



## **FINANCIAL REPORT 2010**

ACCESUM INC.  
AND  
SOCIÉTÉ EN COMMANDITE  
STATIONNEMENT DE MONTRÉAL



## **BOARD OF DIRECTORS**

### **ACCESUM INC.**

AS GENERAL PARTNER FOR SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

#### **Rémi Racine** <sup>1,3</sup>

President and Chief Executive Officer  
Behaviour Interactif  
Chair of the Board of Directors  
Accesum Inc.

#### **Lise Aubin** <sup>2,4</sup>

Vice-President  
Operations and Administration  
Board of Trade of Metropolitan Montreal

#### **Claude Carette** <sup>3,4</sup>

Acting Director  
Direction des transports, Ville de Montréal

#### **Marie-Claude Gévry** <sup>2,3</sup>

Partner – Strategic Counsel Group  
Raymond Chabot Grant Thornton

#### **M<sup>e</sup> André Goyer** <sup>1,3,4</sup>

Executive Vice-President and Chief Legal Officer  
GFI Solutions Group Inc.

#### **Robert Lamontagne** <sup>2</sup>

Senior Director and Treasurer  
Service des finances, Ville de Montréal

#### **Pierre LeBlanc** <sup>1</sup>

Head Volunteer  
Fondation du maire de Montréal pour la jeunesse

1 Human Resources Committee

2 Audit Committee

3 Strategy and Sustainable Development Committee

4 Governance Committee

## OUR MISSION

Since its creation in 1995, Société en commandite Stationnement de Montréal (the “Company”) has been a leading player in the development of operational solutions for urban travel. Originally founded to ensure the optimal management of municipal paid on-street and off-street parking, the Company was quickly recognized for its innovation, its advantageous use of cutting-edge technologies and the harmonious integration of its installations into the urban landscape.

## DO YOU KNOW ACCESUM INC.?

Stationnement de Montréal is a subsidiary of the Board of Trade of Metropolitan Montréal. By its very nature, the Company has no board of directors. Accesum Inc., its general partner, acts on behalf of Stationnement de Montréal. The Board of Trade of Metropolitan Montréal is the limited partner of Accesum Inc.



## **HIGHLIGHTS**

**17,105** paid on-street parking spaces **3,625** spaces in **41** parking lots  
**1,555** on-street and off-street pay stations **31,665** parking permits  
issued (half-monthly, monthly and quarterly). Addition of **346** bike racks  
on parking sign poles for a total of **4,848**. **1,940,000** transactions per  
month, including over **600,000** by credit card **72** pay stations were  
installed in the Ville-Marie, Ahuntsic-Cartierville, Villeray-Saint-Michel  
and Sud-Ouest boroughs, replacing **640** mechanical parking meters.

## LETTER OF THE CHAIRMAN OF THE BOARD

Montreal, June 15, 2011

On behalf of Accesum, inc. («Accesum»), acting as general partner for the Société en commandite Stationnement de Montréal (the «Company»), I am pleased to present our financial results for the year ending December 31, 2010. Change and continuity: at first glance, two words that appear to be contradictory, but which in fact best sum up 2010.

First off, change as I was appointed Chairman of the Board of Accesum on April 30, 2010. Except for one, all of the administrators took up their duties after I did. The specific mandate was to take the necessary action to give the Company a governance structure that would be in line with relevant existing standards and to regulate the situation regarding the activities of the self-service bicycle service, better known as “BIXI”. Up until then, BIXI’s operations were, in fact, managed by a separate entity, although financed by the Company. My appointment coincided with the maturation of a 36 million dollars loan the Company had made to BIXI. Therefore, as of May 31, 2010, the scene was set for a new direction.

We made several important changes to the Company’s administration and operations as soon as I entered office. We hired several new officers, including a new general manager, who started last June. We also managed to limit BIXI’s debt to its May 2010 level. Meanwhile, we increased our exchanges with the City of Montreal to regulate the BIXI project situation. The maturation of BIXI’s loans was successively carried forward for short periods to facilitate ongoing discussions intended to achieve a permanent solution. During this period, we also diligently responded to the many requests for information regarding BIXI’s activities from the city’s Auditor General.

