# BOYD GROUP INCOME FUND

# CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2015

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is responsible for their integrity, objectivity and reliability, and for the maintenance of financial and operating systems, which include effective controls, to provide reasonable assurance that the Fund's assets are safeguarded and that reliable financial information is produced.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting, disclosure control and internal control. The Board exercises these responsibilities through its Audit Committee, all members of which are not involved in the daily activities of the Fund. The Audit Committee meets with management and, as necessary, with the independent auditors, Deloitte LLP, to satisfy itself that management's responsibilities are properly discharged and to review and report to the Board on the consolidated financial statements.

In accordance with Canadian generally accepted auditing standards, the independent auditors conduct an examination each year in order to express a professional opinion on the consolidated financial statements.

| | |
|---|---|
| *(signed)* | *(signed)* |
| Brock Bulbuck | Narendra Pathipati |
| *President & Chief Executive Officer* | *Executive Vice President & Chief Financial Officer* |

Winnipeg, Manitoba
March 22, 2016

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Boyd Group Income Fund

We have audited the accompanying consolidated financial statements of Boyd Group Income Fund, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of loss, consolidated statements of comprehensive earnings, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Boyd Group Income Fund as at December 31, 2015 and December 31, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants

March 22, 2016
Winnipeg, Manitoba

**BOYD GROUP INCOME FUND**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
As at December 31,
*(thousands of Canadian dollars)*

| | Note | | 2015 | | 2014 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash | | **$** | **72,926** | $ | 57,510 |
| Accounts receivable | *16* | | **64,798** | | 55,462 |
| Income taxes recoverable | | | **3,115** | | 884 |
| Inventory | *6* | | **20,977** | | 15,809 |
| Prepaid expenses | | | **13,140** | | 9,579 |
| | | | **174,956** | | 139,244 |
| Note receivable | *25* | | **678** | | 893 |
| Property, plant and equipment | *7* | | **133,043** | | 89,264 |
| Deferred income tax asset | *8* | | **2,622** | | 2,755 |
| Deferred financing costs | *12* | | **321** | | 849 |
| Intangible assets | *9* | | **143,679** | | 112,053 |
| Goodwill | *10* | | **183,623** | | 142,755 |
| | | **$** | **638,922** | $ | 487,813 |
| **Liabilities and Equity** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | | **$** | **134,431** | $ | 96,691 |
| Distributions payable | *11* | | **705** | | 671 |
| Dividends payable | *11* | | **11** | | 11 |
| Current portion of long-term debt | *12* | | **9,802** | | 7,645 |
| Current portion of obligations under finance leases | *14* | | **4,547** | | 3,436 |
| | | | **149,496** | | 108,454 |
| Long-term debt | *12* | | **56,745** | | 48,953 |
| Obligations under finance leases | *14* | | **8,476** | | 5,339 |
| Convertible debentures | *13, 16* | | **75,120** | | 81,664 |
| Convertible debenture conversion features | *16* | | **60,164** | | 41,875 |
| Deferred income tax liability | *8* | | **20,602** | | 10,702 |
| Exchangeable Class A common shares | *16* | | **15,536** | | 11,420 |
| Unit based payment obligation | *17* | | **33,118** | | 20,193 |
| Non-controlling interest put options | *16* | | **34,738** | | 23,230 |
| | | | **453,995** | | 351,830 |
| **Equity** | | | | | |
| Accumulated other comprehensive earnings | *20* | | **75,111** | | 21,977 |
| Deficit | | | **(116,517)** | | (86,402) |
| Unitholders' capital | *21* | | **222,331** | | 196,406 |
| Contributed surplus | *22* | | **4,002** | | 4,002 |
| | | | **184,927** | | 135,983 |
| | | **$** | **638,922** | $ | 487,813 |

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

Approved by the Board:

