Bird Construction Inc.

Consolidated Financial Statements

For the year ended December 31, 2019

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Austin Abas.

Winnipeg, Canada
March 10, 2020

Consolidated Statement of Financial Position
As at December 31,
(in thousands of Canadian dollars, except per share amounts)

	Note		2019		2018
ASSETS					
Current assets					
Cash	25	$	**180,244**	$	157,151
Bankers' acceptances and short-term deposits	25		**90**		1,769
Short-term investments			**–**		1,705
Accounts receivable	8		**413,649**		337,663
Contract assets	6		**31,018**		28,412
Contract assets – alternative finance projects	7		**75,180**		7,126
Inventory			**549**		840
Prepaid expenses			**2,595**		2,566
Income taxes recoverable			**13,083**		5,559
Investments held for sale	10		**6,978**		3,762
Other assets	9		**5,972**		–
Total current assets			**729,358**		546,553
Non-current assets					
Other assets	9		**6,608**		6,852
Property and equipment	11		**46,016**		43,153
Right-of-use assets	11		**34,460**		13,073
Investments in equity accounted entities	10		**10,185**		12,517
Deferred income tax asset	14		**11,287**		10,909
Intangible assets	12		**2,484**		2,575
Goodwill	12		**16,389**		16,389
Total non-current assets			**127,429**		105,468
TOTAL ASSETS		$	**856,787**	$	652,021
LIABILITIES					
Current liabilities					
Accounts payable		$	**419,923**	$	383,608
Contract liabilities	6		**112,126**		60,003
Dividends payable to shareholders			**1,382**		1,382
Income taxes payable			**6,174**		3,444
Non-recourse project financing	7		**85,374**		11,824
Current portion of loans and borrowings	13		**5,883**		2,151
Current portion of right-of-use liabilities	13		**8,025**		3,053
Provisions	19		**7,763**		8,593
Other liabilities	15		**2,205**		2,280
Total current liabilities			**648,855**		476,338
Non-current liabilities					
Loans and borrowings	13		**34,738**		19,047
Right-of-use liabilities	13		**23,075**		5,706
Deferred income tax liability	14		**13,868**		7,355
Other liabilities	15		**8,531**		7,346
Total non-current liabilities			**80,212**		39,454
TOTAL LIABILITITES			**729,067**		515,792
SHAREHOLDERS' EQUITY					
Shareholders' capital	17		**42,527**		42,527
Contributed surplus			**1,956**		1,956
Retained earnings			**83,197**		91,743
Accumulated other comprehensive income			**40**		3
Total shareholders' equity			**127,720**		136,229
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	**856,787**	$	652,021

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Income (Loss)
For the years ended December 31,
(in thousands of Canadian dollars, except per share amounts)

	Note		2019		2018
Construction revenue	6	$	**1,376,408**	$	1,381,784
Costs of construction			**1,305,458**		1,324,194
Gross profit			**70,950**		57,590
Income from equity accounted investments	10		**2,693**		1,894
General and administrative expenses			**(58,722)**		(58,933)
Income from operations			**14,921**		551
Finance income	20		**2,596**		1,386
Finance and other costs	21		**(5,558)**		(4,611)
Income (loss) before income taxes			**11,959**		(2,674)
Income tax expense (recovery)	14		**2,475**		(1,661)
Net income (loss) for the period		$	**9,484**	$	(1,013)
Basic and diluted earnings (loss) per share	18	$	**0.22**	$	(0.02)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income (Loss)
For the years ended December 31,
(in thousands of Canadian dollars)

	Note		2019		2018
Net income (loss) for the period		$	**9,484**	$	(1,013)
Other comprehensive income for the period:					
Exchange differences on translating equity accounted investments	10		**37**		1
Items that may be reclassified to net income in subsequent periods			**37**		1
Total other comprehensive income for the period			**37**		1
Total comprehensive income (loss) for the period		$	**9,521**	$	(1,012)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the years ended December 31, 2019 and 2018
(in thousands of Canadian dollars, except per share amounts)

	Note	Shareholders' capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance, December 31, 2017		$ 42,527	$ 1,949	$ 109,338	$ 2	$ 153,816
Net income (loss) for the period		–	–	(1,013)	–	(1,013)
Other comprehensive income		–	–	–	1	1
Total comprehensive income for the period		–	–	(1,013)	1	(1,012)
Contributions by and dividends to owners						
Stock-based compensation expense		–	7	–	–	7
Dividends declared to shareholders		–	–	(16,582)	–	(16,582)
		–	7	(16,582)	–	(16,575)
Balance, December 31, 2018		$ 42,527	$ 1,956	$ 91,743	$ 3	$ 136,229
Dividends declared per share				$ 0.39		
Balance, December 31, 2018		**$ 42,527**	**$ 1,956**	**$ 91,743**	**$ 3**	**$ 136,229**
Impact on adoption of IFRS 16	**4**	**–**	**–**	**(1,448)**	**–**	**(1,448)**
Balance, January 1, 2019		**42,527**	**1,956**	**90,295**	**3**	**134,781**
Net income for the period		**–**	**–**	**9,484**	**–**	**9,484**
Other comprehensive income (loss)		**–**	**–**	**–**	**37**	**37**
Total comprehensive income for the period		**–**	**–**	**9,484**	**37**	**9,521**
Contributions by and dividends to owners						
Dividends declared to shareholders		**–**	**–**	**(16,582)**	**–**	**(16,582)**
		–	**–**	**(16,582)**	**–**	**(16,582)**
Balance, December 31, 2019		**$ 42,527**	**$ 1,956**	**$ 83,197**	**$ 40**	**$ 127,720**
Dividends declared per share				**$ 0.39**		

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the years ended December 31,
(in thousands of Canadian dollars)

	Note	2019	2018
Cash flows from (used in) operating activities			
Net income (loss) for the period		$ **9,484**	$ (1,013)
Items not involving cash:			
Amortization	12	**873**	473
Depreciation	11	**14,941**	10,763
Gain on sale of property and equipment		**(1,346)**	(873)
Income from equity accounted investments	10	**(2,693)**	(1,894)
Finance income	20	**(2,596)**	(1,386)
Finance and other costs	21	**5,558**	4,611
Deferred compensation plan expense and other		**3,156**	4,622
Unrealized (gain) loss on investments and other		**349**	(1,329)
Income tax expense (recovery)	14	**2,475**	(1,661)
Stock-based compensation expense	16	**–**	7
Cash flows from operations before changes in non-cash working capital		**30,201**	12,320
Changes in non-cash working capital related to operating activities	25	**(66,269)**	95,397
Interest received		**2,521**	1,349
Interest paid		**(3,930)**	(4,360)
Income taxes paid		**(599)**	(3,265)
Net cash from (used in) operating activities		**(38,076)**	101,441
Cash flows used in investing activities			
Investments in equity accounted entities	10	**–**	(4,020)
Capital distributions from equity accounted entities	10	**1,846**	1,873
Additions to property and equipment	11	**(13,649)**	(13,103)
Proceeds on sale of property and equipment	11	**2,661**	3,235
Additions to intangible assets	12	**(782)**	(1,510)
Purchase of short-term investments		**–**	(4,742)
Proceeds from maturity of short-term investments		**1,705**	3,107
Other long-term assets		**–**	(861)
Net cash used in investing activities		**(8,219)**	(16,021)
Cash flows from (used in) in financing activities			
Dividends paid on shares		**(16,582)**	(16,582)
Proceeds from non-recourse project financing	7	**72,832**	24,734
Repayment of non-recourse project financing	7	**–**	(76,474)
Proceeds from loans and borrowings	13	**24,536**	14,242
Repayment of loans and borrowings	13	**(5,113)**	(6,734)
Repayment of right-of-use liabilities	13	**(7,615)**	–
Net cash from (used in) financing activities		**68,058**	(60,814)
Net increase in cash and cash equivalents		**21,763**	24,606
Effects of foreign exchange on cash balances		**(349)**	1,259
Cash and cash equivalents, beginning of period		**158,920**	133,055
Cash and cash equivalents, end of period	25	$ **180,334**	$ 158,920

The accompanying notes are an integral part of these consolidated financial statements.

1. Structure of the Company

Bird Construction Inc. (the "Company") is a corporation incorporated in the province of Ontario, Canada. The address of the Company's registered office is 5700 Explorer Drive, Suite 400, Mississauga, Ontario, Canada.

The Company, through its subsidiaries and interests in joint arrangements, carries on business as a general contractor with offices across Canada. The Company serves customers in the industrial, mining, institutional, retail, commercial, multi-tenant residential, light industrial, and renovation and restoration sectors using fixed priced, design-build, unit price, cost reimbursable, guaranteed upset price, construction management and integrated project delivery contract delivery methods.

Segment results are reviewed by the Company's Chief Executive Officer to assess performance and allocate resources within the Company. Management applies judgement in the aggregation of the Company's operating segments and has determined that the Company operates in one reportable segment being the general contracting sector of the construction industry. The Company's operating segments have similar economic characteristics in that each of the Company's operating districts provides comparable construction services, use similar contracting methods, have similar long term economic prospects, share similar cost structures and operate in similar regulatory environments.

2. Basis of preparation

Authorization of financial statements

These consolidated financial statements were authorized for issue on March 10, 2020 by the Company's Board of Directors.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of measurement

These consolidated financial statements have been prepared using the historical cost convention, except for certain financial assets, derivative financial instruments and liabilities for cash settled share-based payment arrangements which are measured at fair value.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date.

Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Revenue and gross profit recognition

Construction revenue, construction costs, contract liabilities, and contract assets are based on estimates and judgements used in determining contract revenue and contract costs to calculate the stage of completion for a particular construction project, depending upon the nature of the construction contract, as more fully described in the revenue recognition policy. To determine the estimated costs to complete construction contracts, assumptions and estimates are required to evaluate matters related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction activities, estimates can change significantly from one accounting period to the next.

The value of many construction contracts increases over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or conditions. In addition, there may be disputes or claims regarding additional amounts owing as a result of changes in contract scope, delays, additional work or changed conditions. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. Many change orders and claims may not be settled until the construction project is complete or subsequent to completion and the nature of the relationship with the other party to the claim and the history of success of these claims may impact the associated revenue or cost recovery. Claims against customers for variable consideration due to delays, changes, etc. are assessed under the Company's revenue policy, which requires significant judgement. The amount of variable consideration that is constrained is the difference between the total claim value and the best estimate of recovery. This constrained value is reviewed each reporting period.

Provisions

Legal and warranty and other provisions involve the use of estimates. Estimates and assumptions are required to determine when to record and how to measure a provision in the financial statements. The outcomes may differ significantly from the estimates used in preparing the financial statements resulting in adjustments to previously reported financial results.