It was therefore with great satisfaction that the Company’s management and officers recently learned that BIXI’s refinancing plan was finally accepted and put into action this spring. The Company received a full refund for its loans to BIXI on June 2, 2011 and no longer has any contractual ties to BIXI.

Second, continuity, as the Company has once more significantly contributed to financing the activities of the City of Montreal and those of the other organizations and funds with which we are associated. The present report provides all information relating to the Company’s activities and results for the year ending December 31, 2010. It is my responsibility, however, to present some of the highlights of 2010 and to discuss the future and the promising projects that we are currently working on.

The Company paid out a total of 41.4 million dollars to the City of Montreal in the form of taxes, rent, permits, interest on the debenture, compensation and royalties. Since its establishment in 1995, the company has given the City of Montreal a cumulative total of 321.7 million dollars on top of the initial payment of 56.8 million dollars for a grand total of 378.5 million dollars.

The Company also made a contribution of \$600 000 to the Fonds de développement économique MR3 Montréal Relève, formerly known as the Fonds Ville-Marie. Since 1995, MR3 Montréal Relève has been using its resources to implement the Classe Affaires project, a Montreal career exploration program aimed at keeping kids in school. It gives 9th and 10th Grade students the chance to take part in internships so they can discover different occupations and professions.

As per the concession contract which it was granted in 1995, the Company paid \$400 000 to the Board of Trade of Metropolitan Montreal.

I am therefore, pleased to inform you that the Company is in excellent financial health. While preparing the budget for the current year, we have deployed several measures to ensure the thoroughness of our processes and have evaluated and questioned every item of expenditure, in order to guarantee that our financial commitments are in-line with our mission and relevant to the clients we serve. We also wish to make sure we have all the necessary resources for the projects we are developing, the most important of which are listed below:

In 2008, the City of Montreal and management of the Quartier des spectacles presented the Company with a new underground parking project. We agreed to make it one of our top priorities since achievement of this mandate will restore balance between the supply and demand for parking in this rapidly developing area.

The Company was also approached to participate in a Round Table on managing recharging stations for electric vehicles. Judging by the great interest this initiative has generated within the population, we believe this project to also be very promising and have accepted an invitation from the consortium of partners, which includes the City of Montreal, Québec City, Hydro-Québec, Nissan and the Ministère des Ressources naturelles et de la Faune du Québec.

Following the approval by competent authorities of a new concept for the sharing of additional parking revenue between the City of Montreal and surrounding areas, several boroughs will re-evaluate their parking needs during the course of 2011. In accordance with our mission, we will assist them in analyzing and deploying additional paid on-street parking spaces in both commercial and residential areas, and in adjusting rate schedules. Better management of parking spaces will allow us to help foster business in targeted areas.

Finally, the Company will continue to maximize usage of «Pay and Go» meters, as they should remain an effective tool for managing paid on-street parking for several years to come. Nevertheless, modernization of their components continues to be priority, as well as the implementation of new payment methods, such as by mobile phone, expected for 2011.

All of the projects to which the Company's team is wholeheartedly committed are above all geared toward improving the quality of the services we offer our clients. Whether the general public, the merchants, the City of Montreal or the Board of Trade of Metropolitan Montreal, we feel confident that the many initiatives that we are working will contribute to their satisfaction and the achievement of their respective goals.

In closing, I would especially like to thank all of Accesum's board members and the general manager of the Company, Charles Auger, who helped overcome the important challenges which faced them. I am very proud of the changes that have been made to the Company's governance and management. I can assure you that everything is place for us to carry out the mission that has been entrusted us with competence, transparency and integrity.

On behalf of the Board of Directors of the Company and the members of its administration, I thank you for your attention. Enjoy the report!

A handwritten signature in black ink, appearing to read 'Rémi Racine', with a large, stylized initial 'R'.

Rémi Racine,  
Chairman of the Board  
Accesum Inc.



