST FUND

### Statement of Income and Capital Year Ended December 31, 2012

|  | <u>2012</u>              | <u>2011</u>              |
|--|--------------------------|--------------------------|
|  | \$                       | \$                       |
| <b>Revenue</b>                                   |                          |                          |
| Interest income                                  | 1,318,318                | 1,311,682                |
| (Loss) gain on disposal of fixed term securities | (5,985)                  | 243,728                  |
| Unrealized gain on fixed term securities         | <u>7,895</u>             | <u>1,504,416</u>         |
|  | <b><u>1,320,228</u></b>  | <b><u>3,059,826</u></b>  |
| <br>   |                          |                          |
| <b>Expenses</b>                                  |                          |                          |
| Professional fee                                 | 4,520                    | 4,294                    |
| Trustee fee                                      | <u>114,442</u>           | <u>119,503</u>           |
|  | <b><u>118,962</u></b>    | <b><u>123,797</u></b>    |
| <br>   |                          |                          |
| <b>Net income for the year</b>                   | <b>1,201,266</b>         | <b>2,936,029</b>         |
| <br>   |                          |                          |
| Capital, beginning of year                       | 37,998,377               | 33,164,233               |
| <br>   |                          |                          |
| Contribution                                     | <u>1,356,134</u>         | <u>1,898,115</u>         |
| <br>   |                          |                          |
| <b>Capital, end of year</b>                      | <b><u>40,555,777</u></b> | <b><u>37,998,377</u></b> |

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Statement of Cash Flows Year Ended December 31, 2012

|  | <u>2012</u>               | <u>2011</u>               |
|--|---------------------------|---------------------------|
|  | \$                        | \$                        |
| <b>Operating Activities</b>  |                           |                           |
| Net income   | 1,201,266                 | 2,936,029                 |
| (Loss) gain on disposal of fixed term securities                         | 5,985                     | (243,728)                 |
| Unrealized gain on fixed term securities                                 | (7,895)                   | (1,504,416)               |
| Changes in other non-cash working capital components (1)                 | <u>(35,528)</u>           | <u>8,699</u>              |
|  | <b><u>1,163,828</u></b>   | <b><u>1,196,584</u></b>   |
| <b>Investing Activities</b>  |                           |                           |
| Purchase of fixed-term securities  | (19,606,933)              | (14,569,697)              |
| Disposal of fixed term securities  | <u>16,891,845</u>         | <u>11,739,139</u>         |
|  | <b><u>(2,715,088)</u></b> | <b><u>(2,830,558)</u></b> |
| <b>Financing Activities</b>  |                           |                           |
| Capital contribution   | <u>1,356,134</u>          | <u>1,898,115</u>          |
| <b>Net (decrease) increase in cash and short term investment</b>         | <b>(195,126)</b>          | <b>264,141</b>            |
| Cash and short term investment, beginning of year                        | <u>367,094</u>            | <u>102,953</u>            |
| <b>Cash and short term investment, end of year</b>                       | <b><u>171,968</u></b>     | <b><u>367,094</u></b>     |
| <br>   |                           |                           |
| (1) Changes in other non-cash working capital components represented by: |                           |                           |
| Interest receivable  | (40,047)                  | 4,404                     |
| Accounts payable and accruals  | <u>4,519</u>              | <u>4,295</u>              |
|  | <u>(35,528)</u>           | <u>8,699</u>              |
| <br>   |                           |                           |
| <b>Additional Cash Flows Information</b>                                 |                           |                           |
| Interest received  | <u>1,278,271</u>          | <u>1,316,086</u>          |

(See Accompany Notes to Financial Statements)

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Notes to Financial Statements Year Ended December 31, 2012

### 1. Adoption of Accounting Standards for Not-For-Profit Organizations

Effective January 1, 2012 the organization adopted the requirements of Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the organization's first financial statements prepared in accordance with these accounting standards for not-for-profit organizations which has been applied retrospectively. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening balance sheet as at January 1, 2011 (the organization's date of transition).

The organizations issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by CICA Handbook - Accounting XFI. The adoption of Canadian Accounting Standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and capital of the organizations and accordingly; no adjustments have been recorded in the comparative balance sheets, statements of Income and Capital, and Cash Flows statements.

### 2. Description of Trust

The Nuclear Fuel Waste Act, an Act respecting the long-term management of nuclear fuel waste, came into force on November 15, 2002. Pursuant to the Act, the trust was settled by Atomic Energy of Canada Limited and the assets of the trust are held by CIBC Trust Corporation. Contributions to the trust were made in accordance with the provisions of the Act.

### 3. Summary of Significant Accounting Policies

- (a) Use of estimates in the preparation of financial statements  
The preparation of the financial statements of AECL Nuclear Fuel Waste Trust Fund requires the trustee to make estimates and assumptions, mainly concerning the valuation of items, which affect reported amount of assets, liabilities, net income and related disclosures. Actual results could differ from these estimates.
- (b) Cash and short-term investment  
Cash and short-term investment include cash on account and short-term investment with original maturities of three months or less. Cash and short-term investment are classified as held-for-trading and are carried at the fair value, which is the quoted market price.