Asset impairments

Impairment testing is performed annually or earlier, if a triggering event occurs, for indefinite-lived intangible assets and goodwill resulting from business combinations, by comparing the recoverable amount of the cash generating unit ("CGU"), or groups of CGUs to its carrying amount. The recoverable amounts of the CGU are determined based on a value in use calculation. There is a significant amount of uncertainty with respect to the estimates of recoverable amounts of the CGUs' assets given the necessity of making economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions, and estimates of achieving key operating metrics and drivers; and the discount rate.

3. Summary of significant accounting policies

The significant accounting principles used in these consolidated financial statements are as follows:

Consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries and partnerships, as well as its pro-rata share of assets, liabilities, revenues, expenses and cash flows from joint operations. Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation. The consolidated financial statements include the accounts of the following significant subsidiaries:

(in thousands of Canadian dollars, except per share amounts)

Company	Ownership / Voting Interest 2019	2018
Fully consolidated subsidiaries		
Bird Construction Inc.	100%	100%
Bird Construction Company Limited	100%	100%
Bird Construction Company (Limited Partnership)	100%	100%
Bird Management Ltd.	100%	100%
Bird Design-Build Limited	100%	100%
Bird Capital Limited	100%	100%
Bird Capital Limited Partnership	100%	100%
Bird Industrial Group Limited	100%	100%
Bird Design-Build Construction Inc.	100%	100%
Westrac Resources Ltd.	100%	100%
Westrac Resources Limited Partnership	100%	100%
Bird Construction Group (Limited Partnership)	100%	100%
Bird Construction Group Limited	100%	100%
Bird General Contractors Ltd. (Formerly H.J. O'Connell, Limited)	100%	100%
Bird Civil et mines Ltee (Formerly Les Enterprises de Construction de Québec Ltee))	100%	100%
Bird Heavy Civil Ltd. (Formerly H.J. O'Connell Construction Ltd.)	100%	100%
Nason Contracting Group Ltd.	100%	100%
Bird Casey House Limited Partnership	100%	100%
Bird Capital MDC Project Co. Inc.	100%	100%
Bird Construction Industrial Services Ltd.	100%	100%
Bird Construction Group Ltd.	100%	100%
NCGL Industrial Ltd.	100%	100%
NCGL Construction Ltd.	100%	100%
BFL Fabricators Ltd.	100%	100%
Canadian Consulting Group Limited	100%	100%
Innovative Trenching Solutions Ltd.	100%	100%
Innovative Trenching Solutions Field Services Ltd.	100%	100%
Bird Capital OMP Project Co. Inc.	100%	100%
Proportionately consolidated joint arrangements		
Restigouche Hospital Centre Joint Venture	30%	30%
HJOC-VPDL Placentia Bridge Joint Venture	50%	50%
Arctic-Bird Construction Joint Venture	50%	50%
Maple Reinders-Nason Joint Venture	50%	50%
Bird Kiewit Joint Venture	60%	60%
Bird/Wright Schools Joint Venture	70%	70%
Bird/Wright Schools 2 Joint Venture	70%	70%
Bird – Clark Stanton JV	50%	50%
Bird – Civeo Joint Venture*	N/A	60%
Pomerleau/O'Connell JV	50%	50%
Bird – Maple Reinders JV	50%	50%
Maple Reinders – Bird JV	50%	50%
Bird – ATCO Joint Venture	60%	60%
CBS Joint Venture	42.5%	42.5%
Chandos Bird Joint Venture	50%	N/A

* Joint Venture was dissolved on November 16, 2018

(in thousands of Canadian dollars, except per share amounts)

The Company has invested in a number of Public Private Partnerships ("PPP") concession ventures usually holding a minority interest position in the venture. The Company has also invested in Stack Modular group of companies. In these instances, the Company can either exercise significant influence or joint control over the financial and operational policies of the venture (or investee). The Company uses the equity method of accounting to account for these investments. The investment is recorded as the amount of the initial investment adjusted for the pro-rata share of the investee's earnings less any distributions received from the investment.

Company	Ownership / Voting Interest 2019	2018
Equity accounted investment in associates/joint ventures		
Boreal Health Partnership*	25%	25%
Chinook Resources Management General Partnership	50%	50%
Harbour City Solutions General Partnership	20%	20%
Hartland Resource Management General Partnership	20%	20%
Joint Use Mutual Partnership #1*	20%	20%
Joint Use Mutual Partnership #2*	20%	20%
Plenary Infrastructure ERMF GP	10%	10%
Stack Modular Structures Ltd.	50%	50%
Stack Modular Structures Hong Kong Limited	50%	50%
Niagara Falls Entertainment Partners	20% / 16.2%	20% / 16.2%
Timmiak Construction Limited Partnership (Formerly Nillik Construction Limited Partnership)	69.99% / 33.33%	69.99% / 33.33%

* Classified as investments held for sale

All of the above subsidiaries, joint arrangements, joint ventures and associates are incorporated or registered in Canada except Stack Modular Structure Hong Kong Limited which is incorporated and registered in Hong Kong.

Revenue recognition

Contract revenue is recognized in profit or loss in accordance with the pattern of satisfying the Company's performance obligations under a contract. This satisfaction occurs when control of a good or service transfers to the customer. In the majority of the Company's contracts, the customer controls the work in process as evidenced by the right to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company, and the work is performed on the customer's property. Based on the nature of these contractual arrangements, control is transferred over time and revenue is recognized over time.

For each performance obligation satisfied over time, the Company recognizes revenue by measuring progress toward complete satisfaction of that performance obligation. Using output or input methods based on the type of contract, the Company recognizes revenue in a pattern that reflects the transfer of control of the promised goods or services to the customer. Revenue from fixed price (includes: PPP, alternative finance, design-build, and stipulated sum) and cost reimbursable (includes: cost plus and integrated project delivery "IPD") contracts is recognized using the input method with reference to costs incurred. Revenue from unit price contracts in the heavy construction, civil construction and contract surface mining construction sectors is recognized based on the amount of billable work completed, established by surveys of work performed, an output method. For agency relationships, such as construction management contracts, where the Company acts as an agent for its customers, fee revenue only is recognized, generally in accordance with the contract terms. If the outcome of a construction contract cannot be estimated reliably for management to estimate the ultimate profitability of the contract with a reasonable degree of certainty, no profit is recognized. As the contract progresses further, the constrained margin and associated revenue are reassessed.

Revenue from contract modifications, commonly referred to as change orders and claims, is recognized to the extent that the contract modifications have been approved by the customer and the amount can be measured reliably. In cases where the contract modification is approved, but the price has not been finalized, the Company accounts for the contract modification using variable consideration guidance described below. A claim against or dispute with a customer is considered variable consideration as it is in addition to the agreed upon performance obligations outlined in the original contract because of additional costs incurred due to delays and/or scope changes. The subsequent settlement of a claim or dispute through negotiation results in uncertainty as to the likelihood and amount that will be ultimately collected.

The amount of variable consideration included in the transaction price may be constrained due to the uncertain nature of the recovery of the associated revenue. The Company will make an estimate of the amount to be constrained by using either the most likely amount or the expected value method, by contract, depending which method is considered to best predict the amount of consideration to which the Company will be entitled. The amount of variable consideration to be included in the transaction price is only that to which it is highly probable that a significant reversal of cumulative revenue recognized to date will not occur. Management considers the following factors in their assessment of the probability of reversal:

i. Susceptibility of consideration to factors outside the Company's influence.
ii. Length of time before resolution of the uncertainty associated with the amount of consideration is expected.
iii. The Company's experience with similar types of contracts is limited or the experience is not relevant or has limited predictive value.
iv. If, historically the Company has a practice of offering a broad range of pricing concessions or changing the payment terms and conditions of similar contracts in similar situations.
v. The contract has a larger number and broad range of possible consideration amounts.

Where the above factors indicate uncertainty associated with the outcome of the transaction price, the Company reviews the historical performance under similar contracts in order to determine the appropriate proportion of the variable consideration to be included in the transaction price.

For most arrangements, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability (even if that single project results in the delivery of multiple units). The Company therefore considers that the entire contract results in the delivery of a single performance obligation. Less commonly, the Company may promise to provide distinct goods or services within a contract, in which case the contract is separated into the associated performance obligations as assessed from the customer's perspective. If a contract contains multiple performance obligations, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. When the Company is contracted to construct projects, the budgets and overall transaction prices are built up using the Company's best estimate of costs associated to complete the project using the appropriate overhead and subcontractor rates for a given project and location. This approach to estimate the overall costs and associated revenues is considered the most appropriate assessment of the standalone selling price for the associated performance obligations.

Where costs are determined to be greater than total revenues, losses from any construction contracts are recognized in full in the period the loss becomes known. Losses are recorded within provisions on the statement of financial position.

Construction costs

Construction costs are expensed as incurred unless they result in an asset related to future contract activity and meet the criteria to be capitalized as contract assets. Construction costs include all expenses that relate directly to execution of the specific contract, including site labour and site supervision, direct materials, subcontractor costs, equipment rentals and depreciation, design and technical assistance, and warranty claims. Construction costs also include overheads that can be attributed to the project in a systematic and consistent manner and include general insurance and bonding costs, and staff costs relating to project management.

Contract assets and liabilities

Any excess of costs and estimated earnings over progress billings on construction contracts is carried as a contract asset in the financial statements. Contract assets also arise when the Company capitalizes incremental costs of obtaining contracts with customers and the costs incurred in fulfilling those contracts, such as mobilization costs.

Costs to fulfill a contract are required to be capitalized where they are determined to relate directly to a contract or an anticipated contract that the entity can specifically identify, they generate or enhance resources of the Company that will be used in satisfying performance obligations in the future, and they are expected to be recovered under that specific contract.

In all cases, the specific contract asset is amortized with reference to the same pattern of recognition as the revenue recognized on the associated project.

Any excess of progress billings over earned revenue on construction contracts is carried as a contract liability in the financial statements.

Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. All contract assets and liabilities are classified as current in the financial statements as they are expected to be settled within the Company's normal operating cycle.

Inventory

Inventory, which consists of certain equipment parts and aggregate materials, is carried at the lower of cost and net realizable value. The cost of inventories of equipment parts and aggregate materials is determined at the weighted average cost to acquire the inventory. Net realizable value is the estimated selling price in the ordinary course of business less applicable disposal costs.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment includes the purchase price and the directly attributable costs required to bring the asset to the condition necessary for the asset to be capable of operating in the manner intended by management. The cost of replacing or repairing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits will occur and the cost can be measured reliably. The costs of routine maintenance of property and equipment are recognized in the statement of income as incurred. Depreciation of property and equipment over the estimated useful lives of the assets is as follows:

Diminishing balance method	
Buildings	5% and 10%
Equipment, trucks and automotive	20% - 40%
Heavy equipment	Hours of use
Furniture, fixtures and office equipment	20% - 55%
Straight line method	
Building lease improvements	Over the lease term

When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment and depreciated accordingly. The carrying amount of a replaced component is derecognized. The Company reviews the residual value, useful lives and depreciation methods used on an annual basis and, where revisions are required, the Company applies such changes in estimates on a prospective basis.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of general and administrative expenses in the statement of income.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions and balances are recorded in the accounts as follows:

i. Monetary assets and liabilities at the exchange rate in effect at the financial statement date;
ii. Non-monetary assets and liabilities at exchange rates prevailing at the time of the transaction;
iii. Depreciation expense at the exchange rate in effect at the time the related assets are acquired; and
iv. Expenses at the average exchange rate prevailing on the date of the transaction.