Financial Statements December 31, 2010

**ACCESUM INC.**

Independent Auditor's Report.....	1-2
Balance Sheet .....	3
Statement of Earnings and Retained Earnings .....	4
Notes to Financial Statements .....	5 – 6

June 7, 2011

## **Independent Auditor's Report**

### **To the Limited Partner of Accesum inc.**

We have audited the accompanying financial statements of Accesum inc., which comprise the balance sheet as at December 31, 2010 and the statement of earnings and retained earnings for the year then ended, and the related notes including a summary of significant accounting policies.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 Accesum inc. as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP<sup>1</sup>*

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<sup>1</sup> Chartered accountant auditor permit No. 14707

# Accesum inc.

## Balance Sheet

As at December 31, 2010

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	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	22,870	15,067
Accounts receivable	1,377	3,602
Due from Société en commandite Stationnement de Montréal	16,551	-
Prepaid expenses	-	10,445
	<u>40,798</u>	<u>29,114</u>
<b>Long-term investment</b> (note 3)	<u>1</u>	<u>1</u>
	<u>40,799</u>	<u>29,115</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Due to Société en commandite Stationnement de Montréal	-	4,187
Accounts payable and accrued liabilities	40,699	24,828
	40,699	29,015
<b>Shareholder's Equity</b>		
<b>Share capital</b> (note 4)	<u>100</u>	<u>100</u>
	<u>40,799</u>	<u>29,115</u>

Approved by the Board of Directors



Chairperson



Director

## Accesum inc.

### Statement of Earnings and Retained Earnings For the year ended December 31, 2010

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	2010 \$	2009 \$
<b>Revenue</b>		
Management fees received from Société en commandite Stationnement de Montréal	<u>129,206</u>	<u>60,737</u>
<b>Expenses</b>		
Administrative services	112,640	43,500
Insurance	11,354	10,985
Other	<u>5,212</u>	<u>6,252</u>
	<u>129,206</u>	<u>60,737</u>
<b>Net earnings for the year and retained earnings – End of year</b>	<u>-</u>	<u>-</u>

# **Accesum inc.**

Notes to Financial Statements

**December 31, 2010**

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## **1 Description of business**

Accesum inc. (the “Company”), incorporated on June 30, 1993 under Part IA of the Companies Act (Quebec), is the general partner of Société en commandite Stationnement de Montréal.

## **2 Significant accounting policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and include the following significant accounting policies.

### **Use of estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Revenue recognition**

The Company recognizes its revenues, which are composed of compensation from Société en commandite Stationnement de Montréal, as related expenses are incurred.

### **Cash**

Cash consists of cash on hand and bank balances.

### **Long-term investment**

The long-term investment is accounted for at cost.

### **Financial instruments**

The Canadian Institute of Chartered Accountants (“CICA”) has issued new Handbook sections on the recognition, measurement and disclosure of financial instruments, namely Section 1530, “Comprehensive Income”; Section 1651, “Foreign Currency Translation”; Section 3051, “Investments”; Section 3251, “Equity”; Section 3855, “Financial Instruments – Recognition and Measurement”; Section 3862, “Financial Instruments – Disclosures”; Section 3863, “Financial Instruments – Presentation”; and Section 3865, “Hedges”. Non-publicly accountable enterprises are not required to apply the standards and can choose to apply the CICA recommendations effective before the issuance of these new sections. The Company decided not to voluntarily adopt these new standards.

## Accesum inc.

Notes to Financial Statements

December 31, 2010

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### 3 Long-term investment

	2010 \$	2009 \$
Investment in Société en commandite Stationnement de Montréal (1 share at \$1)	<u>1</u>	<u>1</u>

### 4 Share capital

Authorized – An unlimited number without par value  
Class A shares, voting  
Class B shares, non-voting, annual non-cumulative dividend of 5% on the redemption value, ranking prior to dividends paid on Class A shares, redeemable at the amount paid

Issued

	2010 \$	2009 \$
100 Class A shares	<u>100</u>	<u>100</u>

### 5 Statement of cash flows

A statement of cash flows has not been presented as it would not provide any additional meaningful information.

### 6 Comparative figures

Certain comparative figures from the previous year were reclassified in order to conform to the basis of presentation adopted in the current year.