## AECL NUCLEAR FUEL WASTE TRUST FUND

### Notes to Financial Statements Year Ended December 31, 2012

#### 3. Summary of Significant Accounting Policies (continued)

- (c) Fixed-term Securities  
Fixed-term securities are classified as held-for-trading investments and are carried at the fair value, which is the quoted market price.
- (d) Revenue Recognition  
Interest earned on cash and short-term investment and fixed term securities is taken into income as it accrues, at the effective interest rates.
- (e) Income Taxes  
The trust has been exempted from filing income tax return, therefore no provision for income taxes have been recorded.

#### 4. Fixed-term Securities

The amortized cost, term to maturity and market value of the fixed-term securities are as follows:

|                             | 2012                   |                       |                    |                       |
|-----------------------------|------------------------|-----------------------|--------------------|-----------------------|
|                             | Within<br>1 year<br>\$ | 1 to 5<br>years<br>\$ | Over 5 years<br>\$ | Market<br>Value<br>\$ |
| Securities issued           |                        |                       |                    |                       |
| by Canada                   | 20,510                 | 630,200               | 557,981            | 1,238,027             |
| by Provinces & municipality | 68,570                 | 7,715,618             | 18,648,587         | 28,164,033            |
| Other debt securities       | -                      | 10,550,060            | -                  | 10,769,257            |
|                             | <u>89,080</u>          | <u>18,895,878</u>     | <u>19,206,568</u>  | <u>40,171,317</u>     |
|                             | 2011                   |                       |                    |                       |
|                             | Within<br>1 year<br>\$ | 1 to 5<br>years<br>\$ | Over 5 years<br>\$ | Market<br>Value<br>\$ |
| Securities issued           |                        |                       |                    |                       |
| by Canada                   | 714,700                | 4,427,683             | -                  | 5,206,869             |
| by Provinces & municipality | 505,650                | 6,001,688             | 14,931,537         | 23,696,088            |
| Other debt securities       | 992,740                | 5,290,323             | 2,040,428          | 8,551,362             |
|                             | <u>2,213,090</u>       | <u>15,719,694</u>     | <u>16,971,965</u>  | <u>37,454,319</u>     |

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Notes to Financial Statements Year Ended December 31, 2012

### 5. Contribution

Contributions made by Atomic Energy of Canada Limited are as follows:

|  | \$                |
|--|-------------------|
| Initial contribution - November 25, 2002 | 10,000,000        |
| Annual contribution :                    |                   |
| November 14, 2003                        | 2,000,000         |
| November 15, 2004                        | 2,000,000         |
| November 15, 2005                        | 2,000,000         |
| November 14, 2006                        | 2,000,000         |
| November 14, 2007                        | 2,000,000         |
| November 14, 2008                        | 2,000,000         |
| May 13, 2009                             | 1,746,645         |
| April 6, 2010                            | 1,818,812         |
| March 31, 2011                           | 1,898,115         |
| April 2, 2012                            | <u>1,356,134</u>  |
|  | <u>28,819,706</u> |

### 6. Financial Instruments

(a) Fair value

The trust's financial instruments comprise of cash and short term investment, interest receivable, fixed term securities and accounts payable and accruals. These financial instruments are reported at their fair value. The fair value of cash, interest receivable and accounts payable and accruals are the same as the carrying values due to the short term nature. The book and fair values of fixed term securities are disclosed in note 4.

(b) Interest rate risk

The following tables give the detailed maturity dates and average effective rates of the on- and off-balance sheet instruments.

# AECL NUCLEAR FUEL WASTE TRUST FUND,

## Notes to Financial Statements Year Ended December 31, 2012

### 6. Financial Instruments (continued)

|  | Less than<br>3 months<br>\$ | Over<br>3 months<br>to 1 year<br>\$ | Over 1 year<br>to 5 years<br>\$ | Over<br>5 years<br>\$ | Non<br>interest<br>sensitive<br>\$ | Total<br>\$ |
|--|-----------------------------|-------------------------------------|---------------------------------|-----------------------|------------------------------------|-------------|
| <b>Assets</b>  |                             |                                     |                                 |                       |                                    |             |
| Cash and short term<br>investment and fixed<br>term securities | 159,822                     | 89,011                              | 19,537,289                      | 20,545,017            | 12,146                             | 40,343,285  |
| Rate   | 0.97%                       | 3.66%                               | 3.19%                           | 3.80%                 | -%                                 | -%          |
| Interest receivable  |                             |                                     |                                 |                       | 242,807                            | 242,807     |
| Rate   |                             |                                     |                                 | -%                    | -%                                 | -%          |
| <b>Liabilities</b>   |                             |                                     |                                 |                       |                                    |             |
| Accounts payable   |                             |                                     |                                 |                       | 30,316                             | 30,316      |
| Rate   |                             |                                     |                                 |                       | -%                                 | -%          |

(c) Currency risk

The trust fund only invests in Canadian dollar denominated instruments to avoid taking in currency risk in the portfolio.