

Financial statements of

Guelph Junction Railway Limited

December 31, 2022

Guelph Junction Railway Limited

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Guelph Junction Railway Company

Opinion

We have audited the financial statements of Guelph Junction Railway Company (the Entity), which comprise:

- the balance sheet as at December 31, 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our Auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada
May 26, 2023

Guelph Junction Railway Limited

Balance sheet
as at December 31, 2022

	2022	2021
	\$	\$
Assets		
Current assets		
Cash	430,269	507,621
Accounts receivable	1,941,244	887,246
Due from City of Guelph	602,815	622,657
Inventory	22,210	12,823
Prepaid expenses	63,086	39,636
	3,059,624	2,069,983
Property, plant and equipment (note 3)	15,018,361	13,979,197
	18,077,985	16,049,180
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities	284,764	207,085
Current portion of long-term debt (note 5)	55,850	54,002
	340,614	261,087
Long-term debt (note 5)	1,302,859	1,358,709
Deferred capital contributions (note 4)	2,974,585	2,503,917
	4,618,058	4,123,713
Share capital (note 7)	1	1
Retained earnings (note 9)	13,459,926	11,925,466
	13,459,927	11,925,467
	18,077,985	16,049,180

Approved by the Board:

_____ Chair

Guelph Junction Railway Limited

Statement of comprehensive income year ended December 31, 2022

	2022	2021
	\$	\$
Revenue		
Freight movement	5,664,251	4,507,016
Non-freight movement	410,326	498,496
Amortization of deferred capital contributions	100,853	95,859
	6,175,430	5,101,371
Expense		
Freight movement	2,758,607	2,335,132
Track maintenance	633,580	610,461
Depreciation	460,340	437,142
Administration and office	612,996	586,326
Interest on long-term debt	46,779	44,452
Expropriation costs	2,697	17,342
Business development	10,772	6,665
Audit and legal	10,199	9,233
	4,535,970	4,046,753
Net comprehensive income for the year	1,639,460	1,054,618

Guelph Junction Railway Limited

Statement of changes in equity year ended December 31, 2022

	2022	2021
	\$	\$
Retained earnings, beginning of year	11,925,466	10,870,848
Dividends to Shareholder (note 6)	(105,000)	-
Net comprehensive income for the year	1,639,460	1,054,618
Retained earnings, end of year	13,459,926	11,925,466
Share capital, beginning and end of year	1	1
Equity, end of year	13,459,927	11,925,467

Guelph Junction Railway Limited

Statement of cash flows year ended December 31, 2022

	2022	2021
	\$	\$
Operating activities		
Cash from operations		
Net income from operations	1,639,460	1,054,618
Items not affecting cash:		
Amortization of deferred capital contributions	(100,853)	(95,859)
Depreciation of property, plant and equipment	460,340	437,142
Changes in non-cash operating working capital components:		
Change in accounts receivable	(1,053,998)	17,112
Change in due to City of Guelph	19,842	(1,487,615)
Change in prepaid expense	(23,450)	(39,636)
Change in inventory	(9,387)	29,707
Change in accounts payable and accrued liabilities	77,679	172,497
	1,009,633	87,966
Investing activity		
Acquisition of property, plant and equipment	(1,499,504)	(981,149)
Capital contributions	571,521	332,196
	(927,983)	(648,953)
Financing activity		
Repayment of long-term debt	(54,002)	(56,329)
Dividends paid	(105,000)	-
	(159,002)	(56,329)
Increase in cash during the year	(77,352)	(617,316)
Cash, beginning of year	507,621	1,124,937
Cash, end of year	430,269	507,621

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

1. Description of business

Guelph Junction Railway Limited (the "Company") was incorporated under the laws of Canada in 1884. The Company is wholly owned by The City of Guelph (the "City") and is exempt from income taxes. The Company is engaged in the rail and related transportation business in Southwestern Ontario.

The Company's head office is located at 1 Carden Street, Guelph, Ontario and is a subsidiary of the City of Guelph.