Financial Statements December 31, 2010

**SOCIÉTÉ EN COMMANDITE  
STATIONNEMENT DE MONTRÉAL**

Independent Auditor's Report .....	1 – 2
Balance Sheet .....	3
Statement of Earnings.....	4
Statement of Partners' Equity.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7 – 16

June 7, 2011

## Independent Auditor's Report

### To the Limited Partner of Société en commandite Stationnement de Montréal

We have audited the accompanying financial statements of Société en commandite Stationnement de Montréal, which comprise the balance sheet as at December 31, 2010 and the statements of earnings, partners' equity and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 Société en commandite Stationnement de Montréal as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*<sup>1</sup>

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<sup>1</sup> Chartered accountant auditor permit No. 14707

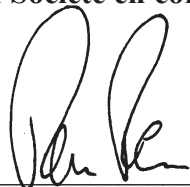
# Société en commandite Stationnement de Montréal

Balance Sheet

As at December 31, 2010

	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,358,666	6,384,545
Accounts receivable	591,480	3,138,717
Advances to entities (note 3)	33,919,287	31,829,601
Prepaid expenses	147,314	225,862
	<u>40,016,747</u>	<u>41,578,725</u>
<b>Property and equipment</b> (notes 4 and 15)	19,870,406	24,634,354
<b>Intangible asset</b> (note 5)	<u>28,000,000</u>	<u>30,000,000</u>
	<u>87,887,153</u>	<u>96,213,079</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank loans (note 6)	20,000,000	25,750,000
Accounts payable and accrued liabilities	2,824,749	1,782,108
Due to Economic Development Fund	300,000	569,768
Due to Ville de Montréal	37,579,184	37,603,353
Due to Accesum inc.	16,551	7,848
Current portion of long-term debt (note 7)	<u>3,333,333</u>	<u>3,333,333</u>
	64,053,817	69,046,410
<b>Long-term debt</b> (note 7)	<u>23,333,335</u>	<u>26,666,668</u>
	87,387,152	95,713,078
<b>Partners' Equity</b>	<u>500,001</u>	<u>500,001</u>
	<u>87,887,153</u>	<u>96,213,079</u>

Approved by the General Partner, Accesum inc.,  
on behalf of Société en commandite Stationnement de Montréal



Chairperson



Director

# Société en commandite Stationnement de Montréal

## Statement of Earnings

For the year ended December 31, 2010

	2010 \$	2009 \$
<b>Revenue</b>		
Curbside parking meters	53,889,783	50,885,191
Parking lots		
Short-term	3,052,481	3,011,908
Long-term	1,443,385	1,460,475
Indemnity for parking space occupancy	1,334,829	1,575,066
Other revenues (note 12)	1,205,645	1,236,096
	<u>60,926,123</u>	<u>58,168,736</u>
<b>Expenses</b>		
Operating expenses (note 12)	9,815,388	8,745,650
Rent – Parking lots (note 10(b))	1,166,398	1,662,441
Rent – Buildings	362,650	313,392
Accesum inc. management fees	129,206	71,400
Taxes and permits	2,092,226	1,620,243
Amortization of property and equipment	2,959,948	2,614,682
Amortization of concession	2,000,000	2,000,000
Interest and financial expenses	3,485,672	2,521,196
Provision for impairment of property and equipment (note 15)	2,533,050	-
Loss (gain) on disposal of property and equipment	(3,943)	1,705
	<u>24,540,595</u>	<u>19,550,709</u>
<b>Earnings before interest revenue, compensation and royalties</b>	36,385,528	38,618,027
Interest revenue (note 12)	2,166,904	1,309,057
<b>Earnings before compensation and royalties</b>	38,552,432	39,927,084
Compensation to Ville de Montréal (note 8)	(24,589,487)	(22,134,953)
Compensation for contribution from Board of Trade of Metropolitan Montreal under the terms of the agreement	(400,000)	(400,000)
<b>Earnings before royalties</b>	13,562,945	17,392,131
Royalties – Ville de Montréal	(12,932,713)	(14,790,526)
Royalties – Economic Development Fund	(330,232)	(600,000)
<b>Net earnings for the year</b>	<u>300,000</u>	<u>2,001,605</u>