BROCK BULBUCK
Trustee

ALLAN DAVIS
Trustee

**BOYD GROUP INCOME FUND**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
*(thousands of Canadian dollars, except unit amounts)*

| | Note | Unitholders' Capital Units | Unitholders' Capital Amount | Contributed Surplus | Accumulated Other Comprehensive Earnings | Deficit | Total Equity |
|---|---|---|---|---|---|---|---|
| Balances - January 1, 2014 | | 14,934,127 | $ 137,939 | $ 4,002 | $ 5,685 | $ (63,652) | $ 83,974 |
| Issue costs | | | | | | | |
| Units issued through public offering (net of tax of $661) | 21 | | (1,850) | | | | (1,850) |
| Other (net of tax of $nil) | 21 | | (27) | | | | (27) |
| Units issued from treasury | | | | | | | |
| Units issued through public offering | 21 | 1,306,000 | 55,309 | | | | 55,309 |
| Units issued in connection with acquisitions | 5 | 4,297 | 190 | | | | 190 |
| Retractions | 16 | 112,164 | 4,786 | | | | 4,786 |
| Conversion of convertible debentures | 13 | 2,519 | 59 | | | | 59 |
| Other comprehensive earnings | 20 | | | | 16,292 | | 16,292 |
| Net loss | | | | | | (15,311) | (15,311) |
| Comprehensive earnings | | | | | 16,292 | (15,311) | 981 |
| Distributions to unitholders | 11 | | | | | (7,439) | (7,439) |
| Balances - December 31, 2014 | | 16,359,107 | $ 196,406 | $ 4,002 | $ 21,977 | $ (86,402) | $ 135,983 |
| Issue costs (net of tax of $nil) | 21 | | (29) | | | | (29) |
| Retractions | 16 | 4,875 | 259 | | | | 259 |
| Conversion of convertible debentures | 13 | 424,227 | 25,695 | | | | 25,695 |
| Other comprehensive earnings | 20 | | | | 53,134 | | 53,134 |
| Net loss | | | | | | (21,962) | (21,962) |
| Comprehensive earnings | | | | | 53,134 | (21,962) | 31,172 |
| Distributions to unitholders | 11 | | | | | (8,153) | (8,153) |
| Balances - December 31, 2015 | | 16,788,209 | $ 222,331 | $ 4,002 | $ 75,111 | $ (116,517) | $ 184,927 |

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

**BOYD GROUP INCOME FUND**
**CONSOLIDATED STATEMENTS OF LOSS**
For the years ended December 31,
*(thousands of Canadian dollars, except unit and per unit amounts)*

| | Note | | 2015 | | 2014 |
|---|---|---|---|---|---|
| Sales | 26 | $ | **1,174,077** | $ | 844,104 |
| Cost of sales | | | **637,212** | | 454,550 |
| Gross profit | | | **536,865** | | 389,554 |
| Operating expenses | | | **435,198** | | 320,582 |
| Acquisition, transaction and process improvement costs | 5 | | **2,003** | | 6,325 |
| Depreciation of property, plant and equipment | 7 | | **18,022** | | 13,405 |
| Amortization of intangible assets | 9 | | **10,072** | | 7,139 |
| Fair value adjustments | 15 | | **58,950** | | 37,360 |
| Finance costs | | | **14,254** | | 8,317 |
| | | | **538,499** | | 393,128 |
| Loss before income taxes | | | **(1,634)** | | (3,574) |
| Income tax expense | | | | | |
| Current | 8 | | **13,551** | | 5,744 |
| Deferred | 8 | | **6,777** | | 5,993 |
| | | | **20,328** | | 11,737 |
| Net loss | | $ | **(21,962)** | $ | (15,311) |

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

| | Note | | 2015 | | 2014 |
|---|---|---|---|---|---|
| **Basic and diluted loss per unit** | 30 | $ | **(1.333)** | $ | (0.999) |
| **Basic and diluted weighted average number of units outstanding** | 30 | | **16,470,702** | | 15,331,353 |

**BOYD GROUP INCOME FUND**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS**
For the years ended December 31,
*(thousands of Canadian dollars)*

| | Note | | 2015 | | 2014 |
|---|---|---|---|---|---|
| **Net loss** | | $ | **(21,962)** | $ | (15,311) |
| **Other comprehensive earnings** | | | | | |
| Items that may be reclassified subsequently to Consolidated Statements of Loss | | | | | |
| Change in unrealized earnings on translating financial statements of foreign operations | 20 | | **53,134** | | 16,292 |
| **Other comprehensive earnings** | | | **53,134** | | 16,292 |
| **Comprehensive earnings** | | $ | **31,172** | $ | 981 |

