Statement of Income and Other Comprehensive Income

For the year ended March 31, Thousands of dollars	Note	**2020**	2019
Revenue - monitoring services	3	**$33,440**	$30,071
Expenses			
Goods and services purchased		**22,070**	19,769
Salaries, wages and benefits		**7,674**	7,585
Depreciation - property, plant & equipment	8	**351**	395
Depreciation - right-of-use assets	9	**75**	-
Amortization	10	**163**	163
Corporate capital taxes		**367**	244
		30,700	28,156
Results from operating activities		**2,740**	1,915
Net finance expense	4	**325**	13
Net income and total comprehensive income		**$2,415**	$1,902

All net income and total comprehensive income are attributable to Saskatchewan Telecommunications Holding Corporation.

See Accompanying Notes

Statement of Changes in Equity

Thousands of dollars	Share capital	Contributed surplus	Retained earnings	Total equity
Balance at April 1, 2019	**$6,150**	**$12,448**	**$20,167**	**$38,765**
Total comprehensive income	**-**	**-**	**2,415**	**2,415**
Balance at March 31, 2020	**$6,150**	**$12,448**	**$22,582**	**$41,180**
Balance at April 1, 2018	$6,150	$12,448	$18,265	$36,863
Total comprehensive income	-	-	1,902	1,902
Balance at March 31, 2019	$6,150	$12,448	$20,167	$38,765

See Accompanying Notes

SecurTek Monitoring Solutions Inc.

Statement of Financial Position

As at March 31, Thousands of dollars	Note	**2020**	2019
Assets			
Current assets			
Cash		**$3,349**	$724
Trade and other receivables	5	**3,302**	3,208
Inventories		**58**	64
Prepaid expenses		**395**	345
Contract assets	6	**521**	454
Contract costs	7	**9,869**	7,936
Financing leases receivable		**150**	239
		17,644	12,970
Contract assets	6	**676**	615
Contract costs	7	**55,458**	41,275
Financing leases receivable		**171**	242
Property, plant and equipment	8	**866**	847
Right-of-use assets	9	**1,496**	-
Intangible assets	10	**914**	1,069
		$77,225	$57,018
Liabilities and Shareholder's equity			
Current liabilities			
Trade and other payables	11	**$3,023**	$2,790
Notes payable	12	**8,950**	4,950
Contract liabilities	13	**1,993**	1,947
Current portion of lease liabilities	15	**60**	-
		14,026	9,687
Long-term debt	14	**20,566**	8,566
Lease liabilities	15	**1,453**	-
		36,045	18,253
Contingencies	21		
Shareholder's equity			
Share capital	16	**6,150**	6,150
Contributed surplus	16	**12,448**	12,448
Retained earnings		**22,582**	20,167
		41,180	38,765
		$77,225	$57,018

See Accompanying Notes

On behalf of the Board

Doug Burnett
April 29, 2020

Charlene Gavel

SecurTek Monitoring Solutions Inc.

Statement of Cash Flows

For the year ended March 31, Thousands of dollars	Note	**2020**	2019
Operating activities			
Net income		**$2,415**	$1,902
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	8, 9, 10	**589**	558
Net finance expense	4	**325**	13
Interest paid		**(461)**	(158)
Interest received		**136**	145
Net change in non-cash working capital	18(a)	**(16,103)**	(6,669)
		(13,099)	(4,209)
Investing activities			
Payments received on financing leases receivable		**492**	486
Equipment purchased under financing leases		**(332)**	(332)
Property, plant and equipment expenditures	8	**(370)**	(557)
Intangible assets expenditures	10	**(8)**	(83)
		(218)	(486)
Financing activities			
Proceeds from long-term debt	14, 18(b)	**12,000**	-
Proceeds of notes payable	18(b)	**4,000**	4,200
Payment of lease liabilities	15, 18(b)	**(58)**	-
		15,942	4,200
Increase (decrease) in cash		**2,625**	(495)
Cash, beginning of year		**724**	1,219
Cash, end of year		**$3,349**	$724

See Accompanying Notes

Notes to Financial Statements

Note 1 – General information

SecurTek Monitoring Solutions Inc. (the Corporation) is a corporation located in Canada. The address of the Corporation's registered office is 2121 Saskatchewan Drive, Regina, SK, S3P 3Y2. The Corporation is incorporated under the laws of the Province of Saskatchewan and is wholly owned by Saskatchewan Telecommunications Holding Corporation (Holdco) through its subsidiary SaskTel Investments Inc. The Corporation provides real time monitoring solutions in select markets in Canada.

The financial results of the Corporation are included in the consolidated financial statements of Holdco. As a wholly owned subsidiary of Holdco, a Saskatchewan Provincial Crown corporation, the Corporation is not subject to Federal or Provincial income taxes in Canada.

Note 2 – Basis of presentation

Certain of the Corporation's accounting policies that relate to the financial statements as well as estimates and judgments the Corporation has made and how they impact amounts reported in the financial statements, are incorporated in this section. Where an accounting policy, estimate or judgment is applicable to a specific note to the accounts, the policy is described within that note. This note also describes new standards that were either effective and applied by the Corporation during the current year, or that were not yet effective.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Corporation's functional currency.

Accounting policies, estimates, and judgments

The accounting policies, estimates, and judgments included in this section relate to the financial statements as a whole. Estimates and judgments may impact reported amounts of revenues and expenses, reported amounts of assets and liabilities, and disclosure of contingencies.

Accounting policies have been applied consistently by the Corporation throughout all periods presented unless otherwise indicated.

COVID-19 impact assessment

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and accordingly it is difficult to reliably measure the potential impact of this uncertainty on the Corporation. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote or unavailable workforce and potential asset impairment.