Translation of equity accounted foreign entities

Assets and liabilities of equity accounted foreign entities are translated from the functional currency to the Company's presentation currency at the closing rate at the end of the reporting period. The consolidated statements of income are translated at exchange rates at the dates of the transactions or at the average rate if it approximates the actual rates. All resulting exchange differences are recognized in other comprehensive income.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable based on applying enacted income tax rates to the taxable income realized in the current year. Current tax includes adjustments to taxes payable or recoverable in respect of previous years.

Deferred income tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes, as well as for the benefit of tax losses available to be carried forward to future years provided they are likely to be realized. Deferred taxes are recognized using enacted or substantively enacted rates expected to apply in the periods in which the asset is realized or the liability is settled. Deferred taxes are measured on an undiscounted basis. Deferred taxes are presented as non-current. Current and deferred tax assets and liabilities are offset only when a legally enforceable right exists to offset current tax assets against current tax liabilities relating to the same taxable entity and the same tax authority.

Basic and diluted earnings per share

The Company's basic earnings per share calculation is based on the net income available to common shareholders for the period divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share is calculated by dividing the net income available to common shareholders for the period by the weighted average number of common shares outstanding for the period, adjusted for the effects of all dilutive potential common shares, which comprise stock options granted to employees.

Medium term incentive plan

The Company's Medium Term Incentive Plan ("MTIP") is a cash-settled share-based payment plan which provides for the granting of phantom shares. The phantom shares provide the holder with the opportunity to earn a cash benefit in relation to the value of a specified number of underlying notional shares. MTIP awards vest on November 30 of the third year following the year to which the award relates, if the employee has maintained continuous employment with the Company, except upon retirement or death. Annually, the Board of Directors determines the amount of the initial award, which is then used to determine the number of shares allocated to the employee. The total liabilities for this plan are computed based on the estimated number of phantom shares expected to vest at the end of the vesting period. The liability is measured at each reporting date at fair value with changes in fair value recognized in income. The fair value of the phantom shares outstanding at the end of a reporting period is measured based on the quoted market price of the Company's shares. The phantom shares earn notional dividends, equivalent to actual dividends declared on the Company's shares. Compensation expense relating to the initial award, notional dividends and changes in the market price of the phantom shares is recognized on a straight-line basis over the vesting period.

Equity incentive plan

The Company has an Equity Incentive Plan ("EIP") as part of the Company's executive compensation plan. The purpose of the EIP is to provide certain officers and employees of the Company with the opportunity to be granted performance share units ("PSU") or time-based restricted share units ("RSU"), and together with PSUs, the ("Units"). The EIP is a full-value share unit plan using the value of the Company's shares as the basis for the Units. In the case of the PSUs, the amount of award payable at the end of the vesting period will be determined by a performance multiplier. Under the EIP, the Company is entitled, in its sole discretion, to settle the Units in either cash or the Company's Shares purchased on the TSX or issued from treasury, or a combination thereof. The Company intends to settle the EIP in cash.

As a cash-settled compensation arrangement, the fair value of the amount payable is recognized as an expense with a corresponding increase in liabilities over the vesting period. The Units will vest and be settled on their issue date, which will be no later than December 31 in the third year following the date of grant, or in accordance with the EIP, participant's award agreement, or the Company's discretion. The liabilities for this plan are calculated based on the estimated number of Units expected to vest at the end of the vesting period. The Units earn notional dividends, equivalent to actual dividends declared on the Company's shares. The liability is remeasured at each reporting date at fair value with changes in fair value recognized in income. The fair value of the Units outstanding at the end of a reporting period is measured based on the quoted market price of the Company's shares, with PSUs also adjusted by a performance multiplier. Compensation expense relating to the initial award, notional dividends and changes in the market price of the Units is recognized on a straight-line basis over the vesting period.

Stock option plan

The Company's Stock Option Plan, as described in note 16, is a share-based payment plan which provides for the granting of stock options. The fair value of share-based payment awards is recognized as an employee expense, with a corresponding increase in contributed surplus, on a straight-line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

Deferred share unit plan

The Company has a Deferred Share Unit Plan ("DSU Plan"), which is a cash-settled share-based payment plan. The fair value of the amount payable to eligible Directors in respect of Deferred Share Units ("DSU") is equivalent to the cash value of the common shares at the reporting date. The DSUs earn notional dividends, equivalent to actual dividends declared on the Company's shares. DSUs are cash-settled when the eligible Director ceases to hold any position within the Company. The liability associated with the DSU Plan is recalculated at each reporting date and at settlement. Any change in the fair value of the liability is recognized as an expense in general and administrative expenses.

Financial instruments

Financial assets and liabilities are recognized on the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument or derivative contract. Financial instruments are initially measured at fair value and are subsequently accounted for based on their classification as described below. The Company 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 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 Company is recognized as a separate asset or liability. Financial liabilities are derecognized when their contractual obligations are discharged, cancelled or have expired.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are classified as held-for-trading or are designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented investment policy. Financial assets classified as fair value through profit or loss instruments are measured at fair value at each reporting period with any changes in fair value during the reporting period being included in income. Transaction costs are expensed as incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Financial assets classified as loans and receivables are initially measured at fair value adjusted for directly attributable transaction costs, and subsequently, are measured at amortized cost, using the effective interest rate method, which approximates fair value. The Company will recognize changes in the fair value of loans and receivables only if realized, or when an impairment in the value of the asset occurs. Loans and receivables are generally comprised of accounts receivable and other non-current assets.

Cash and cash equivalents

The Company considers cash, bank indebtedness, if any, bankers' acceptances and short-term deposits with original maturities of three months or less, as cash and cash equivalents.

Financial liabilities

Financial liabilities are initially recognized at fair value adjusted for transaction costs directly attributable to the liability, except for financial liabilities classified as fair value through profit or loss. Financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. The Company's other financial liabilities include accounts payable, dividends payable, non-recourse project financing, deferred payment, right-of-use lease liabilities and loans and borrowings.

The Company has not classified any financial assets or liabilities as held-to-maturity or available-for-sale (see note 26).

Financial assets and liabilities are offset and the net amount presented on the consolidated statement of financial position when, and only when, the Company 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.

Derivative financial instruments

The Company uses interest rate swaps to manage its interest rate risk on the non-recourse project financing and the Total Return Swap ("TRS"). Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company uses TRS derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans due to changes in the fair value of the Company's common shares. Derivatives are initially recognized at fair value when a derivative contract is entered into and are subsequently remeasured at their fair value. The TRS derivative contracts are not designated as a hedge, and changes in the fair market value are recorded as compensation expense in the statements of income.

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented separately on the statement of financial position. Subsequently, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets

Intangible assets with finite lives, which consists of software, are measured at cost less accumulated amortization and accumulated impairment losses. Software is amortized over its estimated useful life of 2 to 5 years using the straight-line method.

The Company reviews the residual value, useful lives and amortization methods on an annual basis. Amortization of intangible assets is included in general and administrative expenses in the statements of income (loss).

Provisions and contingent assets

Provisions

Provisions are recognized when, at the financial statement date, the Company has a present obligation as a result of a past event, it is more likely than not that the Company will be required to settle that obligation, and the cash outflow can be estimated reliably. The amount recognized for provisions is the best estimate of the expenditure to be incurred. Where the Company expects some or all of the provision to be reimbursed, for example through insurance, the reimbursement is recognized as an asset only when it is virtually certain of realization. The recoverable amount will not exceed the amount of the provision. Provisions include:

i. Provisions for potential legal claims relating to the Company's performance and completion of construction contracts. The Company attempts to settle claims within the construction period of the contracts, but a legal claim may take years to settle.
ii. Provisions for potential warranty claims relating to construction projects. These claims are usually settled during the project's warranty period.
iii. Provisions for loss contracts are recorded when costs are estimated to be greater than total revenues for the contract. Losses from construction contracts are recognized in full in the period the loss becomes known. The loss provision will be net of management's estimate of probable expected recoveries, which differs from the criterion used for revenue recognition.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Cost recovery claims associated with claims against subcontractors and parties other than customers are considered contingent assets until it is virtually certain that the claims will be settled. Contingent assets are not recorded or disclosed in the financial statements.

Impairment

Property and equipment

At the end of each reporting period, the Company determines whether there are indicators of impairment. If there is an indicator of impairment and the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded in profit and loss to reflect the asset at the lower amount. For property and equipment, the recoverable amount is usually determined by the selling price of the asset less the costs of disposal. 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 cash inflows of other assets or groups of assets.

Intangible assets and goodwill

Intangible assets and goodwill resulting from business combinations are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite lived intangible assets are tested at least annually for impairment. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. The value in use is determined by the cash flows expected to arise from the CGU discounted using a pre-tax discount rate, which reflects the current market assessments of the time value of money and asset-specific risk. Intangible assets and goodwill are assigned to the CGU associated with the related acquisition. 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 profit and loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amount of the other assets in the CGUs.

Joint arrangements

A joint arrangement is an arrangement in which the Company has joint control, established by contractual agreements requiring unanimous consent for decisions about activities that significantly affect the arrangement's returns. Joint arrangements are classified as either a joint operation or a joint venture. A joint operation is an arrangement where the joint controlling parties have direct rights to the assets and direct obligations for the liabilities of the arrangement in the normal course of business. Interests in a joint operation are accounted for by recognizing the Company's share of assets, liabilities, revenues and expenses. A joint venture is an arrangement where the joint controlling parties have rights to the net assets of the arrangement. Interests in a joint venture are recognized as an investment and accounted for using the equity method. The determination as to whether a joint arrangement is a joint venture or a joint operation requires significant judgment based on the structure of the arrangement, the legal form of any separate vehicle, the contractual terms of the arrangement and other facts and circumstances. The joint arrangements in which Bird participates are typically formed to undertake a specific construction project, are jointly controlled by the parties, and are dissolved upon completion of the project.

Finance income and finance costs

Finance income is comprised of interest earned on cash and cash equivalents, gains/losses on disposal of investments and changes in the fair value of financial assets classified as fair value through profit and loss. Interest income is recognized as it accrues in the income statement.

Finance costs are comprised of interest on loans and borrowings including non-recourse project financing using the effective interest rate method, interest expense related to ROU liabilities, interest expense related to the net gain or loss on interest rate swaps, interest associated with total return swaps, fees associated with credit facilities, bank charges and other interest expenses.

