



**LAURENTIAN PILOTAGE
AUTHORITY**

(Established under the Pilotage Act)

**ADMINISTRATION DE PILOTAGE
DES LAURENTIDES**

(Constituée en vertu de la Loi sur le pilotage)

STATEMENT OF FINANCIAL POSITION
(unaudited)

In Canadian Dollars	AS AT SEPTEMBER 30 2014	AS AT DECEMBER 31 2013
<u>ASSETS</u>		
Current		
Cash	5 417 660 \$	3 747 504 \$
Short-term investments	1 500 000	-
Receivable	10 748 177	9 585 475
	<u>17 665 837 \$</u>	<u>13 332 979 \$</u>
Non-current		
Long-term investments	- \$	1 500 000 \$
Property, plant and equipment	16 246 722	16 623 430
Intangible assets	841 537	1 048 608
Total assets	<u>34 754 096 \$</u>	<u>32 505 017 \$</u>
 <u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	11 466 394 \$	10 180 221 \$
	<u>11 466 394 \$</u>	<u>10 180 221 \$</u>
Non-current		
Post-employment benefits	434 918 \$	457 112 \$
Total liabilities	<u>11 901 312 \$</u>	<u>10 637 333 \$</u>
 <u>EQUITY OF CANADA</u>		
Retained earnings	22 852 784 \$	21 867 684 \$
	<u>22 852 784 \$</u>	<u>21 867 684 \$</u>
TOTAL LIABILITIES AND EQUITY OF CANADA	<u>34 754 096 \$</u>	<u>32 505 017 \$</u>



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STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - SEPTEMBER 30		NINE MONTHS ENDED - SEPTEMBER 30	
	2014	2013	2014	2013
<u>Revenues</u>				
Pilotage charges	22 157 871 \$	19 522 622 \$	59 752 178 \$	55 378 539 \$
Other revenues	23 114	24 107	73 111	76 203
	<u>22 180 985 \$</u>	<u>19 546 729 \$</u>	<u>59 825 289 \$</u>	<u>55 454 742 \$</u>
<u>Expenses</u>				
Pilots' fees, salaries and benefits	17 779 868 \$	16 205 190 \$	47 623 895 \$	44 956 577 \$
Operating costs of pilot boats	2 128 919	1 778 934	7 384 591	6 044 688
Staff salaries and benefits	749 869	980 115	2 457 554	2 559 829
Professional and special services	199 173	153 035	743 932	580 362
Rentals	80 138	79 564	222 304	229 835
Utilities, material and supplies	67 215	29 552	165 317	128 777
Communications	17 424	20 535	50 667	51 113
Transportation, travel and hospitality	18 267	26 515	65 174	63 623
Maintenance	6 481	2 424	14 906	9 463
Financing costs	20 502	4 019	24 532	11 303
Other	26 252	10 880	87 317	73 184
	<u>21 094 108 \$</u>	<u>19 290 763 \$</u>	<u>58 840 189 \$</u>	<u>54 708 754 \$</u>
<u>Comprehensive income for the period</u>	<u>1 086 877 \$</u>	<u>255 966 \$</u>	<u>985 100 \$</u>	<u>745 988 \$</u>



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STATEMENT OF CHANGES IN EQUITY OF CANADA
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - JUNE 30		SIX MONTHS ENDED - JUNE 30	
	2014	2013	2014	2013
Retained earnings, beginning of the period	21 765 907 \$	20 845 874 \$	21 867 684 \$	20 355 852 \$
Comprehensive income for the period	1 086 877 \$	255 966 \$	985 100 \$	745 988 \$
<u>Retained earnings, end of the period</u>	<u>22 852 784 \$</u>	<u>21 101 840 \$</u>	<u>22 852 784 \$</u>	<u>21 101 840 \$</u>



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STATEMENT OF CASH FLOW
(unaudited)