Impairment testing

Accounting policies

At the end of each reporting period, the Corporation reviews the carrying amounts of its assets in use, including property, plant and equipment, right-of-use assets and identifiable intangible assets with finite lives to determine whether there is any indication that they have suffered an impairment loss.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the

Note 2 – Basis of presentation, continued

cash inflows of other assets or groups of assets (the cash-generating unit or the CGU). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods in respect of assets other than goodwill are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Accounting estimates, and judgments

Judgment involves identifying the appropriate asset or CGU; determining the appropriate discount rate for assessing value in use; and making assumptions about future cash flows and market conditions over the long-term life of the assets or CGUs.

The Corporation cannot predict if specific events that potentially trigger impairment will occur, when they may occur, or how they may affect reported asset amounts. Unexpected declines in future cash flow potential or significant unanticipated technology changes could impact carrying values and the potential for impairment.

Fair value

Accounting policies

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs. The Corporation's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy are:

- Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 – Values based on prices or valuation techniques that require inputs which are both unobservable and significant to the overall fair value measurement.

Accounting estimates, and judgments

Fair value estimates are at a point-in-time and may change in subsequent reporting periods due to market conditions or other factors. Estimates can be determined using multiple methods, which can cause values (or a range of reasonable values) to differ. In addition, estimates may require assumptions about future price, volatility, liquidity, discount and inflation rates, defaults, and other relevant variables. The estimates of fair value may not accurately reflect the amounts that could be realized. Determination of the level hierarchy is based on the

Notes to Financial Statements

Note 2 – Basis of presentation, continued

Corporation's assessment of inputs that are significant to the fair value measurement and is subject to estimation and judgment.

Foreign currency transactions
Accounting policies
Transactions in foreign currencies are translated to the functional currency of the Corporation at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Additional accounting policies
Additional significant accounting policies, estimates, and judgments are disclosed throughout the following notes with the related financial disclosures.

Note	Topic	Accounting Policies	Accounting Estimates, and Judgments	Page
3	Revenue from contracts with customers	X	X	9
4	Net finance expense	X		10
5	Trade and other receivables	X	X	11
6	Contract assets	X	X	12
7	Contract costs	X	X	12
8	Property, plant and equipment	X	X	13
9	Right-of-use assets	X	X	15
10	Intangible assets	X	X	16
11	Trade and other payables	X		18
12	Notes payable	X		18
13	Contract liabilities	X	X	18
14	Long-term debt	X		19
15	Lease liabilities	X	X	20
16	Share capital, contributed surplus and additional capital disclosures			21
17	Employee benefits	X		22
18	Statement of cash flows – supporting information			23
19	Financial instruments and related risk management	X		23
20	Related party transactions			28
21	Contingencies		X	28
22	Future performance obligations			29

Application of new International Financial Reporting Standards
The IASB and the International Financial Reporting Interpretations Committee (IFRIC) issued the following standard that was applied by the Corporation.

Adoption of IFRS 16 *Leases*

The Corporation has adopted IFRS 16 *Leases* (IFRS 16) with a date of initial application of April 1, 2019. In accordance with the transitional provisions of IFRS 16, the Corporation has applied IFRS 16 using the modified retrospective approach. In accordance with the method of adoption:

a) the Corporation has not restated comparative information. Comparative information continues to be reported under IAS 17 *Leases* (IAS 17), IFRIC 4 *Determining whether an Arrangement contains a Lease* (IFRIC 4), SIC 15 *Operating Leases – Incentives*, and SIC 27 – *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*, the standards in effect at the time. The modified retrospective approach to adoption of IFRS 16 also requires that the cumulative effect of initially applying IFRS 16 be applied as an adjustment to the opening balance of retained earnings at the date of initial application, April 1, 2019, however, no adjustments to retained earnings were required;

Note 2 – Basis of presentation, continued

b) the Corporation has recognized lease liabilities for leases previously classified as operating leases applying IAS 17, measured at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate at the date of initial application; and
c) the Corporation has recognized right-of-use assets at the date of initial application for leases previously classified as operating leases applying IAS 17, measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

In adopting IFRS 16, the Corporation has elected to apply the following expedients:

a) the Corporation has elected to grandfather the assessment of which transactions are leases. The Corporation has applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after April 1, 2019,
b) the Corporation has elected to exclude initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
c) the Corporation has elected to use hindsight, most specifically in determining the lease term.

On transition, the Corporation has not elected the recognition exemption for short-term or low-value leases; however, these exemptions may be adopted in the future on a class-by-class basis for new asset classes which include short-term leases, and a lease-by-lease basis for low-value leases.

The application of IFRS 16 has had significant impacts on the statement of financial position, the treatment of lease payments in the statement of income and other comprehensive income, and the impact of lease payments on the statement of cash flows. The details of the significant changes and the quantitative impacts are set out below.

Leases where the Corporation is the lessee

Lease payments for leases previously classified as operating leases were recognized as an expense as incurred. IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. Assets are recognized for the right of use received and liabilities are recognized for the payment obligations entered into for all leases. Leases that had been classified as operating in accordance with IAS 17 are now recorded as a right-of-use asset and a related lease liability. The lease liabilities, upon transition to IFRS 16, have been recognized as the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate at the time the standard is first applied. Future lease liabilities will be determined based on the present value of the future lease payments discounted at either the interest rate implicit in the lease or the Corporation's incremental borrowing rate if the implicit lease rate is not determinable, adjusted, as appropriate, for residual guarantees, purchase options and termination penalties. The right-of-use assets upon transition, have been measured at the amount of the lease liability plus any payments made or accrued at transition. Future right-of-use assets will be determined based on the amount of the lease liability adjusted, as appropriate, for prepaid or accrued lease payments, lease incentives, initial direct costs and asset retirement obligations.