Business combinations

The Company uses the acquisition method of accounting for business combinations. The consideration transferred includes the fair value of the assets transferred to acquire a subsidiary, the liabilities assumed and the fair value of any equity interest issued by the Company. Acquisition related costs are expensed as incurred. Any excess of the fair value of the consideration transferred over the Company's share of the fair value of net identifiable assets acquired, all measured as of the acquisition date, is recorded as goodwill. If the fair value of the consideration transferred is less than the fair value of the net identifiable assets acquired, such as in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Leases

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

The ROU asset is depreciated from the commencement date to the earlier of the end of the useful life of the ROU asset or to the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The ROU liability, or lease liability, is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The ROU liability is remeasured when there is a change in future lease payments such as a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company has elected not to recognize ROU assets for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Subcontractor/Supplier Performance Default Insurance

The Company maintains an insurance policy which provides the Company with comprehensive coverage in respect of subcontractor or supplier default on certain projects where the subcontractor or supplier is enrolled in the program. The total insurance premium paid by the Company to the insurer is comprised of a non-refundable premium and a deposit premium. The deposit premium paid by the Company is included in other non-current assets on the consolidated statements of financial position. The liabilities included in provisions on the consolidated statements of financial position relate to management's best estimate of exposures and costs associated with prior or existing subcontractor or supplier performance defaults. Management conducts a thorough review of the liability every reporting period and takes into consideration the Company's experience to date with those subcontractors or suppliers that are enrolled in the program.

(in thousands of Canadian dollars, except per share amounts)

4. New Accounting Standards, Amendments and Interpretations Adopted

IFRS 16, Leases

The Company has adopted IFRS 16 in its financial statements effective January 1, 2019 using a modified retrospective approach which does not require restatement of prior period financial information. IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying assets are of low value. A lessee is required to recognize a ROU asset and a lease liability representing its obligation to make lease payments.

On adoption of the new lease standard, the Company elected to use the following practical expedients permitted under the standard:

i. Apply a single discount rate to a portfolio of leases with similar characteristics;
ii. Account for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
iii. Use hindsight in determining the lease term where the contract contains terms to extend or terminate the lease; and
iv. Use the Company's previous assessment of impairment under IAS 37 for onerous contracts instead of re-assessing the ROU asset for impairment on January 1, 2019.

The adoption of the standard resulted in an increase in ROU assets of $16,074, an increase in ROU liabilities of $18,270, a reduction in prepaids of $36, a decrease in other liabilities of $250, an increase in net deferred taxes asset of $534, and a corresponding reduction to opening retained earnings for the net difference of approximately $1,448 as at January 1, 2019. The borrowing rate applied to discount lease liabilities at January 1, 2019 was approximately 4.0%.

The following table provides a reconciliation of the operating lease commitments previously disclosed at December 31, 2018 and the ROU liabilities recognized on adoption of IFRS 16 at January 1, 2019:

		January 1, 2019
Operating lease commitments at December 31, 2018	$	31,635
Common area maintenance (CAM) costs previously included in operating lease commitments		(10,880)
Recognition exemption for short-term leases		(70)
Extension and termination options reasonably certain to be exercised		943
Discounting of lease obligations at January 1, 2019		(3,358)
Additional ROU liabilities on adoption of IFRS 16 at January 1, 2019	$	**18,270**

CAM costs that were previously included in operating lease commitments are not included in the calculation of ROU liabilities.

IFRIC 23, Uncertainty over Income Tax Treatments

The Company has adopted IFRIC Interpretation 23 Uncertainty over Income Tax Treatments effective January 1, 2019. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation did not have a material impact on the financial statements.

(in thousands of Canadian dollars, except per share amounts)

5. Future accounting changes

The following future change to accounting standards is not effective for the year ended December 31, 2019, and has not been applied in preparing these consolidated financial statements.

Amendments to IFRS 3 – Definition of a Business
On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. The Company will adopt the amendments to IFRS 3 on a prospective basis on January 1, 2020.

6. Revenue

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by contract type, as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following tables provide details of total construction revenue by contract type for the year ended December 31, 2019:

		2019		2018
PPP	$	**102,105**	$	134,633
Alternative finance projects and complex design-build		**176,887**		179,496
Stipulated sum, unit price and standard specification design-build		**792,492**		806,362
Construction management, cost plus and IPD		**304,924**		261,293
	$	**1,376,408**	$	1,381,784

Remaining performance obligations

The total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the reporting date is referred to as remaining performance obligations. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course.

As at December 31, 2019 the aggregate amount of the transaction price allocated to total remaining performance obligations from construction contracts was $1,547,427. The value of remaining performance obligations does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders to be performed as part of master services agreements.

The Company expects to recognize approximately 66% of the remaining performance obligations over the next 12 months with the remaining balance being recognized beyond 12 months. This expectation is based on management's best estimate but contains uncertainty as it is subject to factors outside of management's control.

Summary of contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

		2019		2018
Progress billings and holdbacks receivable (note 8)	$	**406,682**	$	329,891
Contract assets		**31,018**		28,412
Contract assets – alternative finance projects (note 7)		**75,180**		7,126
Contract liabilities		**(112,126)**		(60,003)
	$	**400,754**	$	305,426

(in thousands of Canadian dollars, except per share amounts)

Progress billings and holdbacks receivable

The Company issues invoices in accordance with the billing schedule or contract terms. These invoices trigger recognition of accounts receivable.

Contract assets including alternative finance projects

The Company receives payments from customers based on a billing schedule, as established in the contracts. A contract asset relates to the conditional right to consideration for completed performance under the contract. Accounts receivable are recognized when the right to consideration becomes unconditional. Contract assets related to construction contracts are typically invoiced within a year, while alternative finance projects follow a contractually agreed billing schedule and contract assets are recognized in accounts receivable upon substantial performance.

	Contract assets		
	Construction contracts	**Alternative finance projects**	**Total**
Balance, January 1, 2018	$ 34,962	$ 73,951	$ 108,913
Reduction of contract assets due to progress billings in year	(24,831)	(73,951)	(98,782)
Additions to contract assets	18,281	7,126	25,407
Balance, December 31, 2018	**28,412**	**7,126**	**35,538**
Reduction of contract assets due to progress billings in year	**(23,807)**	**–**	**(23,807)**
Additions to contract assets	**26,413**	**68,054**	**94,467**
Balance, December 31, 2019	**$ 31,018**	**$ 75,180**	**$ 106,198**

Contract liabilities

Contract liabilities relate to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as (or when) the Company performs under the contract. Typically, contract liabilities are recognized within a year as performance is achieved per contractual terms.

During the year, $60,003 of revenue (2018 – $62,376) was recognized that was included in the contract liability balance at the beginning of the year.

For the year ended December 31, 2019, $1,203 (December 31, 2018 – $11,450) of revenue was recognized from the satisfaction of performance obligations related to previous periods. This amount represents changes in the transaction price due to contract modifications and various other cumulative catch up adjustments.

7. Alternative finance projects

The following table provides details of contract assets – alternative finance projects as at December 31, 2019:

	OPP Modernization Phase 2
Balance, December 31, 2018	**$ 7,126**
Changes in contract assets relating to alternative finance projects	**68,054**
Balance, December 31, 2019	**$ 75,180**

(in thousands of Canadian dollars, except per share amounts)

The following table provides details of the changes in the Company's non-recourse project financing during the year:

	Non-Recourse Project Financing			
	Loan facility	**Transaction costs**	**Interest rate swap**	**Total**
Balance, December 31, 2017	63,975	–	(290)	63,685
Proceeds	24,734	–	–	24,734
Repayment of debt	(76,474)	–	–	(76,474)
Transaction costs net of amortization	–	(1,024)	–	(1,024)
Change in fair value of interest rate swap	–	–	903	903
Balance, December 31, 2018	$ **12,235**	$ **(1,024)**	$ **613**	$ **11,824**
Proceeds	**72,832**	**–**	**–**	**72,832**
Repayment of debt	**–**	**–**	**–**	**–**
Transaction costs net of amortization	**–**	**655**	**–**	**655**
Change in fair value of interest rate swap	**–**	**–**	**63**	**63**
Balance, December 31, 2019	$ **85,067**	$ **(369)**	$ **676**	$ **85,374**

OPP Modernization Phase 2

i. Background information

During 2018, the Company was awarded a fixed-price design-build-finance contract to construct the Ontario Provincial Police ("OPP") Modernization Phase 2 project.

ii. Restricted cash

The terms of the debt financing agreement require that scheduled loan advances be deposited into a bank account, that cannot be accessed directly by the Company. Upon recommendation by the lender's technical advisor, cash is released monthly based on the progress of the work (note 25).

iii. Contract assets

Contract assets will increase throughout the project until payment is made to the Company following substantial completion.

iv. Loan payable

The Company has arranged a $138,475 loan facility related to the project. The loan is repayable in full, upon substantial completion of the project, from the proceeds of the contract payment. The scheduled substantial completion date is in 2020. In the event of a default in payment for the construction work upon substantial completion, including interim interest costs, the lender has recourse only against assets related to this project, which have been segregated in a wholly-owned subsidiary of the Company.

Interest is paid monthly in arrears. Borrowings under the facility bear interest at a rate per annum equal to the bankers' acceptance rate plus a spread. As part of the loan facility, the Company entered into an interest rate swap agreement that effectively fixes the interest rate at 3.29%. The interest rate swap was executed on August 17, 2018 and expires on January 4, 2021. The notional amounts of the interest rate swap agreement match the estimated draws under the loan facility. The interest rate swap agreement is not designated as a hedge, and changes in the fair market value are recorded in the statement of income. Interest expense on the loan during the year ended December 31, 2019 of $1,995 (December 31, 2018 – $249) is included in finance costs.

(in thousands of Canadian dollars, except per share amounts)

Avenir Centre

The Company's contract to build the Avenir Centre obtained substantial completion during the second quarter of 2018. The Company had a $77,478 loan facility related to the project and the $76,474 loan drawn was repaid in-full upon substantial completion in the second quarter of 2018. Interest expense on the loan in the year ended December 31, 2019 is $nil (December 31, 2018 - $731) is included in finance costs.

8. Accounts receivable

		2019		2018
Progress billings on construction contracts	$	**271,931**	$	221,259
Holdbacks receivable (due within one operating cycle)		**134,751**		108,632
Other		**6,967**		7,772
	$	**413,649**	$	337,663

Accounts receivable are reported net of an allowance for doubtful accounts of $1,538 as at December 31, 2019 (December 31, 2018 - $1,271).

Holdbacks receivable represent amounts billed on construction contracts which are not due until the contract work is substantially complete and the applicable lien period has expired.