The financial statements have been approved by the Board of Directors and authorized for issue on May 23, 2023.

2. Significant accounting policies

Basis of accounting

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Boards ("IASB"). The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars which is the functional currency of the Company.

Revenue recognition

Revenue recognition

Revenues are recorded based on the five-step approach outlined by IFRS 15:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation.

The Company recognizes revenue when (or as) a performance obligation is satisfied, which is when control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

The Company's service revenue is recognized as the service is provided. These services are usually billed and paid for on a monthly basis.

Inventory

Inventory is valued at the lower of cost and net realizable value on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation and accumulated impairment losses. Cost includes the acquisition cost, labour and other costs directly attributable to bringing the asset to a working condition for its intended use. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in earnings in the period the asset is derecognized.

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

2. Significant accounting policies (continued)

Depreciation is calculated using the declining-balance method at rates designed to amortize the cost of the assets less their residual values over their estimated useful lives as follows:

Tracks and structures	4%
Bridges	4%
Buildings	4%
Switches	4%
Crossing equipment	4%

Work in progress is not depreciated until the equipment is put into active use.

Depreciation methods, useful lives and residual values are reviewed annually and adjusted prospectively if appropriate.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) The contract involves the use of an identified asset;
- (ii) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (iii) The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - a. The Company has the right to operate the asset; or
 - b. The Company designed the asset in a way that predetermines how and for what purposes it will be used.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Impairment of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

2. Significant accounting policies (continued)

that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in earnings.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in earnings.

Financial instruments

At initial recognition, the Company measures its financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of the financial asset depends on the classification determined on initial recognition. Financial assets are classified as either amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets.

Financial liabilities are initially measured at fair value, net of transaction costs incurred. They are subsequently carried at amortized cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings.

The Company has classified its financial instruments, in accordance with IFRS 9, as follows: cash, accounts receivable, accounts payable, Due to City of Guelph and long-term debt are classified as amortized cost.

Financial assets and liabilities are recorded in the statement of financial position as current if they mature within one year and non-current if they mature after one year.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on a financial asset that is designated as amortized cost or fair value through other comprehensive income. For financial assets designated as fair value through other comprehensive income, the loss allowance is recognized in other comprehensive income and is not reflected in the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the Company assesses whether there is any objective evidence that the credit risk associated with a financial asset not carried at fair value through profit or loss has increased significantly since initial recognition. In the event there is a significant increase in credit risk, a loss allowance is recorded at an amount equal to the lifetime expected credit losses arising from the financial asset. If, at the reporting date, the credit risk has not increased significantly, the loss allowance is measured at an amount equal to the twelve-month expected credit losses.

The carrying values of cash, accounts receivable, and accounts payable approximate their fair values due to the short-term nature of these financial instruments. The fair value of long-term debt represents the value as at December 31, 2020, based on interest rates in effect as at that date available to the Company for the same or similar debt instruments.

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

2. Significant accounting policies (continued)

Government grants and other contributions

Government grants are recognized in net income on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants were intended to compensate.

Grants that take the form of a transfer of a non-monetary asset for the use of the Company are recognized as deferred contributions in the balance sheet and measured based on the fair value of the asset received. Deferred contributions are transferred to net income on a systematic and rational basis over the useful life of the related assets.

Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making such estimates and judgments, actual results reported could differ from those estimates and judgments. Significant judgments include the determination of cash-generating units for impairment testing and determination of useful lives of property, plant and equipment.