The adoption of IFRS 16 has also resulted in: a decrease to goods and services purchased for the removal of lease rent expense; an increase in depreciation due to depreciation of the right-of-use assets; and an increase to net finance expense due to recognition of additional interest expense related to the lease liabilities. The change in presentation of operating lease expense to depreciation of right-of-use assets and interest expense on lease liabilities also resulted in an improvement in cash flows from operations and a corresponding decline in cash flows from financing activities.

Leases where the Corporation is the lessor

The accounting requirements for the Corporation as a lessor remain largely unchanged.

Notes to Financial Statements

Note 2 – Basis of presentation, continued

The impacts of adoption of IFRS 16 are as follows:

Impact on net income

For the year ended March 31, 2020

Thousands of dollars	Excluding the impacts of IFRS 16	Impact of IFRS 16	**As reported upon adoption of IFRS 16**
Revenue - monitoring services	$33,440	$ -	**$33,440**
Expenses			
Goods and services purchased	22,171	(101)	**22,070**
Depreciation - right-of-use assets	-	75	**75**
All other expenses	8,555	-	**8,555**
	30,726	(26)	**30,700**
Results from operating activities	2,714	26	**2,740**
Net finance expense	282	43	**325**
Net income	$2,432	$(17)	**$2,415**

Impact on the statement of financial position

As at March 31, 2020

Thousands of dollars	Excluding the impacts of IFRS 16	Impact of IFRS 16 at date of adoption	Current period impact of IFRS 16	**As reported upon adoption of IFRS 16**
Assets				
Current assets	$17,644	$ -	$ -	**$17,644**
Right-of-use assets	-	1,571	(75)	**1,496**
Other assets	58,085	-	-	**58,085**
	$75,729	$1,571	$(75)	**$77,225**
Liabilities and Shareholder's equity				
Current liabilities				
Current liabilities not impacted	$13,966	$ -	$ -	**$13,966**
Current portion of lease liabilities	-	-	60	**60**
	13,966	-	60	**14,026**
Lease liabilities	-	1,571	(118)	**1,453**
Other liabilities	20,566	-	-	**20,566**
	34,532	1,571	(58)	**36,045**
Shareholder's equity	41,197	-	(17)	**41,180**
	$75,729	$1,571	$(75)	**$77,225**

Notes to Financial Statements

Note 2 – Basis of presentation, continued

Impact on the statement of cash flows – selected lines

For the year ended March 31, 2020 Thousands of dollars	Excluding the impacts of IFRS 16	Impact of IFRS 16	**As reported upon adoption of IFRS 16**
Operating activities			
Net income	$2,432	$(17)	**$2,415**
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	514	75	**589**
Net finance expense	282	43	**325**
Interest paid	(418)	(43)	**(461)**
Other adjustments and net change in non-cash working capital	(15,967)	-	**(15,967)**
	(13,157)	58	**(13,099)**
Financing activities			
Proceeds from long-term debt	12,000	-	**12,000**
Proceeds of notes payable	4,000	-	**4,000**
Payment of lease liabilities	-	(58)	**(58)**
	16,000	(58)	**15,942**

Operating lease commitments at March 31, 2019 were $0.2 million. The difference between the operating lease commitments at March 31, 2019 and the lease liabilities of $1.6 million at April 1, 2019 is mainly due to an increase of $3.2 million related to renewal options reasonably certain to be exercised and a reduction of $1.8 million related to discounting of future lease payments based on a weighted average incremental borrowing rate on adoption of 2.77%.

Amendments to standards not yet adopted

Standard	Description	Impact	Effective date
IFRS 3 - Business combinations	The amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition.	The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill.	Prospectively for fiscal years commencing on or after January 1, 2020

Note 3 – Revenue from contracts with customers

Accounting policies

Revenue is measured based on the value of the expected consideration in a contract with a customer and excludes sales taxes and other amounts collected on behalf of third parties. Revenue is recognized when control of a product or service is transferred to a customer. When the Corporation’s right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, the Corporation recognizes revenue in the amount to which the Corporation has a right to invoice.

For multiple element arrangements, the Corporation accounts for individual products and services when they are separately identifiable, and the customer can benefit from the product or service on its own. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. Stand-alone selling prices are generally determined based on the

Notes to Financial Statements

Note 3 – Revenue from contracts with customers, continued

observable prices at which the Corporation sells products separately without a service contract and prices for non-bundled service offerings with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, the Corporation uses the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

A contract asset is recognized when the Corporation's right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are transferred to trade receivables when the right to consideration becomes conditional only as to the passage of time. A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis.

The Corporation may enter into arrangements with subcontractors and others who provide services to our customers. When the Corporation acts as the principal in these arrangements, the Corporation recognizes revenue based on the amounts billed to our customers. Otherwise, the Corporation recognizes the net amount that the Corporation retains as revenue.

Incremental costs of obtaining a contract with a customer, principally composed of sales commissions, and prepaid contract fulfillment costs are recognized in the statement of financial position.

Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

Revenue from monitoring services is recognized over time as services are provided, based on access to the Corporation's facilities. Services are paid on a monthly basis except where a billing schedule has been established. Payments received in advance are recorded as contract liabilities and recognized as revenue upon satisfaction of the related performance obligation.

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, including estimates and judgments related to; determining the transaction price of products and services, determining the stand-alone selling prices of products and services, identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. The determination of costs to obtain a contract including the identification of incremental costs also requires judgment. This includes determining whether the costs meet the deferral criteria and whether the costs will be recoverable.