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

**BOYD GROUP INCOME FUND**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
For the years ended December 31,
*(thousands of Canadian dollars)*

| | Note | **2015** | 2014 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net loss | | **$ (21,962)** | $ (15,311) |
| Items not affecting cash | | | |
| Fair value adjustments | | **58,950** | 37,360 |
| Deferred income taxes | | **6,777** | 5,993 |
| Amortization of discount on convertible debt | | **3,383** | 907 |
| Amortization of deferred finance costs | | **885** | 212 |
| Amortization of intangible assets | | **10,072** | 7,139 |
| Depreciation of property, plant and equipment | | **18,022** | 13,405 |
| Gain on disposal of equipment and software | | **(214)** | (62) |
| Interest accrued on Exchangeable Class A common shares | | **130** | 154 |
| Other gains | *5* | **(732)** | - |
| Payment of accrued settlement obligation | | **-** | (820) |
| | | **75,311** | 48,977 |
| Changes in non-cash working capital items | *31* | **7,141** | 2,242 |
| | | **82,452** | 51,219 |
| **Cash flows (used in) provided by financing activities** | | | |
| Fund units issued from treasury | | **-** | 55,309 |
| Issue costs | | **(29)** | (2,538) |
| Increase in obligations under long-term debt | | **-** | 85,395 |
| Repayment of long-term debt | | **(8,926)** | (91,748) |
| Repayment of obligations under finance leases | | **(5,228)** | (3,971) |
| Proceeds on sale-leaseback agreement | | **-** | 2,235 |
| Net proceeds on issue of convertible debentures | | **-** | 54,969 |
| Dividends paid on Exchangeable Class A common shares | | **(130)** | (159) |
| Distributions paid to unitholders | | **(8,119)** | (7,366) |
| Payment to non-controlling interests | | **(1,086)** | (1,066) |
| Payment of financing costs | | **(356)** | (52) |
| Collection of notes receivable | | **59** | 22 |
| | | **(23,815)** | 91,030 |
| **Cash flows used in investing activities** | | | |
| Proceeds on sale of equipment and software | | **352** | 202 |
| Equipment purchases and facility improvements | | **(9,183)** | (5,941) |
| Acquisition and development of businesses (net of cash acquired) | | **(43,214)** | (101,175) |
| Software purchases and licensing | | **(377)** | (325) |
| Senior managers unit loan program | | **181** | 196 |
| | | **(52,241)** | (107,043) |
| Effect of foreign exchange rate changes on cash | | **9,020** | 3,000 |
| Net increase in cash position | | **15,416** | 38,206 |
| Cash, beginning of year | | **57,510** | 19,304 |
| Cash, end of year | | **$ 72,926** | $ 57,510 |
| Income taxes paid | | **$ 15,762** | $ 5,044 |
| Interest paid | | **$ 11,174** | $ 8,080 |

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

## 1. GENERAL INFORMATION

Boyd Group Income Fund (the "Fund" or "BGIF") is an unincorporated, open-ended mutual fund trust established under the laws of the Province of Manitoba, Canada on December 16, 2002. It was established for the purposes of acquiring and holding a majority interest in The Boyd Group Inc. (the "Company"). The Company is partially owned by Boyd Group Holdings Inc. ("BGHI"), which is controlled by the Fund. These financial statements reflect the activities of the Fund, the Company and all its subsidiaries including BGHI.

The Company's business consists of the ownership and operation of autobody/autoglass repair facilities and related services. At the reporting date, the Company operated locations in five Canadian provinces under the trade name Boyd Autobody & Glass, as well as in 19 U.S. states under the trade name Gerber Collision & Glass. The Company is a major retail auto glass operator in the U.S. with locations across 30 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates Gerber National Claim Services ("GNCS"), an auto glass repair and replacement referral business with approximately 5,500 glass provider locations and 4,600 Emergency Roadside Services provider locations throughout the U.S.