	THREE MONTHS ENDED - SEPTEMBER 30		NINE MONTHS ENDED - SEPTEMBER 30	
	2014	2013	2014	2013
OPERATING ACTIVITIES				
Comprehensive income for the period	1 086 877 \$	255 966 \$	985 100 \$	745 988 \$
Items not affecting cash flows				
Depreciation and amortization	244 764	231 791	704 963	583 795
Changes in long-term employee benefits	(48 961)	121 895	(22 194)	102 522
Loss (gain) on disposals of assets	-	-	5 670	-
Changes in non-cash working capital items				
Changes in receivable	(559 057)	193 832	(1 162 702)	12 630
Changes in accounts payable and accrued liabilities	(183 068)	545 178	1 286 173	(1 927 666)
Cash flows from operating activities	540 555 \$	1 348 662 \$	1 797 010 \$	(482 731) \$
INVESTING ACTIVITIES				
Purchase of long-term investments	- \$	- \$	- \$	- \$
Acquisition of property and equipment	(41 276)	(4 915)	(127 084)	(358 652)
Disposal of property and equipment	-	-	230	-
Acquisition of intangible asset	-	(30 900)	-	(957 100)
Cash flows from investing activities	(41 276) \$	(35 815) \$	(126 854) \$	(1 315 752) \$
CASH				
Change for the period	499 279 \$	1 312 847 \$	1 670 156 \$	(1 798 483) \$
Balance, beginning of period	4 918 381	3 750 454	3 747 504	6 861 784
BALANCE, END OF PERIOD	5 417 660 \$	5 063 301 \$	5 417 660 \$	5 063 301 \$

Notes to the interim financial statements (unaudited)
(in Canadian dollars)

1. Status and activities

The Laurentian Pilotage Authority was established in 1972 under the *Pilotage Act*. Its objectives are to establish, operate, maintain and administer, in the interest of safety, an efficient pilotage service within certain designated Canadian waters in and around the Province of Québec. The Act provides that pilotage tariffs shall permit the Authority to operate on a self-sustaining financial basis and shall be fair and reasonable. The Authority does not have access to Parliamentary appropriations.

The Authority is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Authority is not an agent of Her Majesty and is exempt from income taxes.

2. Basis of preparation

The Laurentian Pilotage Authority (or the « Authority » or the « LPA ») prepares its financial statements in accordance with generally accepted accounting principles (GAAP), which incorporates International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 « Interim Financial Reporting ». The current financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Authority for the year ended December 31, 2013.

The Authority's Audit Committee has approved for issue these interim financial statements on November 13, 2014.

The Authority's second operating quarter usually is usually representative in terms of assignment volume of the full year (more than 25% of total 2013 assignments were performed during the third quarter of 2013). The Authority's cost structure includes an important proportion of variable costs which reduces potential unfavorable economic impact in the event of reduced revenues.

LAURENTIAN PILOTAGE AUTHORITY
Unaudited financial statements
QUARTER ENDED SEPTEMBER 30, 2014

Notes to the interim financial statements (unaudited)
(in Canadian dollars)

3. Significant accounting policies

The interim financial statements of the Laurentian Pilotage Authority have been prepared in accordance with accounting policies outlined in Note 4 of its audited annual financial statements as at December 31, 2013. Note 3 of these audited annual financial statements can also be reviewed to consult future accounting changes.

4. Commitments

The Authority rents office space and equipment. Non-cancellable operating lease rentals as at September 30, 2014 are as follows:

Less than 1 year	\$	340 000
1 to 5 years		1 337 000
Over 5 years		<u>1 806 000</u>
	\$	<u>3 483 000</u>

Furthermore, the Authority has entered into agreements covering legal services, computer services, ancillary costs to pilotage services and pilot boat construction. As at September 30, 2014, estimated amounts payable are :

Less than 1 year	\$	540 000
1 to 5 years		309 000
Over 5 years		<u>-</u>
	\$	<u>849 000</u>