Note 4 – Net finance expense

Accounting policies

Finance income is composed of interest income on funds invested and interest income on financing leases receivable.

Finance expenses are composed of interest expense on financial and lease liabilities, and impairment losses recognized on financial assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

Notes to Financial Statements

Note 4 – Net finance expense, continued

Supporting information

For the year ended March 31, Thousands of dollars	**2020**	2019
Recognized in net income		
Interest expense on long-term debt	**$276**	$108
Interest expense on notes payable	**139**	50
Interest expense	**415**	158
Interest expense on lease liabilities	**43**	-
Finance expense	**458**	158
Interest income on bank balances	**(51)**	(32)
Interest income on financing leases	**(82)**	(113)
Finance income	**(133)**	(145)
Net finance expense	**$325**	$13

Note 5 – Trade and other receivables

Accounting policies

The Corporation initially recognizes trade and other receivables at fair value on the date that they are originated. Subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method, less any provision for impairment losses of trade accounts receivable.

The allowance for doubtful accounts on trade and other receivables is always recorded at lifetime expected credit losses. When estimating lifetime expected credit loss (ECL), the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information. The Corporation considers accounts receivable to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full.

Accounting estimates, and judgments

Determining when amounts are deemed uncollectible requires judgment. Estimates of the allowance for doubtful accounts are based on the likelihood of collecting accounts receivable based on past experience, taking into consideration current and expected collection trends. If economic conditions or specific industry trends become worse than anticipated, the allowance for doubtful accounts will be increased by recording an additional expense.

Supporting information

As at March 31, Thousands of dollars	Note	**2020**	2019
Customer accounts receivable	19	**$3,601**	$3,414
Allowance for doubtful accounts	19	**(299)**	(206)
		$3,302	$3,208

Notes to Financial Statements

Note 6 – Contract assets

Accounting policies

A contract asset is recognized when the Corporation's right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are transferred to trade receivables when the right to consideration becomes conditional only as to the passage of time. A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis.

Amortization is recognized in net income on a straight-line basis consistently with the pattern of revenue of the related contract if the costs of obtaining the contract are expected to be recovered, ranging from three to four years.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss (ECL), the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information. It is assumed that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract assets and the amortization of these assets. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. In addition, determining when amounts are deemed uncollectible requires judgment. Estimates of the impairment losses are based on the likelihood of collecting the related accounts receivable, which is based on past experience, taking into consideration current and expected collection trends. If economic conditions or specific industry trends become worse than anticipated, the allowance for doubtful accounts will be increased by recording an additional expense.

Supporting information

As at March 31,	**2020**	2019
Thousands of dollars		
Balance at April 1,	**$1,069**	$799
Contract assets recognized	**767**	711
	1,836	1,510
Amortization of contract assets	**(547)**	(410)
Contract terminations transferred to trade receivables	**(92)**	(31)
	1,197	1,069
Current portion	**521**	454
Long-term portion	**$676**	$615

Note 7 – Contract costs

Accounting policies

Incremental costs of obtaining a contract with a customer, principally composed of sales commissions, and prepaid contract fulfillment costs are recognized in the statement of financial position.

Note 7 – Contract costs, continued

Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services which is typically over either five or 10 years.

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of costs to obtain a contract. The determination of costs to obtain a contract including the identification of incremental costs also requires judgment. This includes determining whether the costs meet the deferral criteria, whether the costs will be recoverable and the timing of satisfaction of performance obligations under related contracts.

Supporting information

As at March 31, Thousands of dollars	**2020**	2019
Balance at April 1,	**$49,211**	$42,802
Contract costs recognized	**25,308**	14,578
	74,519	57,380
Amortization included in goods and services purchased	**(9,192)**	(8,169)
	65,327	49,211
Current portion	**9,869**	7,936
Long-term portion	**$55,458**	$41,275

Note 8 – Property, plant and equipment

Accounting policies

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the assets to a working condition for their intended use.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net income as incurred.

When property, plant and equipment is disposed of or retired, the related cost and accumulated depreciation is eliminated from the accounts. Any resulting gain or loss is reflected in net income for the year.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in income on the straight-line basis over the estimated useful life of each part of an item of property, plant and equipment as follows:

Asset	Estimated useful life
Plant and equipment	3 – 5 years
Customer premise equipment	10 years
Office furniture, equipment and leaseholds	3 – 5 years

Depreciation methods, useful lives, and residual values are reviewed at each financial reporting date and adjusted if appropriate.

Notes to Financial Statements

Note 8 – Property, plant and equipment, continued

Accounting estimates, and judgments

Judgment involves determining: which costs are directly attributable (e.g., labour and related costs); appropriate timing for cessation of cost capitalization, considering the circumstances in which the asset is to be operated, normally predetermined by management with reference to functionality; the appropriate level of componentization (for individual components for which different depreciation methods or rates are appropriate); which repairs and maintenance constitute betterments, resulting in extended asset life or functionality; the estimated useful life over which such costs should be depreciated; and the method of depreciation.

Asset residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. Changes in the expected useful life including the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method as appropriate, and are treated as changes in accounting estimates.

Uncertainties are inherent in estimating useful lives or the expected pattern of consumption of future economic benefits. Changes in these assumptions could result in material adjustments to estimates, which could result in impairments or changes to depreciation expense in future periods, particularly if useful lives are significantly reduced.

