

**AECL NUCLEAR FUEL WASTE TRUST FUND**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**

# AECL NUCLEAR FUEL WASTE TRUST FUND

**Financial Statements**  
**December 31, 2003**

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Stanley Kwan  
& Company  
CHARTERED ACCOUNTANTS

Stanley Kwan, MBA CA FHKSA  
Michelle Kam, BA CA  
Anne Law, B. COMM CA

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## AUDITORS' REPORT

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

We have audited the balance sheet of **AECL NUCLEAR FUEL WASTE TRUST FUND** as at **December 31, 2003**, and the statements of income and capital and cash flows for the year then ended. These financial statements are the responsibility of the trustee. 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 misstatement. 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 trust as at **December 31, 2003**, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Stanley Kwan & Company*

**CHARTERED ACCOUNTANTS**

Toronto  
February 14, 2004

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Balance Sheet December 31, 2003

	<u>2003</u> \$	<u>2002</u> \$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalent	3,040	9,941
Interest receivable	<u>89,990</u>	<u>86,760</u>
	<b>93,030</b>	<b>96,701</b>
<b>Fixed term securities (note 3)</b>	<b><u>12,384,708</u></b>	<b><u>9,932,680</u></b>
	<b><u>12,477,738</u></b>	<b><u>10,029,381</u></b>
<b>Liabilities</b>		
Accounts payable and accruals	3,210	-
<b>Capital</b>	<u>12,474,528</u>	<u>10,029,381</u>
	<b><u>12,477,738</u></b>	<b><u>10,029,381</u></b>
	<b><u>12,477,738</u></b>	<b><u>10,029,381</u></b>

Approved on Behalf of the Trustee

 FOR AECL TRUST, Trustee

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Statement of Income and Capital Year Ended December 31, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
<b>Interest income</b>	<u>490,539</u>	<u>32,672</u>
<b>Expenses</b>		
Professional fees	6,848	-
Trustee fee	<u>38,544</u>	<u>3,291</u>
	<u>45,392</u>	<u>3,291</u>
<b>Net income for the year</b>	445,147	29,381
<b>Capital, beginning of year</b>	10,029,381	-
Contribution	<u>2,000,000</u>	<u>10,000,000</u>
<b>Capital, end of year</b>	<u>12,474,528</u>	<u>10,029,381</u>

## AECL NUCLEAR FUEL WASTE TRUST FUND

### Statement of Cash Flows Year Ended December 31, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
<b>Operating Activities</b>		
Net income	445,147	29,381
Changes in other non-cash working capital components (1)	<u>(20)</u>	<u>(86,760)</u>
	<u>445,127</u>	<u>(57,379)</u>
<b>Investing Activities</b>		
Purchase of fixed-term securities	<u>(2,452,028)</u>	<u>(9,932,680)</u>
<b>Financing Activities</b>		
Capital contribution	<u>2,000,000</u>	<u>10,000,000</u>
<b>Net (decrease) increase in cash</b>	<b>(6,901)</b>	<b>9,941</b>
Cash, beginning of year	<u>9,941</u>	<u>-</u>
<b>Cash, end of year</b>	<b><u>3,040</u></b>	<b><u>9,941</u></b>
(1) Changes in other non-cash working capital components represented by:		
Interest receivable	(3,230)	(86,760)
Accounts payable and accruals	<u>3,210</u>	<u>-</u>
	<u>(20)</u>	<u>(86,760)</u>
Additional Cash Flows Information		
Interest paid	\$ <u>30,316</u>	<u>122,882</u>

# **AECL NUCLEAR FUEL WASTE TRUST FUND**

## **Notes to Financial Statements Year Ended December 31, 2003**

### **1. 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.

### **2. 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 cash equivalents

Cash and cash equivalents include cash on account and short-term investments with original maturities of three months or less. Cost approximates fair value.

- (c) Fixed-term Securities

Fixed-term securities are recorded at the lower of cost or market value.

- (d) Income Taxes

The trust has been exempted from filing income tax return, therefore no provision for income taxes have been recorded.

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Notes to Financial Statements Year Ended December 31, 2003

### 3. Fixed-term Securities

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

	2003		
	Within 1 year \$\$	1 to 5 years \$	Market Value \$
Securities issued			
by Canada	225,727	4,230,635	4,482,279
by Provinces	1,025,260	3,404,960	4,432,680
Other debt securities	<u>1,514,857</u>	<u>1,983,269</u>	<u>3,512,997</u>
	<u>2,765,844</u>	<u>9,618,864</u>	<u>12,427,956</u>
	2002		
	Within 1 year \$\$	1 to 5 years \$	Market Value \$
Securities issued			
by Canada	487,402	3,466,215	3,996,638
by Provinces	-	2,962,385	2,979,029
Other debt securities	<u>-</u>	<u>3,016,678</u>	<u>3,030,003</u>
	<u>487,402</u>	<u>9,445,278</u>	<u>10,005,670</u>



## AECL NUCLEAR FUEL WASTE TRUST FUND

### Notes to Financial Statements Year Ended December 31, 2003

#### 4. Financial Instruments

##### (a) Fair value

The amounts that follow present the fair value of on-and off-balance sheet financial instruments based on the valuation methods and assumptions as set out below.

Fair value represents the amount at which a financial instrument could be exchanged between willing parties. The fair value of items which are short term in nature is considered to be equal to book value. The fair value of fixed-term securities is based on quoted market prices.

	Book Value \$	Fair Value \$	Variance favourable (unfavourable) \$
<b>Assets</b>			
Cash and cash equivalent	3,040	3,040	-
Interest receivable	89,990	89,990	-
Fixed term securities	12,384,708	12,427,956	43,248
<b>Liabilities</b>			
Accounts payable and accruals	3,210	3,210	-

##### (b) Interest rate risk

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

	Less than 3 months \$	Over 3 months to 1 year \$	Over 1 year to 5 years \$	Non interest sensitive \$	Total \$
<b>Assets</b>					
Cash and cash equivalents and securities	764,250	2,001,594	9,618,864	3,040	12,387,748
Rate	4.90%	4.17%	4.07%	-%	-%
Interest receivable				89,990	89,990
Rate				-%	-%
<b>Liabilities</b>					
Accounts payable				3,210	3,210
Rate				-%	-%