# Société en commandite Stationnement de Montréal

## Statement of Partners' Equity

For the year ended December 31, 2010

	<u>Retained earnings (deficit)</u>			Total \$
	Capital \$	Operating Fund \$	Investment Fund \$ (note 4(a))	
<b>Partners' deficiency as at January 1, 2009</b>	500,001	(1,701,605)	-	(1,201,604)
Net earnings for the year	-	2,001,605	-	2,001,605
Transfer	-	(300,000)	300,000	-
Invested in property and equipment	-	-	(300,000)	(300,000)
<b>Partners' equity as at December 31, 2009</b>	500,001	-	-	500,001
Net earnings for the year	-	300,000	-	300,000
Transfer	-	(300,000)	300,000	-
Invested in property and equipment	-	-	(300,000)	(300,000)
<b>Partners' equity as at December 31, 2010</b>	500,001	-	-	500,001

# Société en commandite Stationnement de Montréal

## Statement of Cash Flows

For the year ended December 31, 2010

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	2010 \$	2009 \$
<b>Cash flows from</b>		
<b>Operating activities</b>		
Net earnings for the year	300,000	2,001,605
Adjustments for		
Amortization of property and equipment	2,959,948	2,614,682
Amortization of concession	2,000,000	2,000,000
Provision for impairment of property and equipment (note 15)	2,533,050	-
Loss (gain) on disposal of property and equipment	(3,943)	1,705
	<u>7,789,055</u>	<u>6,617,992</u>
Changes in non-cash operating working capital items (note 9)	<u>3,383,192</u>	<u>(4,404,275)</u>
	<u>11,172,247</u>	<u>2,213,717</u>
<b>Financing activities</b>		
Increase (decrease) in bank loans	(5,750,000)	25,750,000
Repayment of long-term debt	(3,333,333)	(3,333,333)
	<u>(9,083,333)</u>	<u>22,416,667</u>
<b>Investing activities</b>		
Increase in advances to entities	(2,089,686)	(34,132,918)
Purchase of short-term investments	-	(9,000,000)
Sale of short-term investments	-	18,800,000
Acquisition of property and equipment	(1,029,050)	(250,338)
Proceeds on disposal of property and equipment	3,943	18,711
	<u>(3,114,793)</u>	<u>(24,564,545)</u>
<b>Net change in cash and cash equivalents during the year</b>	(1,025,879)	65,839
<b>Cash and cash equivalents – Beginning of year</b>	<u>6,384,545</u>	<u>6,318,706</u>
<b>Cash and cash equivalents – End of year</b>	<u>5,358,666</u>	<u>6,384,545</u>
<b>Additional information</b>		
Interest paid	3,472,742	2,524,196
Interest received	758,401	69,235

# **Société en commandite Stationnement de Montréal**

Notes to Financial Statements

**December 31, 2010**

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## **1 Description of business**

Société en commandite Stationnement de Montréal (the “Limited Partnership”) was formed under a limited partnership agreement entered into on May 10, 1994. The general partner is Accesum inc. and the Board of Trade of Metropolitan Montreal is the sole limited partner.

On January 1, 1995, the Limited Partnership acquired an exclusive concession from Ville de Montréal to use the public domain for the purposes of paid parking. Since then, the Limited Partnership has conducted and managed paid parking operations pursuant to an agreement entered into with Ville de Montréal which can be renegotiated by mutual agreement or even terminated under certain conditions.

These financial statements disclose only the assets, liabilities, revenues and expenses of the Limited Partnership and do not include other assets, liabilities, revenues or expenses of the limited partner. As the Limited Partnership is not a corporation, no income taxes or capital tax have been recorded in the financial statements as such taxes are the responsibility of the limited partner.

## **2 Significant accounting policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and include the following significant accounting policies.

### **Management estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

### **Revenue recognition**

The Limited Partnership recognizes its revenues, which consist of revenues from parking in the Ville de Montréal, when there is clear evidence that an agreement was reached, the services were rendered, the significant risks and benefits associated with ownership are transferred, the selling price is fixed and determinable, and recovery is considered probable.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and bank balances.



# Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2010

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## Property and equipment

Property and equipment are stated at cost. Amortization is calculated using the straight-line method over the following useful lives:

Leasehold improvements	Lease term
Parking lot improvements	5 years
Office equipment	3 and 5 years
Parking meters and distributors	7 and 10 years
Pay stations	5 and 10 years
Automotive equipment	5 years
Machinery and equipment	5 and 10 years

## Intangible asset

The intangible asset, stated at cost, is amortized on a straight-line basis over a period of 30 years, which corresponds to the contract term between the Limited Partnership and Ville de Montréal.