Supporting information

Thousands of dollars	Plant and equipment	Customer premise equipment	Office furniture equipment and leaseholds	Total
Cost				
Balance at April 1, 2019	**$3,451**	**$1,268**	**$1,308**	**$6,027**
Additions	**312**	**55**	**3**	**370**
Balance at March 31, 2020	**$3,763**	**$1,323**	**$1,311**	**$6,397**
Balance at April 1, 2018	$3,223	$1,161	$1,086	$5,470
Additions	228	107	222	557
Balance at March 31, 2019	$3,451	$1,268	$1,308	$6,027
Accumulated depreciation				
Balance at April 1, 2019	**$3,069**	**$1,056**	**$1,055**	**$5,180**
Depreciation	**179**	**94**	**78**	**351**
Balance at March 31, 2020	**$3,248**	**$1,150**	**$1,133**	**$5,531**
Balance at April 1, 2018	$2,834	$963	$988	$4,785
Depreciation	235	93	67	395
Balance at March 31, 2019	$3,069	$1,056	$1,055	$5,180
Carrying amounts				
At April 1, 2019	**$382**	**$212**	**$253**	**$847**
At March 31, 2020	**$515**	**$173**	**$178**	**$866**
At April 1, 2018	$389	$198	$98	$685
At March 31, 2019	$382	$212	$253	$847

Notes to Financial Statements

Note 9 – Right-of-use assets

Accounting policies

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease, based on the Corporation's right to control the use of an identified asset for a specified period of time. Lease components within a contract are accounted for as a lease separately from the non-lease components of the contract. For contracts that contain one or more additional lease or non-lease components, the consideration is allocated to each component based on the stand-alone price of the lease and non-lease components.

Right-of-use assets are initially measured at cost. The cost of the right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After the initial recognition, the Corporation measures the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses; adjusted for any remeasurement of the lease liability due to lease modifications or revised in-substance fixed lease payments.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the asset or the end of the lease term, unless the Corporation expects to obtain ownership of the asset at the end of the lease term, in which case the right-of-use asset is depreciated from the commencement date to the end of the useful life of the asset. The lease term consists of the non-cancellable lease term, renewal options that are reasonably expected to be exercised and termination options that are not reasonably expected to be exercised.

Accounting estimates, and judgments

The Corporation is required to make estimates and judgments that affect or impact the determination of right-of-use assets and the related depreciation.

Judgments include determining whether a contract contains an identifiable asset, assessing control of assets in a contract, determining the lease term including the assessment of renewal and cancellation terms, and determining whether lease modifications result in changes to existing leases or new leases.

Estimation involves determination of the lease payments to be included in the lease liability, estimation of the incremental borrowing rate or implicit lease rate as appropriate, estimation of additional amounts to be included in the determination of the right-of-use asset, and estimation of the useful lives of right-of-use assets.

Notes to Financial Statements

Note 9 – Right-of-use assets, continued

Supporting information

Thousands of dollars	Buildings and improvements
Cost	
Balance at April 1, 2019	**$1,571**
Additions	**-**
Balance at March 31, 2020	**$1,571**
Accumulated depreciation	
Balance at April 1, 2019	**$ -**
Depreciation	**75**
Balance at March 31, 2020	**$75**
Carrying amounts	
At April 1, 2019	**$1,571**
At March 31, 2020	**$1,496**

Note 10 – Intangible assets

Accounting policies

Intangible assets are defined as being identifiable, able to bring future economic benefits to the Corporation and controlled by the Corporation. An asset meets the identifiability criterion when it is separable or arises from contractual rights.

Intangible assets are recorded initially at cost of acquisition or development and relate primarily to software. Internally generated intangible assets relate primarily to software. An intangible asset is recognized when it is probable that the expected future economic benefits attributable to the asset will flow to the Corporation and the cost of the asset can be measured reliably.

Software development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalized include the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalized. Other development expenditures are recognized in net income as incurred.

Capitalized software development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

Costs associated with maintaining software as well as expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred.

Notes to Financial Statements

Note 10 – Intangible assets, continued

Amortization is recognized in income on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Estimated useful life
Software	3 – 10 years

Accounting estimates, and judgments

Judgment is applied to determine expenditures eligible for capitalization, the method of amortization, the appropriate timing for cessation of cost capitalization, and classification of certain intangible assets as indefinite-life intangible assets.

Estimation is applied to determine expected useful lives used in the amortization of intangible assets with finite lives. Changes in accounting estimates can result from changes in useful life or the expected pattern of consumption of an asset (taken into account by changing the amortization period or method, as appropriate).

Supporting information

Thousands of dollars	**Software**
Cost	
Balance at April 1, 2019	**$2,843**
Acquisitions	**8**
Balance at March 31, 2020	**$2,851**
Balance at April 1, 2018	$2,760
Acquisitions	83
Balance at March 31, 2019	$2,843
Accumulated amortization	
Balance at April 1, 2019	**$1,774**
Amortization	**163**
Balance at March 31, 2020	**$1,937**
Balance at April 1, 2018	$1,611
Amortization	163
Balance at March 31, 2019	$1,774
Carrying amounts	
At April 1, 2019	**$1,069**
At March 31, 2020	**$914**
At April 1, 2018	$1,149
At March 31, 2019	$1,069

Notes to Financial Statements

Note 11 – Trade and other payables

Accounting policies

The Corporation initially recognizes trade and other payables on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Supporting information

As at March 31, Thousands of dollars	**2020**	2019
Trade payables and accrued liabilities	**$2,252**	$2,136
Payroll and other employee-related liabilities	**712**	595
Taxes payable	**59**	59
	$3,023	$2,790

Note 12 – Notes payable

Accounting policies

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Supporting information

Notes payable are due to Holdco. The notes, secured by all assets, are due June 30, 2020 and have an effective interest rate of 0.73% (2018/19 – 1.74%)

Note 13 – Contract liabilities

Accounting policies

A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis. Contract liabilities are recognized in revenue upon satisfaction of the related performance obligations.