9. Other assets

		2019		2018
Subcontractor / Supplier insurance deposits	$	**4,511**	$	5,727
Notes receivable		**8,069**		1,125
Other assets		**12,580**		6,852
Less:				
Current portion – other assets		**5,972**		–
Non-current portion	$	**6,608**	$	6,852

Subcontractor / Supplier insurance deposits relate to the Company's insurance policies which provide Bird with comprehensive coverage, subject to a deductible, in respect of subcontractor or supplier default on certain projects where the subcontractor or supplier is enrolled in the program.

The Company has promissory notes outstanding from an equity accounted joint arrangement. One promissory note is available to the borrower for working capital purposes and is due on September 8, 2022. The second promissory note is available to the borrower for a specific project and is due upon completion of the project.

(in thousands of Canadian dollars, except per share amounts)

10. Projects and entities accounted for using the equity method

The Company performs some construction and concession related projects through joint ventures and associates which are accounted for using the equity method. The Company's joint ventures and associates are private entities and there is no quoted market value available for their shares.

	2019		
	Joint Ventures	**Associates**	**Total**
Total current assets	**$ 124,396**	**$ 31,607**	**$ 156,003**
Total non-current assets	**615,582**	**171,015**	**786,597**
Total assets	**739,978**	**202,622**	**942,600**
Total current liabilities	**88,152**	**14,634**	**102,786**
Total non-current liabilities	**614,137**	**171,544**	**785,681**
Total liabilities	**702,289**	**186,178**	**888,467**
Net assets – 100%	**$ 37,689**	**$ 16,444**	**$ 54,133**
Attributable to the Company	**$ 10,938**	**$ 1,644**	**$ 12,582**
Revenue – 100%	**$ 155,380**	**$ 9,160**	**$ 164,540**
Total comprehensive income – 100%	**$ 6,784**	**$ 2,395**	**$ 9,179**
Attributable to the Company	**$ 2,459**	**$ 234**	**$ 2,693**

	2018		
	Joint Ventures	Associates	Total
Total current assets	$ 100,695	$ 47,410	$ 148,105
Total non-current assets	538,118	174,038	712,156
Total assets	638,813	221,448	860,261
Total current liabilities	56,071	20,766	76,837
Total non-current liabilities	545,431	175,211	720,642
Total liabilities	601,502	195,977	797,479
Net assets – 100%	$ 37,311	$ 25,471	$ 62,782
Attributable to the Company	$ 14,018	$ 2,547	$ 16,565
Revenue – 100%	$ 142,203	$ 33,283	$ 175,486
Total comprehensive income – 100%	$ 3,263	$ 5,812	$ 9,075
Attributable to the Company	$ 1,313	$ 581	$ 1,894

(in thousands of Canadian dollars, except per share amounts)

The movement in the investment in projects and entities accounted for using the equity method is as follows:

		2019		2018
Projects and entities accounted for using the equity method – beginning of year	$	**12,517**	$	12,237
Share of net income for the year		**2,693**		1,894
Share of other comprehensive income for the year		**37**		1
Investments in equity accounted entities		**-**		4,020
		15,247		18,152
Distributions from projects and entities accounted for using the equity method		**(1,223)**		(1,873)
Investments in equity accounted entities reclassified as held for sale		**(3,839)**		(3,762)
Projects and entities accounted for using the equity method – end of year	$	**10,185**	$	12,517

The Company recognizes the income and losses related to its investments in associates and joint ventures, as the Company has an obligation to fund its proportionate share of the net liabilities of these entities.

The carrying amount of investments in equity accounted entities may not always equal the Company's share of the net assets or net liabilities of these joint ventures and associates, due to fair value adjustments including goodwill, and the timing of capital contributions or distributions in accordance with contract terms.

Transactions with these related parties are described in note 24 in the financial statements. Amounts committed for future capital injections to concession entities are described in note 23 in the financial statements.

Investments in equity accounted entities classified as held for sale

The Company has initiated plans to sell its investments in three entities accounted for using the equity method. These investments have been classified as investments held for sale on the Consolidated Statement of Financial Position. For the period ended December 31, 2019, distributions of $623 were received from investments in equity accounted entities classified as held for sale in 2018.

(in thousands of Canadian dollars, except per share amounts)

11. Property and equipment

2019	Land	Buildings	Building improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance, December 31, 2018	$ 1,769	$ 12,432	$ 8,041	$ 105,178	$ 2,608	$ 130,028
Reclass to ROU Assets (note 4)	(53)	–	–	(17,030)	(16)	(17,099)
Balance, January 1, 2019	1,716	12,432	8,041	88,148	2,592	112,929
Additions	414	65	891	12,003	276	13,649
Disposals	–	(368)	–	(8,037)	(116)	(8,521)
Balance, December 31, 2019	2,130	12,129	8,932	92,114	2,752	118,057
Accumulated depreciation						
Balance, December 31, 2018	–	5,583	3,844	62,490	1,885	73,802
Reclass to ROU Assets (note 4)	–	–	–	(4,017)	(9)	(4,026)
Balance, January 1, 2019	–	5,583	3,844	58,473	1,876	69,776
Disposals	–	(19)	–	(7,111)	(99)	(7,229)
Depreciation expense	–	628	634	8,053	179	9,494
Balance, December 31, 2019	–	6,192	4,478	59,415	1,956	72,041
Net book value	$ 2,130	$ 5,937	$ 4,454	$ 32,699	$ 796	$ 46,016

2018	Land	Buildings	Building improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance, January 1, 2018	$ 1,774	$ 13,446	$ 7,355	$ 95,651	$ 2,294	$ 120,520
Additions	–	443	686	11,660	314	13,103
Additions under finance leases	–	–	–	3,851	–	3,851
Disposals	(5)	(1,457)	–	(5,984)	–	(7,446)
Balance, December 31, 2018	1,769	12,432	8,041	105,178	2,608	130,028
Accumulated depreciation						
Balance, January 1, 2018	–	5,165	3,325	57,905	1,728	68,123
Disposals	–	(279)	–	(4,805)	–	(5,084)
Depreciation expense	–	697	519	9,390	157	10,763
Balance, December 31, 2018	–	5,583	3,844	62,490	1,885	73,802
Net book value	$ 1,769	$ 6,849	$ 4,197	$ 42,688	$ 723	$ 56,226

(in thousands of Canadian dollars, except per share amounts)

Right-of-use assets

The Company leases several assets including land and buildings, vehicles and furniture and equipment presented below:

	2019				
	Land	Buildings	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost					
Balance reclass, December 31, 2018	$ 53	$ –	$ 17,030	$ 16	$ 17,099
January 1, 2019 ROU assets (note 4)	–	15,569	381	124	16,074
Balance, January 1, 2019	53	15,569	17,411	140	33,173
Additions	–	1,942	8,829	12	10,783
Disposals	–	–	(115)	(16)	(131)
Balance, December 31, 2019	53	17,511	26,125	136	43,825
Accumulated depreciation					
Balance reclass, December 31, 2018	–	–	4,017	9	4,026
January 1, 2019 ROU assets (note 4)	–	–	–	–	–
Balance, January 1, 2019	–	–	4,017	9	4,026
Disposals	–	–	(99)	(9)	(108)
Depreciation expense	–	2,572	2,841	34	5,447
Balance, December 31, 2019	–	2,572	6,759	34	9,365
Net book value	$ 53	$ 14,939	$ 19,366	$ 102	$ 34,460

The statement of cash flows for the period ended December 31, 2019 excludes additions of ROU assets totalling $10,783 (December 31, 2018 - $3,851) acquired through finance leases.

(in thousands of Canadian dollars, except per share amounts)

12. Intangible assets and goodwill

	2019	
	Computer Software	**Goodwill**
Cost		
Balance, January 1, 2019	$ **7,760**	$ **30,540**
Additions	**782**	**–**
Balance, December 31, 2019	**8,542**	**30,540**
Accumulated amortization		
Balance, January 1, 2019	**5,185**	**14,151**
Amortization expense	**873**	**–**
Balance, December 31, 2019	**6,058**	**14,151**
Net book value	$ **2,484**	$ **16,389**

	2018	
	Computer Software	Goodwill
Cost		
Balance, January 1, 2018	$ 6,250	$ 30,540
Additions	1,510	–
Balance, December 31, 2018	7,760	30,540
Accumulated amortization		
Balance, January 1, 2018	4,712	14,151
Amortization expense	473	–
Balance, December 31, 2018	5,185	14,151
Net book value	$ 2,575	$ 16,389

Goodwill	**2019**	2018
Rideau cash generating unit	$ **9,294**	$ 9,294
Nason cash generating unit	**7,095**	7,095
	$ **16,389**	$ 16,389

The recoverable amounts for the Rideau and Nason cash generating units ("CGU") were determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering a three-year period. Significant assumptions used in the calculation of value in use were the level of new awards, the construction gross margin percentage, the level of operating and capital costs, the discount rate and the terminal value growth rate. Budgeted net income was based on expectation of future outcomes taking into account past experience, the Company's annual business plan and the Company's strategic plan adjusted for a number of weighted probabilities based on current economic conditions. Cash flows for the remaining periods were extrapolated using nominal growth rates. An after-tax discount rate of 13.0%, which is based on a market-based cost of capital, was applied in determining the recoverable amounts.

(in thousands of Canadian dollars, except per share amounts)

13. Loans and borrowings, credit facilities and right-of-use liabilities

Loans and Borrowings and Credit facilities

	Maturity	Interest rate		2019		2018
Revolving credit facility	Dec 31, 2022	Variable	$	**15,000**	$	15,000
Committed revolving term loan facility	Dec 31, 2021	Variable		**10,000**		-
Equipment financing	2020 – 2024	Fixed 2.40% - 3.73%		**15,621**		6,198
			$	**40,621**	$	21,198
Current portion of loans and borrowings			$	**5,883**	$	2,151
Non-current portion of loans and borrowings			$	**34,738**	$	19,047

Committed revolving operating credit facility

The Company has a committed revolving credit facility of up to $85,000, maturing December 31, 2022. As part of the agreement, the Company provides a general secured interest in the assets of the Company. At December 31, 2019, the Company has $28,504 letters of credit outstanding on the facility (December 31, 2018 – $24,291) and has drawn $15,000 on the facility (December 31, 2018 - $15,000). The full amount is recorded as non-current, as the facility is due and payable December 31, 2022. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility. The Company is in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

Committed revolving term loan facility

The Company has a committed revolving term loan facility totalling $35,000 for the purpose of financing acquisitions and for working capital advances in support of major projects. The facility matures on December 31, 2021. As of December 31, 2019, the Company has drawn $10,000 (December 31, 2018 - $nil) on the facility. The full amount is recorded as non-current, as the facility is due and payable December 31, 2021. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility. The Company is in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

Equipment financing

The Company and its subsidiaries have committed term credit facilities of up to $35,000 to be used to finance equipment purchases. Borrowings under the facilities are secured by a first charge against the equipment financed using the facilities. Interest on the facilities is charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

The Company and its subsidiaries obtained multiple, fixed interest rate, term loans which were used to finance equipment purchases. Principal and interest are payable monthly, and these term loans are secured by specific equipment of the Company and its subsidiaries.