## Impairment of long-term assets

Long-term assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverability is measured by comparing the carrying value of assets to an estimated value of future cash flows directly related to asset use. Impaired assets are recorded at fair value, which is determined primarily using the estimated discounted future cash flows directly related to the use and eventual disposal of assets. As at December 31, 2010, the Limited Partnership recorded a provision for impairment of property and equipment in the amount of \$2,533,050 (2009 – nil) (note 15).

## Financial instruments

The Canadian Institute of Chartered Accountants (“CICA”) issued new Handbook sections on the recognition, measurement and disclosure of financial instruments, namely Section 1530, “Comprehensive Income”; Section 1651, “Foreign Currency Translation”; Section 3051, “Investments”; Section 3251, “Equity”; Section 3855, “Financial Instruments – Recognition and Measurement”; Section 3862, “Financial Instruments – Disclosures”; Section 3863, “Financial Instruments – Presentation”; Section 3865, “Hedges”; and Emerging Issues Committee Abstract 173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. Non-publicly accountable enterprises are not required to apply the standards and can choose to apply the CICA recommendations effective before the issuance of these new sections. The Limited Partnership has voluntarily elected to not adopt these new standards.

# Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2010

## 3 Advances to controlled entities

	2010 \$	2009 \$
Public Bike System Company	33,846,391	31,751,416
Société de Jalonnement dynamique de Montréal, managed entity	72,896	78,185
	<u>33,919,287</u>	<u>31,829,601</u>

The advance to Public Bike System Company (“PBSC”) bears interest at CDOR for bankers’ acceptance rate plus 0.5%. As at December 31, 2010, this advance includes an interest charge of \$2,616,769 (2009 – \$1,239,822). The advance is redeemable in full on April 30, 2011.

The advance to Société de Jalonnement dynamique de Montréal (“SJD”) bears no interest and is not subject to any repayment terms.

## 4 Property and equipment

	2010			2009	
	Cost \$	Accumulated amortization \$	Accumulated Investment Fund \$	Net book value \$	Net book value \$
Parking lots	5,318,669	-	-	5,318,669	5,318,669
Leasehold improvements	378,000	378,000	-	-	22,869
Parking lot improvements	673,390	627,846	-	45,544	58,556
Office equipment	1,640,323	1,356,260	-	284,063	230,774
Parking meters and distributors	4,114,918	4,097,061	-	17,857	135,175
Pay stations (note 4(c))	28,497,519	11,112,266	3,531,264	13,853,989	18,463,985
Automotive equipment	792,309	608,104	-	184,205	183,674
Machinery and equipment	1,473,515	1,307,436	-	166,079	220,652
	<u>42,888,643</u>	<u>19,486,973</u>	<u>3,531,264</u>	<u>19,870,406</u>	<u>24,634,354</u>

- a) Between 2004 and 2010, the Limited Partnership proceeded with the renewal of certain paid-parking collection equipment used in accordance with Article No. XI, paragraph B of the Agreement signed in 1995: “le fonds de réserve pour investissement à des fins exclusives d’achat d’équipement ou d’autres biens meubles en matière de stationnement tarifé dans le territoire de la Ville de Montréal”.
- b) During the year ended December 31, 2010, equipment was acquired at an aggregate cost of \$1,029,050 (2009 – \$6,698,845). Cash payments of \$1,029,050 were made in 2010 for equipment purchases (2009 – \$250,338).

# Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2010

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- c) Accumulated amortization includes a provision for impairment in the amount of \$2,533,050 (note 15).