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract liabilities and the timing of recognition of contract liabilities as revenue. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts.

Notes to Financial Statements

Note 13 – Contract liabilities, continued

Supporting information

As at March 31, Thousands of dollars	**2020**	2019
Balance at April 1,	**$1,947**	$1,785
Contract liabilities recognized	**31,595**	28,309
	33,542	30,094
Recognized in revenue	**(31,549)**	(28,147)
	1,993	1,947
Current portion	**1,993**	1,947
Long-term portion	**$ -**	$ -

Note 14 – Long-term debt

Accounting policies

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Supporting information

As at March 31, Thousands of dollars	**2020**	2019
Due to Holdco, secured by all assets, bearing interest at 2.31% to October 16, 2024 repayable in monthly interest only payments.	**$20,566**	$ -
Due to Holdco, secured by all assets, bearing interest at 1.26% to April 30, 2020 repayable in monthly interest only payments.	**-**	8,566
	$20,566	$8,566

Principal repayments due in each of the next five years are as follows:

	Years ending March 31,				
Millions of dollars	2021	2022	2023	2024	2025
Principal repayments	$ -	$ -	$ -	$ -	$20.6

Note 15 – Lease liabilities

Accounting policies

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses its incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability include the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After initial recognition, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is calculated using the effective interest method resulting in a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the initial discount rate or, if applicable, a revised discount rate.

Amounts recognized in net income, unless the costs are included in the carrying amount of another asset applying other applicable standards, include:

- interest on the lease liability; and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

Accounting estimates, and judgments

The Corporation is required to make estimates and judgments that affect or impact the determination of lease liabilities and the related interest expense.

Judgments include determining whether a contract contains an identifiable asset, assessing control of assets in a contract, determining the lease term including the assessment of renewal and cancellation terms, and determining whether lease modifications result in changes to existing leases or new leases.

Estimation involves determination of the lease payments to be included in the lease liability and estimation of the incremental borrowing rate or implicit lease rate as appropriates.

Notes to Financial Statements

Note 15 – Lease liabilities, continued

Supporting information

As at March 31, Thousands of dollars	**2020**
Maturity analysis - contractual undiscounted cash flows	
Less than one year	**$116**
One to five years	**418**
More than five years	**2,608**
Total undiscounted lease liabilities at March 31,	**$3,142**
Discounted lease liabilities included in the statement of financial position at March 31,	**$1,513**
Current	**60**
Non-current	**$1,453**

Amounts recognized in net income

For the year ended March 31, Thousands of dollars	**2020**
Interest on lease liabilities	**$43**

Amounts recognized in the statement of cash flows

For the year ended March 31, Thousands of dollars	**2020**
Interest paid on lease liabilities	**$43**
Lease liability principal payments	**58**
Total cash outflow for leases	**$101**

Note 16 – Share capital, contributed surplus and additional capital disclosures

Share capital and contributed surplus

As at March 31, Thousands of dollars	**2020**	2019
Share capital		
Authorized - unlimited number of class A common shares		
Issued - 6,150,000 shares	**$6,150**	$6,150
Contributed surplus	**12,448**	12,448
	$18,598	$18,598

Additional capital disclosures

The Corporation’s objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of the Corporation, and to ensure adequate returns to the shareholder.

The capital structure is determined in conjunction with the shareholder based on the approved business plans.

Notes to Financial Statements

Note 16 – Share capital, contributed surplus and additional capital disclosures, continued

The Corporation monitors capital on the basis of the debt ratio. The ratio is calculated as net debt, excluding lease liabilities, divided by end of period capitalization. Net debt is defined as long-term debt less cash. Capitalization includes net debt, share capital, contributed surplus and retained earnings at the period end.

The Corporation's strategy, which is unchanged from 2018/19, is to maintain a debt ratio of below 45%.

The debt ratio is as follows:

As at March 31, Thousands of dollars	**2020**	2019
Long-term debt	**$20,566**	$8,566
Notes payable	**8,950**	4,950
Less: Cash	**3,349**	724
Net debt	**26,167**	12,792
Equity	**41,180**	38,765
Capitalization	**$67,347**	$51,557
Debt ratio	**38.9%**	24.8%

The Corporation is not subject to any externally imposed capital requirements.

Note 17 – Employee benefits

The Corporation has two defined contribution pension plans for its employees.

Defined contribution plan

Accounting policies

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the statement of income and other comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Supporting information

The Corporation has two defined contribution pension plans that require the Corporation to contribute 4.5% of employees' pensionable earnings and employees to contribute a minimum of 1.25% and 4.25% of pensionable earnings respectively. The total cost for the defined contribution plan is equal to the Corporation's required contribution. The Corporation's 2019/20 pension cost and employer contributions for the plans are $0.3 million (2018/19 – $0.3 million).

Short-term benefits

Accounting policies

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligations can be estimated.