Letters of credit facilities

The Company has authorized operating letters of credit facilities totalling $80,000. At December 31, 2019 the facilities were drawn for outstanding letters of credit of $6,559 (December 31, 2018 - $8,468).

The Company also has an agreement with Export Development Canada (“EDC”) to provide performance security guarantees for letters of credit issued by financial institutions on behalf of the Company. The Company can only use this facility when letters of credit have been issued as contract security for projects that meet the EDC criteria. EDC has issued performance security guarantees totalling $6,421 (December 31, 2018 - $5,948).

(in thousands of Canadian dollars, except per share amounts)

The letters of credit represent performance guarantees primarily issued in connection with design-build construction contracts related to PPP and other major construction projects. These letters of credit are supported through the hypothecation of certain financial instruments having a market value at December 31, 2019 of $139 (December 31, 2018 - $2,645).

ROU liabilities

	Maturity		2019		2018
ROU liabilities	2020 – 2034	$	**31,100**	$	8,759
Current portion of ROU liabilities			**8,025**		3,053
Non-current portion of ROU liabilities		$	**23,075**	$	5,706

Subsidiaries of the Company have established operating lease lines of credit of $31,800 with the financing arms of major heavy equipment suppliers to finance equipment leases. Draws under these facilities are generally recognized as right of use liabilities, with the lease obligations being secured by the specific leased equipment (see note 11). At December 31, 2019, the subsidiaries had used $11,653 under these facilities.

The following table provides details of the changes in the Company's Loans and Borrowings and ROU liabilities during the period ended December 31, 2019.

	Revolving Credit Facility	Committed Revolving Term Loan Facility	Equipment financing	ROU Liabilities	Total
Balance, December 31, 2017	$ 5,000	$ –	$ 5,177	$ 8,421	$ 18,598
Proceeds	10,000	–	4,242	3,851	18,093
Repayment	–	–	(3,221)	(3,513)	(6,734)
Balance, December 31, 2018	15,000	–	6,198	8,759	29,957
ROU liabilities, January 1, 2019 (note 4)	**–**	–	**–**	**18,270**	**18,270**
Balance, January 1, 2019	**15,000**	–	**6,198**	**27,029**	**48,227**
Proceeds	–	**10,000**	**14,536**	–	**24,536**
Additions to ROU liabilities	–	–	–	**10,783**	**10,783**
Interest on ROU liabilities	–	–	–	**903**	**903**
Repayment	–	–	**(5,113)**	**(7,615)**	**(12,728)**
Balance, December 31, 2019	**$ 15,000**	**$ 10,000**	**$ 15,621**	**$ 31,100**	**$ 71,721**

(in thousands of Canadian dollars, except per share amounts)

The aggregate amount of principal repayments and future minimum lease payments for all loans and borrowings and ROU liabilities is as follows:

	Revolving Credit Facility	Committed Revolving Term Loan Facility	Equipment financing	ROU Liabilities	Total
Within 1 year	$ –	$ –	$ 5,883	$ 8,864	$ 14,747
Year 2	–	10,000	5,223	7,383	22,606
Year 3	15,000	–	3,491	4,909	23,400
Year 4	–	–	850	3,549	4,399
Year 5	–	–	174	1,910	2,084
More than 5 years	–	–	–	8,225	8,225
Balance, December 31, 2019	15,000	10,000	15,621	34,840	75,461
Less: interest	–	–	–	(3,740)	(3,740)
	$ 15,000	$ 10,000	$ 15,621	$ 31,100	$ 71,721

(in thousands of Canadian dollars, except per share amounts)

14. Income taxes

Provision for income taxes

		2019		2018
Income tax expense (recovery) comprised of:				
Current income taxes	$	(4,194)	$	1,652
Deferred income taxes		6,669		(3,313)
	$	2,475	$	(1,661)

Income tax rate reconciliation

	2019	2018
Combined federal and provincial income tax rate	27.5%	27.3%
Increase (reductions) applicable to:		
Effect of different tax rate on equity investments	(10.4%)	36.8%
Non-taxable items	1.0%	(10.5%)
Other	2.6%	8.5%
Effective rate	20.7%	62.1%

The Company's statutory tax rate is the combined federal and provincial tax rates in the jurisdictions in which the Company operates.

Composition of deferred income tax assets and liabilities

		2019		2018
Provisions and accruals	$	5,071	$	4,254
Timing of recognition of construction profits		(35,745)		(9,028)
Property and equipment		(3,854)		(1,083)
Right of use assets and liabilities		620		(736)
Intangible assets		(203)		(321)
Investment in equity accounted entities		(2,715)		(3,293)
Other		(72)		(72)
Tax loss carry forward		34,317		13,833
	$	(2,581)	$	3,554
Balance sheet presentation				
Deferred income tax asset		11,287		10,909
Deferred income tax liability		(13,868)		(7,355)
	$	(2,581)	$	3,554

The Company has deferred tax assets in the amount of $945 that have not been recognized in these consolidated financial statements in respect of capital losses realized on the disposal of bonds and preferred share investments in 2011, 2013 and 2015. A deferred tax asset has not been recognized because it is not probable the Company will generate future taxable capital gains.

Included in the tax loss carry forward balance is $21,768 related to an alternative finance project, which is off-set by a deferred tax liability of $21,793 included in timing of recognition of construction profits, and a deferred tax asset of $179 included in provisions and accruals, resulting in a net deferred tax asset of $154.

(in thousands of Canadian dollars, except per share amounts)

Movement in temporary differences for the year ended December 31, 2019:

	Balance December 31, 2018	Recognized in profit or loss	Adoption of IFRS 16 (note 4)	Balance December 31, 2019
Provisions and accruals	**$ 4,254**	**$ 817**	**$ –**	**$ 5,071**
Timing of recognition of construction profits	**(9,028)**	**(26,717)**	**–**	**(35,745)**
Property and equipment	**(1,083)**	**(2,771)**	**–**	**(3,854)**
Right of use assets and liabilities	**(736)**	**822**	**534**	**620**
Intangible assets	**(321)**	**118**	**–**	**(203)**
Investments in equity accounted entities	**(3,293)**	**578**	**–**	**(2,715)**
Other	**(72)**	**–**	**–**	**(72)**
Tax loss carry forward	**13,833**	**20,484**	**–**	**34,317**
	$ 3,554	**$ (6,669)**	**$ 534**	**$ (2,581)**

Movement in temporary differences for the year ended December 31, 2018:

	Balance December 31, 2017	Recognized in profit or loss	Balance December 31, 2018
Provisions and accruals	$ 3,173	$ 1,081	$ 4,254
Timing of recognition of construction profits	(12,066)	3,038	(9,028)
Property and equipment	(1,132)	49	(1,083)
Right of use assets and liabilities	(385)	(351)	(736)
Intangible assets	(498)	177	(321)
Investments in equity accounted entities	(3,309)	16	(3,293)
Other	(50)	(22)	(72)
Tax loss carry forward	14,508	(675)	13,833
	$ 241	$ 3,313	$ 3,554

(in thousands of Canadian dollars, except per share amounts)

15. Other liabilities

		2019		2018
Liabilities for cash-settled share-based compensation plans (note 16)	$	**8,443**	$	4,374
Leasehold inducement		**1,964**		2,224
Deferred payment		**–**		756
Total return swap derivatives		**271**		2,218
Interest rate swaps		**58**		54
	$	**10,736**	$	9,626
Less: current portion				
Cash-settled share-based compensation plans (note 16)		**1,762**		917
Leasehold inducement		**261**		218
Deferred payment		**–**		756
Total return swap derivatives		**175**		389
Interest rate swaps		**7**		–
	$	**2,205**	$	2,280
Non-current portion	$	**8,531**	$	7,346

The Company entered into Total Return Swap ("TRS") derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans, due to changes in the fair value of the Company's common shares. The TRS derivative contracts are not designated as a hedge, and changes in the fair market value are recorded as compensation expense in the statement of income.

16. Share-based compensation plans

Stock option plan

The Company has a Stock Option Plan that provides all option holders the right to receive common shares in exchange for the options exercised. The Board of Directors selects eligible employees to be granted options, the number of options granted, the exercise price, the term of the option and the vesting periods. The number of common shares issuable under the Stock Option Plan shall not exceed 10% of the number of common shares outstanding. With the approval of the Equity Incentive Plan in May 2017, the Board of Directors has resolved to suspend the stock option plan. All outstanding options will continue to vest in accordance with the term of the option and the vesting periods.

Details of changes in the balance of stock options outstanding are as follows:

	Number of stock options outstanding		Weighted average exercise price
Outstanding at December 31, 2017	535,000	$	13.59
Forfeited during the year	(45,000)		13.98
Outstanding at December 31, 2018	490,000		13.55
Expired during the year	**(390,000)**		**13.98**
Outstanding at December 31, 2019	**100,000**	**$**	**11.87**

(in thousands of Canadian dollars, except per share amounts)

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2019:

	Number of stock options issued and outstanding	Number of stock options exercisable		Exercise price		Weighted average fair value of the option	Expiry date	Remaining contractual life (years)
January 1, 2015 Grant	**100,000**	**100,000**	$	**11.87**	$	**1.16**	**January 1, 2022**	**2.0**

All outstanding options have fully vested. There was no stock-based compensation expense recognized during the year ended December 31, 2019 (December 31, 2018 - $7).

Medium term incentive plan ("MTIP"), Equity incentive plan ("EIP") and Deferred share unit ("DSU") plan

		2019		2018
MTIP liability	$	**1,069**	$	1,226
EIP liability		**3,925**		1,336
DSU liability		**3,449**		1,812
Liabilities for cash-settled share-based compensation plans	$	**8,443**	$	4,374
Less: current portion				
MTIP liability		**257**		917
EIP liability		**1,505**		–
	$	**1,762**	$	917
Non-current portion	$	**6,681**	$	3,457

The Company has recognized a gain of $1,947 on its TRS derivatives for the year ended December 31, 2019 (December 31, 2018 - $4,213 loss).

	MTIP & EIP			
		2019		2018
Balance January 1,	$	**2,562**	$	3,836
Annual award of phantom shares		**2,011**		2,207
Cash payments for vested shares		**(1,295)**		(1,854)
Shares awarded – notional dividends		**116**		162
Change in fair value and forfeitures of phantom shares		**1,600**		(1,789)
Balance December 31,	$	**4,994**	$	2,562
Less: current portion		**1,762**		917
Non-current portion	$	**3,232**	$	1,645

As at December 31, 2019, a total of 1,482,683 unvested phantom units of the MTIP and EIP (December 31, 2018 – 920,489) are outstanding and valued at $11,057 of which $4,994 has been recognized to date in the accounts of the Company.