## 5 Intangible asset

	2010			2009
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Concession	60,000,000	32,000,000	28,000,000	30,000,000

## 6 Bank loans

- a) The Limited Partnership has a joint operating credit facility with the controlled entity PBSC for an amount of \$17,000,000, maturing on May 31, 2011. This credit is in the form of bankers' acceptances and bears interest at variable rates. As at December 31, 2010, \$4,000,000 was used (2009 – \$9,750,000). As at December 31, 2010 and 2009, no amounts were drawn by PBSC on this credit. Under this contract, the Limited Partnership and PBSC must maintain a first priority security interest in favour of the bank amounting to \$20 million on the universality of property, present and future, tangible and intangible.
- b) The Limited Partnership also has a revolving term credit facility for an amount equal to the lesser of \$16,000,000 or the net book value of tangible assets, which represents \$24,625,812 as at September 7, 2009. This credit facility is in the form of bankers' acceptances and bears interest at variable rates. As at December 31, 2010, the entire amount of the credit facility, maturing on May 31, 2011, was utilized (2009 – \$16,000,000). This loan is secured by a first mortgage on all assets of the Limited Partnership.

# Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2010

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## 7 Long-term debt

a) The long-term debt consists of the following:

	2010 \$	2009 \$
Bridge loan, bearing interest at a floating rate, in the form of a bankers' acceptance, due on April 30, 2015, repayable in annual principal instalments of \$1,333,333, guaranteed by Ville de Montréal up to a maximum of \$40,000,000	18,666,668	20,000,001
Debenture, maturing in 2014, bearing interest at an annual rate of 9%, repayable in annual principal instalments of \$2,000,000	<u>8,000,000</u>	<u>10,000,000</u>
	26,666,668	30,000,001
Less: Current portion (note 7(b))	<u>3,333,333</u>	<u>3,333,333</u>
	<u>23,333,335</u>	<u>26,666,668</u>

b) Principal instalments over the next five years are as follows:

	\$
2011	3,333,333
2012	3,333,333
2013	3,333,333
2014	3,333,333
2015	1,333,333

# Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2010

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## 8 Compensation to Ville de Montréal

	2010 \$	2009 \$
Basic amount	28,800,835	28,024,499
Plus: Prior years adjustment	755,414	-
Less: Effect of relinquished parking lots on earnings	(26,973)	-
Plus: Adjustment of basic amount following increase in revenue	<u>1,796,515</u>	<u>776,336</u>
	<u>31,325,791</u>	<u>28,800,835</u>
Less: Amounts paid to Ville de Montréal for taxes, rent, permits, interest and surplus on no-charge parking granted to Ville de Montréal	5,205,772	5,549,825
Less: Interest avoided by Ville de Montréal	<u>1,530,532</u>	<u>1,116,057</u>
	<u>6,736,304</u>	<u>6,665,882</u>
	<u>24,589,487</u>	<u>22,134,953</u>

## 9 Changes in non-cash operating working capital items

	2010 \$	2009 \$
Decrease (increase) in		
Accounts receivable	2,547,237	(1,870,998)
Prepaid expenses	78,548	(23,408)
Increase (decrease) in		
Accounts payable and accrued liabilities	1,042,641	(903,997)
Due to Economic Development Fund	(269,768)	-
Due to Ville de Montréal	(24,169)	(1,576,095)
Due to Accesum inc.	<u>8,703</u>	<u>(29,777)</u>
	<u>3,383,192</u>	<u>(4,404,275)</u>

# Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2010

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## 10 Commitments

- a) The Limited Partnership is committed under leases which expire in 2011. The balance owing under those leases, including estimated operating expenses, amounts to \$80,149.
- b) The Limited Partnership is required to pay 70% of revenues, less property taxes, as rent for the parking lots leased from Ville de Montréal.
- c) The Limited Partnership has entered into maintenance agreements for a total amount of \$820,502. These agreements expire up to April 2013.

## 11 Managed entity

The Limited Partnership provides management services to SJDM and appoints the majority of the members of the Board of Directors as provided by the constitutional bylaws of the entity.