Note 18 – Statement of cash flows – supporting information

a) Net change in non-cash working capital

For the year ended March 31, Thousands of dollars	2020	2019
Net change in non-cash working capital		
Trade and other receivables	$(94)	$(1,130)
Inventories	6	137
Prepaid expenses	(50)	(42)
Contract assets	(128)	(270)
Contract costs	(16,116)	(6,409)
Trade and other payables	233	883
Contract liabilities	46	162
	$(16,103)	$(6,669)

b) Reconciliation of changes in liabilities to cash flows arising from financing activities

Thousands of dollars	Long-term debt	Notes payable	Lease liabilities	Total
Balance at April 1, 2019	$8,566	$4,950	$1,571	$15,087
Changes from financing cash flows				
Proceeds from loans and borrowings	12,000	4,000	-	16,000
Repayment of borrowings	-	-	(58)	(58)
Total changes from financing cash flows	12,000	4,000	(58)	15,942
Balance at March 31, 2020	$20,566	$8,950	$1,513	$31,029
Balance at April 1, 2018	$8,566	$750	$ -	$9,316
Changes from financing cash flows				
Proceeds from loans and borrowings	-	4,200	-	4,200
Total changes from financing cash flows	-	4,200	-	4,200
Balance at March 31, 2019	$8,566	$4,950	$ -	$13,516

Note 19– Financial instruments and related risk management

Accounting policies

The Corporation initially recognizes financial assets and financial liabilities in the financial statements at fair value (normally the transaction price) adjusted for transaction costs. Transaction costs related to financial assets or financial liabilities at fair value through profit or loss are recognized immediately in net income. Regular way purchases and sales of financial assets are accounted for on the trade date. Financial instruments recorded at fair value on an ongoing basis are remeasured at each reporting date and changes in the fair value are recorded in either net income or other comprehensive income.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in

Note 19 – Financial instruments and related risk management, continued

which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives may be embedded in hybrid contracts that also include a non-derivative host. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, the entire contract is classified as a financial asset. If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative is treated as a separate derivative when the economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not measured at fair value with changes in fair value recognized in profit or loss. These embedded derivatives are typically measured at fair value with subsequent changes recognized in net income.

Supporting information

The Corporation is exposed to fluctuations in interest rates. The Corporation utilizes a number of financial instruments to manage these exposures. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board. The Corporation's financial risks have not changed significantly from the prior period.

Market risk
Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates, and equity prices.

Interest rate risk
Interest rate risk represents the potential for loss from changes in the value of financial instruments related to interest rate movements. Interest rate risk primarily impacts the value of short-term investments and debt refinancing. The Corporation does not believe that the impact of changes in the value of financial instruments would be material and therefore has not provided a sensitivity analysis of the impact on net income.

Foreign currency risk
The Corporation is exposed to currency risk, primarily U.S. dollars, through transactions with foreign suppliers and short-term foreign commitments. The Corporation does not believe that the impact of fluctuations in foreign exchange rates on anticipated transactions will be material and therefore has not provided a sensitivity analysis of the impact on net income.

Credit risk
Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Credit risk related to customer accounts receivable is minimized because of the large and diverse customer base covering many business sectors. The Corporation evaluates customer credit risk and limits credit availability when necessary. In addition, pursuant to an agreement with Saskatchewan Telecommunications (SaskTel), the Corporation mitigates its credit risk from the Saskatchewan customers by selling its receivables to SaskTel for a fee.

Note 19 – Financial instruments and related risk management, continued

The carrying amount of financial assets represents the maximum credit exposure as follows:

As at March 31, Thousands of dollars	Note	**2020**	2019
Cash		**$3,349**	$724
Trade and other receivables	5	**3,302**	3,208
Contract assets	6	**1,197**	1,069
Financing leases receivable		**321**	481
		$8,169	$5,482

Trade and other receivables and lease receivables
The Corporation considers evidence of impairment for all receivables including both trade and other receivables and lease receivables at both a specific asset and collective level. Receivables are diversified among many residential and commercial customers.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics, specifically based on business segment, an aging of the accounts within each segment and default probabilities within each segment.

In assessing collective impairment, the Corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed regularly based on an analysis of the aging of customer accounts receivable and an estimate of outstanding amounts that are considered to be uncollectible, and future collection policy and economic environment changes.

The allowance for doubtful accounts and the aging of customer accounts receivable are detailed as follows:

Allowance for doubtful accounts

As at March 31, Thousands of dollars	**2020**	2019
Balance at April 1,	**$206**	$126
Less: Accounts written off	**(483)**	(246)
Provisions for losses	**576**	326
Balance at March 31,	**$299**	$206

Notes to Financial Statements

Note 19 – Financial instruments and related risk management, continued

Customer accounts receivable

As at March 31, Thousands of dollars	Note	**2020**	2019
Current		**$1,415**	$1,866
30–60 Days		**377**	260
61–90 Days		**248**	218
Greater than 90 Days		**1,561**	1,070
Gross customer accounts receivable	5	**3,601**	3,414
Allowance for doubtful accounts	5	**(299)**	(206)
Net customer accounts receivable		**$3,302**	$3,208

Contract costs
The Corporation considers evidence of impairment for contract costs based on the lifetime expected credit losses in relation to the expected customer relationship, as well as, current economic conditions, historical information (including credit agency reports, if available), and the line of business from which the contract cost arose. Typically, the contract cost amounts are recovered over a relatively short time period compared to the anticipated customer relationship. In addition, contract costs are diversified among many residential and commercial customers. Credit risk associated with contract costs is inherently managed by the size and diversity of our customer base and the continued assessment of the customer relationship term. The Corporation also follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary.

Based on the current credit monitoring policies and customer relationship terms, credit risk related to contracts costs is considered to be minimal and therefore no impairment allowance for contract assets is required.

Liquidity risk
Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. As a wholly-owned subsidiary of Holdco, a Provincial Crown corporation, the Corporation has access to capital markets through the Saskatchewan Ministry of Finance.

Sufficient operating cash flows are expected to be generated to fund the short-term contractual obligations and the Corporation anticipates it will be able to refinance long-term debt upon maturity. In addition, the Corporation has available a $10 million (2018/19 – $10 million) revolving line of credit with Holdco to finance future acquisitions including acquisitions of customer accounts.