As at December 31, 2019, a total of 482,404 DSU phantom units (December 31, 2018 – 296,536) were issued and valued at $3,449.

(in thousands of Canadian dollars, except per share amounts)

17. Shareholders' capital

The Company is authorized to issue an unlimited number of common shares and has 42,516,853 issued and outstanding common shares as at December 31, 2019. The Company is authorized to issue preference shares in series with rights set by the Board of Directors, up to a balance not to exceed 35% of the outstanding common shares.

	Number of shares		Amount
Balance, December 31, 2019 and December 31, 2018	**42,516,853**	$	**42,527**

18. Earnings per share

Details of the calculation of earnings per share are as follows:

		2019		2018
Profit (loss) attributable to shareholders (basic and diluted)	$	**9,484**	$	(1,013)
Average number of common shares outstanding		**42,516,853**		42,516,853
Effect of stock options on issue		**–**		–
Weighted average number of common shares (diluted)		**42,516,853**		42,516,853
Basic and diluted earnings (loss) per share	$	**0.22**	$	(0.02)

At December 31, 2019, 100,000 options (December 31, 2018 - 490,000 options) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

19. Provisions

		Warranty claims and other		Legal		Total
Balance, December 31, 2018	$	**6,666**	$	**1,927**	$	**8,593**
Provisions made during the year		**20,588**		**1,365**		**21,953**
Provisions used during the year		**(20,416)**		**(549)**		**(20,965)**
Provisions reversed during the year		**(1,620)**		**(198)**		**(1,818)**
Balance, December 31, 2019	$	**5,218**	$	**2,545**	$	**7,763**
Balance, December 31, 2017	$	8,777	$	1,926	$	10,703
Provisions made during the year		25,142		1,634		26,776
Provisions used during the year		(23,732)		(1,362)		(25,094)
Provisions reversed during the year		(3,521)		(271)		(3,792)
Balance, December 31, 2018	$	6,666	$	1,927	$	8,593

Various claims and litigation arise in the normal course of the construction business. It is management's opinion that adequate provision has been made for any potential settlements relating to such matters and that they will not materially affect the financial position or future operations of the Company.

(in thousands of Canadian dollars, except per share amounts)

20. Finance income

	2019	2018
Interest income	$ **2,596**	$ 1,386

21. Finance and other costs

	2019	2018
Interest on loans and borrowings	$ **2,331**	$ 1,796
Interest on ROU liabilities	**903**	–
Loss on interest rate swaps (note 7 and note 15)	**67**	957
Interest on non-recourse project financing (note 7)	**1,995**	980
Other	**262**	878
	$ **5,558**	$ 4,611

22. Personnel costs

Salary and benefits expense of the Company included in costs of construction and general and administrative expense is:

	2019	2018
Wages, salaries and profit sharing	$ **199,420**	$ 174,818
Benefits	**34,214**	28,807
Deferred compensation	**5,354**	670
Stock-based compensation	**–**	7
	$ **238,988**	$ 204,302

23. Commitments and contingencies

Commitments

Outstanding surety lien bonds issued on behalf of the Company in connection with liens by subcontractors and suppliers at December 31, 2019 totalled $56,606 (December 31, 2018 - $43,301). The Company has acquired minority equity interests in a number of PPP concession entities (note 10), which requires the Company to make $5,859 in future capital injections. These commitments have been secured by letters of credit totalling $5,859 (December 31, 2018 - $5,859).

Contingencies

The Company is contingently liable for the usual contractor's obligations relating to performance and completion of construction contracts. These include the Company's contingent liability for the performance obligations of its subcontractors. Where possible and appropriate, the Company obtains performance bonds, subcontract/supplier insurance or alternative security from subcontractors. However, where this is not possible, the Company is exposed to the risk that subcontractors will fail to meet their performance obligations. In that eventuality, the Company would be obliged to complete the subcontractor's contract, generally by engaging another subcontractor, and the cost of completing the work could exceed the original subcontract price. The Company makes appropriate provision in the financial statements for all known liabilities relating to subcontractor defaults.

(in thousands of Canadian dollars, except per share amounts)

24. Related party transactions

Compensation of key management personnel represents the aggregate amounts paid and accrued to members of the Company's Executive and the Company's Board of Directors.

Executive & Directors		**2019**		2018
Base salary	$	**3,571**	$	3,857
PSU/RSU/MTIP/DSU		**4,126**		479
Stock-based compensation		**–**		7
Short term incentive plan		**520**		717
Other taxable benefits		**284**		311
	$	**8,501**	$	5,371

The Executive comprises the following positions:

i. President & Chief Executive Officer
ii. Chief Financial Officer
iii. Executive Vice President Major Projects
iv. Executive Vice President Buildings
v. Executive Vice President Industrial
vi. Senior Vice President Risk Management, General Counsel & Secretary
vii. Senior Vice President Buildings
viii. Vice President Financial Planning & Analysis
ix. Vice President Strategic Development

At December 31, 2019, Directors and Executive of the Company controlled 5.2% (December 31, 2018 – 4.2%) of the voting shares of the Company.

In 2014, the Company issued a non-interest bearing five-year loan of $550 (due December 12, 2019) to one of its executives to assist with expenses relating to the relocation of the employee. The loan was fully repaid in December 2019 (December 31, 2018 - $550 remained outstanding).

In 2016, the Company issued a non-interest bearing five-year loan of $500 (due August 14, 2021) to one of its executives to assist with expenses relating to the relocation of the employee. As at December 31, 2019, $500 remained outstanding on the loan (December 31, 2018 - $500).

A Director or related parties hold positions in other entities that result in them having control over the financial reporting or operating policies of these entities. All transactions with the Director and entities over which they have control are provided for in the normal course of business based on terms similar to those that prevail in arm's length transactions. The aggregate value of transactions during the year with entities over which directors have control was $1,935 (December 31, 2018 - $7,386) and the outstanding balance receivable at December 31, 2019 was $891 (December 31, 2018 - $4,442).

Transactions with proportionally consolidated joint arrangements

The Company provides services of its employees, management services, cost reimbursements, parental guarantees and letters of credit to the joint arrangements. These services were transferred at the exchange amount, agreed to between the parties. The amounts recognized for services provided by the Company for the year ended December 31, 2019 totalled $35,565 (December 31, 2018 - $11,831).

The Company has accounts receivable from the joint arrangements at December 31, 2019 totaling $4,154 (December 31, 2018 - $857).

(in thousands of Canadian dollars, except per share amounts)

Transactions with equity accounted joint arrangements

The Company and its proportionately consolidated joint arrangements (note 3), provides development and construction services to its concession investments in associates and joint ventures which are in the normal course of business and on commercial terms. The Company's proportionate share of the amounts billed for construction services provided by these joint arrangements for the year ended December 31, 2019 totaled $98,889 (December 31, 2018 – $147,008), of which $109,574 has been recognized in revenue in 2019 (December 31, 2018 - $136,620). These amounts are not eliminated as they are deemed to be realized by the Company.

The Company and its proportionately consolidated joint arrangements, have accounts receivable from these concession investment entities. The Company's proportionate share of accounts receivable at December 31, 2019 totaled $39,867 (December 31, 2018 - $35,509). The Company also has notes receivable from an equity accounted joint arrangement at December 31, 2019 totalling $8,069 (December 31, 2018 - $1,125).

25. Other cash flow information

Changes in non-cash working capital relating to operating activities	**2019**	2018
Accounts receivable	**$ (75,911)**	$ 18,902
Contract assets	**(2,606)**	6,550
Contract assets – alternative finance projects*	**(68,054)**	66,825
Prepaid expenses	**(65)**	(47)
Inventory and other assets	**291**	(326)
Accounts payable	**36,563**	10,211
Contract liabilities	**52,123**	(2,373)
Provisions	**(830)**	(2,110)
Medium term incentive plan and other	**(7,780)**	(2,235)
	$ (66,269)	$ 95,397

* Contract assets – alternative finance project changes are driven by design-build-finance projects. Refer to note 7 for loan proceeds to fund contract assets – alternative finance projects.

Cash and cash equivalents	**2019**	2018
Cash	**$ 36,127**	$ 111,247
Restricted cash and blocked accounts*	**10,102**	2,746
Cash held for joint operations	**134,015**	43,158
Restricted bankers' acceptances and short-term deposits*	**90**	1,769
	$ 180,334	$ 158,920

* Cash, bankers' acceptances and short-term deposits include restricted cash and cash equivalents. These amounts are not available for general operating purposes.

Restricted cash and cash equivalents	**2019**	2018
Cash and cash equivalents held to support letters of credit (note 13)	**$ 139**	$ 2,645
Cash deposited in blocked accounts for special projects (note 7)	**212**	1,870
Restricted cash	**9,841**	–
	$ 10,192	$ 4,515

Support for Letters of Credit

In the normal course of business, the Company issues letters of credit on certain projects to guarantee its performance. These projects are typically design-build contracts relating to PPP arrangements and other major construction projects. In certain instances, the letters of credit are supported by the hypothecation of cash and cash equivalents that are not available for general corporate purposes (note 13).

Blocked Accounts

The terms of non-recourse project financing require scheduled loan advances to be deposited in a blocked bank account which cannot be accessed directly by the Company for general corporate purposes. Upon recommendation by the lender's technical advisor, cash is released monthly from the blocked account and paid to the Company based on the progress made on the related construction project. Once PPP projects that only involve short term financing reach final completion and the debt is repaid, any remaining amounts in the project accounts become unrestricted and available for general corporate purposes.

Restricted Cash

Under the Construction Act in Ontario, a bank account has been established for the benefit of persons who have supplied services or materials to the improvement for specific projects subject to the legislation. The funds remain in the account until all subcontractors, suppliers and direct labour are paid, as appropriate.

(in thousands of Canadian dollars, except per share amounts)

26. Financial instruments

The Company's investments and derivative financial instruments, including interest rate swaps and TRS derivatives have been classified as fair value through profit and loss. The Company's cash, bankers' acceptances, short-term deposits, short-term investments, accounts receivable and other long-term assets are classified as financial assets. The Company's bank overdraft, if any, accounts payable, dividends payable to shareholders, non-recourse project financing, deferred payment, ROU liabilities and loans and borrowings have been classified as financial liabilities. The basis of the determination of the fair value of the Company's financial instruments is more fully described in note 3.