SJDM is a not-for-profit organization whose mandate is to offer and/or operate systems for dynamic traffic management with the objective of facilitating the localization of urban parking lots. For information purposes, the unaudited condensed financial statements of SJPM for the fiscal years ended December 31 are as follows:

	2010 \$	2009 \$
<b>Balance sheet</b>		
Total assets	<u>124,863</u>	<u>126,151</u>
Total liabilities	214,118	130,951
Total deficit	<u>(89,255)</u>	<u>(4,800)</u>
	<u>124,863</u>	<u>126,151</u>
<b>Statement of earnings</b>		
Total revenues	35,046	15,519
Total expenses	<u>119,501</u>	<u>20,319</u>
Excess of expenses over revenues	<u>(84,455)</u>	<u>(4,800)</u>
<b>Cash flows</b>		
Operating activities	(107,351)	(305,579)
Financing activities	<u>-</u>	<u>(606,749)</u>
Net decrease in cash and cash equivalents	<u>(107,351)</u>	<u>(912,328)</u>

# Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2010

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## 12 Related entity transactions

The main transactions between related entities of the Limited Partnership during the year are as follows:

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>Revenues</b>		
Interest revenue	2,135,348	1,239,822
Wage and benefit chargebacks	405,174	830,494
Rental of dual-mode pay stations	259,566	128,803
Telecommunication chargebacks	24,268	95,399
<b>Expenses</b>		
Licence fees	-	35,496
Accesum inc. management fees	129,206	71,400

Interest revenue is presented separately whereas rental of dual-mode pay stations and telecommunication chargebacks are included in other revenues.

Wage and benefit chargebacks are presented as a decrease in wages and benefits of the Limited Partnership, which are included in operating expenses. Licence fees are included in operating expenses.

These transactions occurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Limited Partnership has provided project administration and management services, without compensation, to a related entity.

## 13 Financial instruments

### a) Fair value

The following information shows the fair value of the Limited Partnership's financial instruments where the fair value differs from the carrying value:

	<b>Carrying value</b>	<b>Fair value</b>
	\$	\$
Financial liability – Debenture	8,000,000	9,143,877

# Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2010

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The methods and assumptions used to estimate the fair value of each class of financial instrument are as follows:

For financial instruments such as cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, the carrying values are equivalent to their fair values because of the short-term maturities of these financial instruments. The fair value of the advances to entities was not determined because there are no comparative values available.

The carrying value of the bridge loan, in the form of a bankers' acceptance, is equivalent to its fair value due to the floating interest rate on the debt.

The fair value of the debenture is obtained from the financial institution of the Limited Partnership for identical or similar instruments.

b) Interest rate risk

As at December 31, 2010, the Limited Partnership's exposure to interest rate risk is as follows:

Cash and cash equivalents	Floating rate
Accounts receivable	Non-interest bearing
Advances to entities	Non-interest bearing and floating rate
Bank loans	Floating rate
Accounts payable and accrued liabilities	Non-interest bearing
Long-term debt	Fixed rate and floating rate

c) Credit risk

The Limited Partnership periodically reviews the creditworthiness of all its debtors and records an allowance for doubtful accounts when those accounts are deemed uncollectible.

## 14 Contingencies

### Lawsuit related to patent counterfeit

An entity alleges the counterfeit of a patent for the use of the operating system of pay stations. Management of the Limited Partnership deems that no counterfeit took place and to their knowledge, it is unlikely that the outcome will be unfavourable to the Limited Partnership. Consequently, no provision has been recorded for this lawsuit in the Limited Partnership's statement of earnings for the year ended December 31, 2010.



# **Société en commandite Stationnement de Montréal**

Notes to Financial Statements

**December 31, 2010**

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## **Claims for damages**

An entity is claiming damages in the amount of \$528,076 from the Limited Partnership for expenses incurred and lost profits as a result of a real estate transaction that has not been completed. Management believes that the prosecution is without merit and to their knowledge, it is unlikely that the outcome will be unfavourable to the Limited Partnership. Consequently, no provision has been recorded for this claim in the Limited Partnership's statement of earnings for the year ended December 31, 2010.

## **15 Subsequent events**

On March 1, 2011, the Limited Partnership signed an agreement to sell bimodal pay stations to PBSC. These pay stations, with a net book value of \$5,528,884, will be sold for \$2,995,834. Consequently, on December 31, 2010, the Limited Partnership recorded a provision for impairment of the bimodal pay stations in the amount of \$2,533,050.

In addition, on June 2, 2011, the advance to PBSC in the amount of \$33,846,391 as at December 31, 2010 was reimbursed in full (note 3).

## **16 Comparative figures**

Certain comparative figures have been reclassified in order to conform to the basis of presentation adopted in the current year.





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