Notes to Financial Statements

Note 19 – Financial instruments and related risk management, continued

The following summarizes the contractual cash flows of the Corporation's financial liabilities:

Thousands of dollars		Contractual Cash Flows				
As at March 31, 2020	**Carrying amount**	**Total**	**0-6 months**	**7-12 months**	**1-2 years**	**3-5 years**
Long-term debt	**$20,566**	**$22,746**	**$240**	**$240**	**$960**	**$21,306**
Notes payable	**8,950**	**8,950**	**8,950**	**-**	**-**	**-**
Trade and other payables	**3,023**	**3,023**	**3,023**	**-**	**-**	**-**
	$32,539	**$34,719**	**$12,213**	**$240**	**$960**	**$21,306**
As at March 31, 2019						
Long-term debt	$8,566	$8,683	$54	$54	$8,575	$ -
Notes payable	$4,950	4,950	4,950	-	-	-
Trade and other payables	2,790	2,790	2,790	-	-	-
	$16,306	$16,423	$7,794	$54	$8,575	$ -

Fair values
Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal, and remaining maturities. Fair values are estimates using present value and other valuation techniques, which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

Fair value of financial assets and liabilities

As at March 31,				**2020**		2019	
Thousands of dollars	Note	Classification	Fair value hierarchy (a)	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets							
Cash		Amortized cost	Level 1	**$3,349**	**$3,349**	$724	$724
Trade and other receivables	5	Amortized cost	N/A	**3,302**	**3,302**	3,208	3,208
Financial liabilities							
Trade and other payables	11	Amortized cost	N/A	**3,023**	**3,023**	2,790	2,790
Notes payable	12	Amortized cost	Level 2	**8,950**	**8,950**	4,950	4,950
Long-term debt	14	Amortized cost	Level 2	**20,566**	**21,281**	8,566	8,519

(a) See *Note 2 – Basis of presentation* for discussion of the policies related to fair value measurements.

Financial instruments measured at amortized cost
Cash, trade and other receivables, trade and other payables and notes payable
The carrying values of cash, trade and other receivables, trade and other payables and notes payable approximate their fair values due to the short-term maturity of these financial instruments.

Long-term debt
The fair value of long-term debt is determined by the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Notes to Financial Statements

Note 19 – Financial instruments and related risk management, continued

Embedded derivatives
The Corporation had no contracts with embedded derivatives as at March 31, 2019 and March 31, 2020.

Note 20 – Related party transactions

The Corporation is indirectly controlled by the Government of Saskatchewan through its ownership of the Corporation's parent, Holdco. Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "government-related entities"). The Corporation has elected to take a partial exemption under IAS 24 *Related Party Disclosures,* which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

Routine operating transactions with related parties were conducted in the normal course of business and were accounted for at the exchange amount. For the year ended March 31, 2020, the aggregate amount of the Corporation's transactions with other government-related entities is approximately 5.07% (2018/19 – 5.19%) of revenues and 11.20% (2018/19 – 10.92%) of expenses.

Key management personnel compensation
In addition to their salaries, the Corporation also provides non-cash benefits to executive officers and a defined contribution pension.

Key management personnel compensation is composed of:

For the year ended March 31, Thousands of dollars	**2020**	2019
Short-term employee benefits	**$514**	$719
Post-employment benefits - defined contribution plans	**26**	31
	$540	$750

Note 21 – Contingencies

Contingencies

Accounting estimates, and judgments
The Corporation becomes involved in various litigation in the ordinary course of business. Prediction of the outcome of such uncertain events (i.e. being virtually certain, probable, remote or undeterminable), determination of whether recognition or disclosure in the financial statements is required and estimation of potential financial effects are matters for judgment. Where no amounts are recognized, such amounts are contingent, and disclosure may be appropriate, however, the potential for large liabilities exists and therefore these estimates could have a material impact on the Corporation's financial statements.

Notes to Financial Statements

Note 21 – Commitments and contingencies, continued

Supporting information
In November 2010, the Corporation was served with a Statement of Claim from Laurence Rosenberg and The Accurate Technology Group Inc. arising out of the sale of Manitoba accounts from the Corporation to AAA Alarm Systems Ltd (AAA Alarms) in the summer of 2009. While matters as between AAA Alarms and SecurTek have been settled and part of the Plaintiff's claim has been settled and accounted for, SecurTek continues to defend the remainder of the Plaintiffs' claims for damages, the total amount of which is undeterminable. The case went to trial in May of 2019 and on March 10, 2020, the Manitoba Court of Queen's Bench provided an unfavourable judgment. At this time, the court has not yet awarded a final order and the total amount of damages remains to be calculated. The Corporation is also reviewing options for appeal.

Should the ultimate resolution of these actions differ from management's assessments and assumptions, a material adjustment to the financial position or results of operations of the Corporation could result.

In the normal course of operations, the Corporation becomes involved in various claims and litigation. While the final outcome with respect to claims and litigation cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's financial position or results of operations.

Note 22 – Future performance obligations

The table below shows the revenue that the Corporation expects to recognize in the future related to unsatisfied or partially satisfied performance obligations as at March 31, 2020. The unsatisfied portion of the transaction price of the performance obligations relates to monthly services, which are expected to be recognized over the next four years.

As at March 31, Thousands of dollars	**2020**	2019
1 year or less	**$521**	$454
Between 1 and 3 years	**609**	553
Greater than 3 years	**67**	62
	$1,197	$1,069

The Corporation has elected to utilize the following practical expedients and not disclose:

- the unsatisfied portions of performance obligations related to contracts with a duration of one year or less; or
- the unsatisfied portions of performance obligations where the revenue we recognize corresponds with the amount invoiced to the customer.