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

3. Property, plant and equipment

2022

Cost

	Opening cost	Additions	Disposals	Ending cost
	\$	\$	\$	\$
Land	2,997,210	-	-	2,997,210
Tracks and structures	9,936,489	750,566	-	10,687,055
Buildings	481,327	37,200	-	518,527
Bridges	1,984,180	71,107	-	2,055,287
Crossing equipment	2,458,170	128,200	-	2,586,370
Switches	483,318	65,968	-	549,286
Work in progress	-	446,463	-	446,463
	18,340,694	1,499,504	-	19,840,198

2022

Accumulated depreciation

	Opening balance	Depreciation	Disposals	Ending balance
	\$	\$	\$	\$
Land	-	-	-	-
Tracks and structures	3,383,507	277,130	-	3,660,637
Buildings	268,581	9,254	-	277,835
Bridges	351,967	66,711	-	418,678
Crossing equipment	246,317	91,038	-	337,355
Switches	111,125	16,207	-	127,332
Work in progress	-	-	-	-
	4,361,497	460,340	-	4,821,837

2022

Net Book Value

	Opening net book value	Ending net book value
	\$	\$
Land	2,997,210	2,997,210
Tracks and structures	6,552,982	7,026,418
Buildings	212,746	240,692
Bridges	1,632,213	1,636,609
Crossing equipment	2,211,853	2,249,015
Switches	372,193	421,954
Work in progress	-	446,463
	13,979,197	15,018,361

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

3. Property, plant and equipment (continued)

2021

Cost

	Opening cost	Additions	Disposals	Ending cost
	\$	\$	\$	\$
Land	2,997,210	-	-	2,997,210
Tracks and structures	9,522,457	414,032	-	9,936,489
Buildings	481,327	-	-	481,327
Bridges	1,973,530	10,650	-	1,984,180
Crossing equipment	1,977,931	480,239	-	2,458,170
Switches	407,090	76,228	-	483,318
Work in progress	-	-	-	-
	17,359,545	981,149	-	18,340,694

2021

Accumulated depreciation

	Opening balance	Depreciation	Disposals	Ending balance
	\$	\$	\$	\$
Land	-	-	-	-
Tracks and structures	3,119,091	264,416	-	3,383,507
Buildings	259,717	8,864	-	268,581
Bridges	284,180	67,787	-	351,967
Crossing equipment	164,162	82,155	-	246,317
Switches	97,205	13,920	-	111,125
Work in progress	-	-	-	-
	3,924,355	437,142	-	4,361,497

2021

Net Book Value

	Opening net book value	Ending net book value
	\$	\$
Land	2,997,210	2,997,210
Tracks and structures	6,403,366	6,552,982
Buildings	221,610	212,746
Bridges	1,689,350	1,632,213
Crossing equipment	1,813,769	2,211,853
Switches	309,885	372,193
Work in progress	-	-
	13,435,190	13,979,197

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

4. Deferred capital contributions

	2022	2021
	Net book value	Net book value
	\$	\$
Deferred contributions - gross	3,850,060	3,278,538
Less: accumulated amortization	(875,475)	(774,621)
	2,974,585	2,503,917

5. Long-term debt

The Company entered into a long-term loan agreement with the City for the purpose of reconstructing a bridge.

	2022	2021
	\$	\$
City of Guelph fixed term loan, repayable monthly, blended principal and interest at 3.37%, maturing December 2025	1,358,709	1,412,711
Less: current portion of long-term debt	(55,850)	(54,002)
Long-term debt	1,302,859	1,358,709

The debt is repayable as follows:

	\$
2023	55,850
2024	57,762
2025	1,245,097
	1,358,709

6. Dividend to Shareholder

On May 4, 2022 the Director declared a dividend of \$105,000 (2021 - \$nil) based on the income earned in the year ended December 31, 2021. The dividend was paid in fiscal 2022.

7. Share capital

	December 31, 2022	December 31, 2021
<i>Issued and outstanding</i>		
	\$	\$
1 Common share	1	1
	1	1

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

8. Related party transactions

The Company is wholly owned by The City of Guelph. The City pays cash expenditures and receives cash receipts on behalf of the Company with the net amount being included as an intercompany balance on the financial statements. At December 31, 2021 the Company has a intercompany balance receivable of \$602,815 (2021 - (\$622,657)) from the City. This intercompany balance is interest free and due on demand.