Classification and fair value of financial instruments

		2019		2018
Financial instruments at fair value through profit or loss				
Non-recourse project financing – interest rate swaps	$	**(676)**	$	(613)
Interest rate swaps		**(58)**		(54)
Total return swap derivatives		**(271)**		(2,218)
	$	**(1,005)**	$	(2,885)
Financial assets and financial liabilities				
Financial assets				
Cash and cash equivalents (note 25)	$	**180,334**	$	158,920
Accounts receivable		**413,649**		337,663
Other non-current assets		**6,608**		6,852
Short-term investments		**–**		1,705
	$	**600,591**	$	505,140
Financial liabilities				
Accounts payable	$	**(419,923)**	$	(383,608)
Dividends payable to shareholders		**(1,382)**		(1,382)
Non-recourse project financing – loan facilities (note 7)		**(84,698)**		(11,211)
Loans and borrowings		**(40,621)**		(21,198)
Right-of-use liabilities		**(31,100)**		(8,759)
Deferred payment		**–**		(756)
	$	**(577,724)**	$	(426,914)
Total financial instruments	$	**21,862**	$	75,341

The following table presents information about the Company's financial instruments measured at fair value as at December 31, 2019 and December 31, 2018, and indicates the fair value hierarchy of inputs utilized by the Company to determine such fair value. The hierarchy of inputs is summarized below:

i. Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
iii. Level 3 - inputs used in a valuation technique are not based on observable market data in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

(in thousands of Canadian dollars, except per share amounts)

	Level 1 Quoted prices in active markets	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs	Total
		2019		
Non-recourse project financing – interest rate swaps	**$ –**	**$ (676)**	**$ –**	**$ (676)**
Interest rate swaps	**–**	**(58)**	**–**	**(58)**
Total return swap derivatives	**–**	**(271)**	**–**	**(271)**
Financial instruments at fair value through profit or loss	**$ –**	**$ (1,005)**	**$ –**	**$ (1,005)**
		2018		
Non-recourse project financing – interest rate swaps	$ –	$ (613)	$ –	$ (613)
Interest rate swaps	–	(54)	–	(54)
Total return swap derivatives	–	(2,218)	$ –	(2,218)
Financial instruments at fair value through profit or loss	$ –	$ (2,885)	$ –	$ (2,885)

There were no transfers between levels during both years.

The fair value of the loans and borrowings and ROU liabilities approximate their carrying values on a discounted cash flow basis as the majority of these obligations bear interest at market rates. The fair values of the remaining financial instruments approximate their carrying value due to their relatively short periods to maturity.

Risk Management

In the normal course of business, the Company is exposed to several risks related to financial instruments that can affect its operating performance. These risks and the actions taken to manage them are as follows:

i. Credit Risk

Credit risk relates to the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligation.

With respect to accounts receivable, concentration of credit risk is limited due to the geographic dispersion of revenues and a diversified customer base. Before entering into any construction contract and during the course of the construction project, the Company goes to considerable lengths to satisfy itself that the customer has adequate resources to fulfil its contractual payment obligations as construction work is completed. If a customer was unable or unwilling to pay the amount owing, the Company will generally have a right to register a lien against the project that will normally provide some security that the amount owed would be realized.

Bankers' acceptances, short-term deposits and short-term investments are subject to minimal credit risk as they are placed with only major Canadian financial institutions. As is reasonably practical, these investments are placed with several different Canadian financial institutions, thereby reducing the Company's exposure to a default by any one financial institution.

(in thousands of Canadian dollars, except per share amounts)

Accounts receivable outstanding for greater than 90 days and considered past due by the Company's management represent 17.1% (December 31, 2018 – 13.0%) of the balance of progress billings on construction contracts receivable at December 31, 2019. Management has recorded an allowance of $1,538 (December 31, 2018 - $1,271) against these past due receivables, net of amounts recoverable from others.

	Amounts past due			
	Up to 12 months	**Over 12 months**	**2019**	2018
Trade receivables	$ **31,556**	$ **15,618**	$ **47,174**	$ 28,847
Impairment	**–**	**(1,538)**	**(1,538)**	(1,271)
Total Trade receivables	$ **31,556**	$ **14,080**	$ **45,636**	$ 27,576

The movement in the allowance for impairment in respect of loans and receivables during the period was as follows:

	2019	2018
Balance, beginning of year	$ **1,271**	$ 1,672
Impairment loss recognized	**313**	140
Amounts written off	**–**	(396)
Impairment loss reversed	**(46)**	(145)
Balance, end of year	$ **1,538**	$ 1,271

ii. Liquidity risk

Liquidity risk relates to the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company has working capital of $80,503 which is available to support surety requirements related to construction projects. As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. These investments, less $139 hypothecated to support outstanding letters of credit and $10,053 held in restricted accounts, are available to meet the financial obligations of the Company as they come due (note 25).

The Company has a committed line of credit of $85,000 available to finance operations and issue letters of credit. As at December 31, 2019, the Company has drawn $15,000 on the facility and has $28,504 letters of credit outstanding on the facility. The committed line of credit is available until December 31, 2021.

The Company has a committed revolving term loan facility totalling $35,000 for the purpose of financing acquisitions and for working capital advances in support of major projects. As of December 31, 2019, the Company has drawn $10,000 on the facility. Also, the Company and its subsidiaries have $35,000 in equipment facilities, of which $15,621 is outstanding at December 31, 2019.

Subsidiaries of the Company have established operating lease lines of credit for $31,800 with the financing arms of major heavy equipment suppliers to finance operating equipment leases. At December 31, 2019, the subsidiaries have used $11,653 under these facilities. In addition, the Company has letters of credit facilities totalling $80,000 available for issuing letters of credit for which $6,559 was drawn at December 31, 2019. Additional draws on this line require hypothecation of additional securities or cash deposits. Cash collateralization may not be required for certain letters of credit with an export component as the Company has entered into an agreement with EDC to provide performance security guarantees for letters of credit issued that meet their criteria. The Company believes it has access to sufficient funding through the use of these facilities to meet foreseeable operating requirements.

(in thousands of Canadian dollars, except per share amounts)

Principal repayments due on the loans and borrowings and non-recourse project financing are disclosed in notes 13 and 7, respectively. As disclosed in notes 15 and 16, payments required pursuant to the Company's MTIP granted in 2017, 2018 and 2019 are due on the vesting dates of November 2020, November 2021 and November 2022, respectively, or upon retirement, if earlier. Payments pursuant to the Company's EIP granted in 2017, 2018 and 2019 are due by December 2020, December 2021 and December 2022 respectively. Payments pursuant to the Company's DSU Plan are cash settled when the eligible Director ceases to hold any position within the Company.

The following are the contractual maturities of financial liabilities, including estimated interest payments as at December 31, 2019:

	Carrying amount	Contractual cash flows	Up to 12 months	2 – 3 years	4 – 5 years
Trade payables	$ 419,923	$ 419,923	$ 397,042	$ 22,881	$ –
Dividends payable	1,382	1,382	1,382	–	–
ROU liabilities	31,100	34,840	8,864	12,293	13,683
Non-recourse project financing	85,374	87,480	87,480	–	–
Loans and borrowings	40,621	41,422	6,325	34,055	1,042
	$ 578,400	$ 585,047	$ 501,093	$ 69,229	$ 14,725

iii. Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Company's income or the value of its holdings in liquid securities.

At December 31, 2019, the interest rate profile of the Company's loans and borrowings and non-recourse project financing was as follows:

	2019
Fixed-rate facilities	$ 15,621
Variable-rate facilities	25,000
Non-recourse project financing facilities	85,067
Total loans and borrowings and non-recourse project financing	$ 125,688

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that its credit facilities and TRS derivatives are based on variable rates of interest. The Company has the option to convert all variable-rate term facilities to fixed-rate term facilities. Interest rate risk on the non-recourse project financing is managed with the objective of reducing the cash flow interest rate risk through the use of interest rate swaps.

As at December 31, 2019, a one percent change in the interest rate applied to the Company's variable rate long-term debt will change annual income before income taxes by approximately $250.

The Company has certain share-based compensation plans, whereby the values are based on the common share price of the Company. The Company has fixed a portion of the settlement costs of these plans by entering into various TRS derivatives maturing between 2020 and 2022. The TRS derivatives are not designated as a hedge. The change in the value of the TRS derivatives is recorded each quarter based on the difference between the fixed price and the market price of the Company's common shares at the end of each quarter. The TRS derivatives are classified as derivative financial instruments. As at December 31, 2019, a 10 percent change in the share price applied to the Company's TRS derivatives will change income before income taxes by approximately $987.

(in thousands of Canadian dollars, except per share amounts)

iv. Currency risk

Currency risk is the risk that fluctuations in currency exchange rates will affect the Company's net income. The Company uses foreign currency to settle payments to vendors and subcontractors in the foreign currency. A 10% movement in the Canadian and U.S. dollar exchange rate would have changed income by approximately $141.

27. Capital disclosures

The Company's capital management objectives are to:

i. Ensure that the Company has the financial capacity to support its current and anticipated volume and mix of business and to manage unforeseen operational and industry developments.
ii. Ensure that the Company has sufficient financial capacity to support the execution of its longer-term growth strategies.
iii. Provide its investors with the maximum long-term returns on equity and to generate sufficient cash flow to sustain shareholder dividends and payments on long-term debt.

In the management of capital, the Company defines capital as shareholders' equity and loans and borrowings. Loans and borrowings include the current and non-current portions of long-term debt and finance leases.

The Company manages its capital within the investment policy approved by the Board of Directors. The Company makes changes to capital based on changes in business conditions and the mix of construction contracts. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Company shareholders, issue new debt or repay existing debt, issue new Company shares, and to a lesser degree, may adjust capital expenditures.

As a component of working capital, the Company maintains significant balances of cash and cash equivalents. These cash and cash equivalents are intended to cover net current liabilities, fund current dividends payable to shareholders and provide capital to support surety and contract security requirements, including issuing letters of credit relating to the current and near-term backlog of construction projects.

Backlog is not a term found in the CPA Canada Handbook. Backlog (also referred to in the construction industry as "work on hand") is the total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the date of the most recently completed quarter. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course.

The amounts of shareholders' equity, working capital and loans and borrowings at December 31, 2019 and December 31, 2018 are as follows:

	2019	2018
Shareholders' equity	**$ 127,720**	$ 136,229
Working capital	**80,503**	70,215
Loans and borrowings	**40,621**	29,957

28. Eligible dividends declared with a record date subsequent to the financial statement date

As of the date of the approval of these financial statements, the Board of Directors has declared eligible dividends for the following months:

i. The January dividend of $0.0325 per share will be paid on February 20, 2020 to the Shareholders of record as of the close of business on January 31, 2020.
ii. The February dividend of $0.0325 per share will be paid on March 20, 2020 to the Shareholders of record as of the close of business on February 28, 2020.
iii. The March dividend of $0.0325 per share will be paid on April 20, 2020 to the Shareholders of record as of the close of business on March 31, 2020.
iv. The April dividend of $0.0325 per share will be paid on May 20, 2020 to the Shareholders of record as of the close of business on April 30, 2020.

29. Comparative figures

Certain comparative figures for the prior period have been reclassified to conform to the presentation adopted in the current period.