

**AECL NUCLEAR FUEL WASTE TRUST FUND**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2007**

# AECL NUCLEAR FUEL WASTE TRUST FUND

**Financial Statements**  
**December 31, 2007**

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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, 2007**, 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, 2007**, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

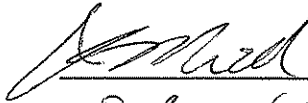
Toronto  
March 21, 2008

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Balance Sheet December 31, 2007

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and short term investment	3,524,070	3,445,682
Interest receivable	<u>164,893</u>	<u>152,238</u>
	<b>3,688,963</b>	<b>3,597,920</b>
<b>Fixed term securities (note 4)</b>	<b><u>18,907,488</u></b>	<b><u>16,142,935</u></b>
	<b><u>22,596,451</u></b>	<b><u>19,740,855</u></b>
<b>Liabilities</b>		
Accounts payable and accruals	10,067	6,602
<b>Capital</b>	<u>22,586,384</u>	<u>19,734,253</u>
	<b><u>22,596,451</u></b>	<b><u>19,740,855</u></b>

Approved on Behalf of the Trustee

  
\_\_\_\_\_, Trustee  
FOR CIBC TRUST

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Statement of Income and Capital Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>Revenue</b>		
Interest income	759,698	683,341
Gain (loss) on disposal of fixed term securities	11,765	(97,300)
Unrealized gain (loss) on marketable securities	<u>119,763</u>	<u>(118,684)</u>
	<b><u>891,226</u></b>	<b><u>467,357</u></b>
<b>Expenses</b>		
Professional fees	3,465	3,392
Trustee fee	<u>63,969</u>	<u>55,643</u>
	<b><u>67,434</u></b>	<b><u>59,035</u></b>
<b>Net income for the year</b>	<b>823,792</b>	<b>408,322</b>
Capital, beginning of year	19,734,253	17,325,931
Change in accounting policy (note 3)	28,339	-
Contribution	<u>2,000,000</u>	<u>2,000,000</u>
<b>Capital, end of year</b>	<b><u>22,586,384</u></b>	<b><u>19,734,253</u></b>

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Statement of Cash Flows Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>Operating Activities</b>		
Net income	823,792	408,322
(Gain) loss on disposal of fixed term securities	(11,765)	97,300
Unrealized (gain) loss on marketable securities	(119,763)	118,684
Changes in other non-cash working capital components (1)	<u>(9,190)</u>	<u>(32,540)</u>
	<u><b>683,074</b></u>	<u><b>591,766</b></u>
<b>Investing Activities</b>		
Purchase of fixed-term securities	(28,776,965)	(57,825,868)
Disposal of fixed term securities	<u>26,172,279</u>	<u>55,752,907</u>
	<u><b>(2,604,686)</b></u>	<u><b>(2,072,961)</b></u>
<b>Financing Activities</b>		
Capital contribution	<u><b>2,000,000</b></u>	<u><b>2,000,000</b></u>
<b>Net increase in cash and short term investment</b>	<b>78,388</b>	<b>518,805</b>
Cash and short term investment, beginning of year	<u>3,445,682</u>	<u>2,926,877</u>
<b>Cash and short term investment, end of year</b>	<u><b>3,524,070</b></u>	<u><b>3,445,682</b></u>
(1) Changes in other non-cash working capital components represented by:		
Interest receivable	(12,655)	(32,722)
Accounts payable and accruals	<u>3,465</u>	<u>182</u>
	<u><b>(9,190)</b></u>	<u><b>(32,540)</b></u>
<b>Additional Cash Flows Information</b>		
Interest paid	<u>\$ 63,969</u>	<u>55,643</u>

(See Accompany Notes to Financial Statements)

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Notes to Financial Statements Year Ended December 31, 2007

### 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 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.

(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.

Loans payable are non-interest bearing with no specified terms of repayment.

## AECL NUCLEAR FUEL WASTE TRUST FUND

### Notes to Financial Statements Year Ended December 31, 2007

#### 3. Change in Accounting Policy

The Trust adopted the provisions of CICA Sections 3855, Financial Instruments Recognition and Measurement, 3865, Hedges and 1530, Comprehensive Income, on January 1, 2007 which address the classification, recognition and measurement of financial instruments and hedges in the financial statements and the inclusion of other comprehensive income. As a result of adopting these new standards, the Company recorded a non-cash credit of \$28,339 for the change in accounting for financial assets classified as held-for-trading and measured at fair value instead of cost. This charge is reporting as a one-time cumulative effect of a change in accounting policy in opening capital on January 1, 2007.

#### 4. Fixed-term Securities

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

	2007		
	Within 1 year \$	1 to 5 years \$	Market Value \$
Securities issued			
by Canada	997,848	7,561,877	8,556,352
by Provinces	-	5,165,850	5,162,473
Other debt securities	<u>1,976,575</u>	<u>3,247,350</u>	<u>5,188,663</u>
	<u>2,974,423</u>	<u>15,975,077</u>	<u>18,907,488</u>
	2006		
	Within 1 year \$	1 to 5 years \$	Market Value \$
Securities issued			
by Canada	1,645,966	7,029,184	8,676,425
by Provinces	-	2,133,320	2,142,831
Other debt securities	<u>1,714,947</u>	<u>3,619,518</u>	<u>5,340,697</u>
	<u>3,360,913</u>	<u>12,782,022</u>	<u>16,159,953</u>



## AECL NUCLEAR FUEL WASTE TRUST FUND

### Notes to Financial Statements Year Ended December 31, 2007

#### 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	<u>2,000,000</u>
	<u>20,000,000</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 3.

##### (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 short term investment and fixed term securities	3,900,427	3,596,913	14,931,750	2,468	22,431,558
Rate	4.11%	3.90%	4.15%	-%	-%
Interest receivable				164,893	164,893
Rate				-%	-%
<b>Liabilities</b>					
Accounts payable				10,067	10,067
Rate				-%	-%