The Company also receives direct revenue from the City which amounted to \$109,620 (2021 - \$145,266) and collected capital contributions from the City which amounted to \$514,419 (2021 - \$206,397). The Company paid the City \$80,800 (2021 - \$nil) in office rent and administration fees for the year and paid \$14,504 (2021 - \$14,504) in municipal property taxes. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

In 2015 the Company entered into a loan agreement with the City to finance the reconstruction of a bridge. The loan agreement between the Company and the City of Guelph was renewed on December 10, 2020. The loan amount as of December 31, 2020 was \$1,469,039.73 with a renewal term of 5 years expiring on December 31, 2025. The amortization period is 20 years, at an annual rate of 3.37%. In 2022 principal and interest payments were \$54,002 and \$46,780 respectively (2021 -\$56,329, \$44,452).

Members of the board of directors are unpaid.

The remuneration of key management personnel during the year was \$175,544 (2021 - \$169,608).

9. Capital management

The Company manages its capital to ensure sufficient liquidity to protect the Company's long-term viability as a going concern.

The Company's total capital is defined as shareholder's equity. Shareholder's equity at December 31, 2022, is \$13,459,927 (December 31, 2021 - \$11,925,467). There have been no changes to the Company's approach on capital management.

10. Financial risk management

Financial assets and liabilities

The following table analyzes financial assets and liabilities by the categories defined in IAS 39. In addition, IFRS 7 requires that financial instruments held at fair value be categorized into one of the following three levels to reflect the degree to which observable inputs are used in determining the fair values:

- 'Level 1' fair value measurements are those derived without adjustment from quoted prices in active markets for identical assets or liabilities.
- 'Level 2' fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 'Level 3' fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets or financial liabilities held at fair value.

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

10. Financial risk management (continued)

	Loans and receivables	Liabilities at amortized cost	Total carrying value	Fair value
	\$	\$	\$	\$
As at December 31 ,2022				
Financial assets not held at fair value				
Cash	430,269	-	430,269	430,269
Trade and other receivables	1,941,244	-	1,941,244	1,941,244
Due from the City of Guelph	602,815	-	602,815	602,815
Total financial assets	2,974,328	-	2,974,328	2,974,328
Financial liabilities not held at fair value				
Trade and other payables	-	284,764	284,764	284,764
Long-term debt	-	1,358,709	1,358,709	1,358,709
Total financial liabilities	-	1,643,473	1,643,473	1,643,473

The fair value of the Company's external long-term debt approximates its carrying value as the interest rate approximates market. The fair value of the debt payable to the City of Guelph, a related party, is undeterminable.

	Loans and receivables	Liabilities at amortized cost	Total carrying value	Fair value
	\$	\$	\$	\$
As at December 31 ,2021				
Financial assets not held at fair value				
Cash	507,621	-	507,621	507,621
Trade and other receivables	887,246	-	887,246	887,246
Due from the City of Guelph	622,657	-	622,657	622,657
Total financial assets	2,017,524	-	2,017,524	2,017,524
Financial liabilities not held at fair value				
Trade and other payables	-	207,085	207,085	207,085
Long-term debt	-	1,412,711	1,412,711	1,412,711
Total financial liabilities	-	1,619,796	1,619,796	1,619,796

Interest rate risk

Interest rate risk is the risk that market rates will fluctuate and affect the debt carrying costs paid by the Company. The Company has one fixed rate term loan and is only exposed to interest rate risk when the facility is renewed.

Currency risk

The Company realizes an insignificant portion of its income in US dollars and is thus not exposed to foreign exchange risk.

Credit risk

Credit risk is the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

The Company's maximum exposure to credit risk is the carrying value of financial assets on the statement of financial position.

Guelph Junction Railway Limited

Notes to the financial statements

December 31, 2022

10. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

All contractual cash flows related to the Company's financial liabilities are expected to be settled within one year, except for those amounts due to the City of Guelph and the long-term debt payable to the City of Guelph, which has a renewal term to expire December 31, 2025, and remaining amortization period of 20 years.