The units and convertible debentures of the Fund are listed on the Toronto Stock Exchange and trade under the symbols "BYD.UN", "BYD.DB" and "BYD.DB.A". The head office and principal address of the Fund are located at 3570 Portage Avenue, Winnipeg, Manitoba, Canada, R3K 0Z8.

The consolidated financial statements for the year ended December 31, 2015 (including comparatives) were approved and authorized for issue by the Board of Trustees on March 22, 2016.

## 2. SIGNIFICANT ACCOUNTING POLICIES

*a) Basis of presentation*

The consolidated financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements are presented in thousands of Canadian dollars, except unit, share and per unit/share amounts.

*b) Revenue recognition*

The Fund recognizes revenue to the extent that it is probable that the economic benefits will flow to the Fund, the sales price is fixed or determinable and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received. Revenue is recognized when the profitability of the repair or service can be measured reliably. As the majority of repairs and services are of short duration, revenue is recognized when the repair or service is complete or substantially complete.

c*) Inventory*

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

*d) Property, plant and equipment*

Property, plant and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the declining balance and straight line rates as disclosed in the property, plant and equipment note. Leasehold improvements are amortized on the straight line basis over the period of estimated benefit.

An item of property, plant and equipment is reclassified as held for sale or derecognized upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of earnings (loss).

The Fund conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property, plant and equipment and any changes arising from the assessment are applied by the Fund prospectively.

e) *Consolidation*

The financial statements of the Fund consolidate the accounts of the Fund and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Fund controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Fund controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Fund and are de-consolidated from the date that control ceases.

f) *Business combinations, goodwill and other intangible assets*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at the aggregate of the fair values (at the acquisition date) of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Fund in exchange for control of the acquired company. Acquisition costs are expensed as incurred. The acquired company’s identifiable assets (including previously unrecognized intangible assets), liabilities and contingent liabilities are recognized at their fair values at the acquisition date.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Fund’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Fund and the cost can be reliably measured. Intangible assets acquired in a business combination are recorded at fair value. Intangible assets that do not have indefinite lives are amortized over their useful lives using an amortization method which reflects the economic benefit of the intangible asset. Customer relationships are amortized on a straight-line basis over the expected period of benefit of 20 years. Contractual rights, which consist of non-compete agreements, zoned property rights and favourable lease agreements, are amortized on a straight-line basis over the term of the contract. Computer software is amortized on a straight-line basis over periods of three and five years. Brand names which the Company continues to use in the conduct of its business are considered indefinite life because their value is not expected to degrade over time. To the extent the Company decides to discontinue the use of a certain brand, an estimate of the remaining useful life is made and the intangible asset is amortized over the remaining period.

g) *Impairment of non-financial assets*

Property, plant and equipment and definite life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating unit or “CGU”). The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount.

Goodwill and indefinite lived intangible assets are reviewed for impairment annually or at any time if an indicator of impairment exists. As well, newly acquired goodwill is reviewed for impairment at the end of the year in which it was acquired.

Goodwill acquired through a business combination is allocated to each CGU, or group of CGUs, that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Impairment losses on goodwill are not reversed.

The Fund evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

h) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

i) *Income taxes*

Income tax comprises current and deferred tax. Income tax is recognized in the statement of earnings (loss) except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Fund and it is probable that the temporary difference will not reverse in the foreseeable future.

j) *Unitholders' capital*

Under IAS 32, a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset (a 'puttable instrument') is a financial liability, except for those instruments that meet the exceptions to be classified as equity instruments. The trust units of the Fund meet the puttable equity exceptions and therefore are classified as equity.

The Fund's declaration of trust allows a unitholder to tender their units for cash redemption. This cash redemption right is restricted, at the Fund's option, to an aggregate cash amount of $25. Historically, the Fund has not been asked to redeem units for cash.

k) *Unit-Based Compensation*

The Fund issues unit-based awards to certain employees in the form of unit options. The unit options are financial liabilities since the units are ultimately puttable back to the Fund in exchange for cash. The cost of cash-settled unit-based transactions are measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The liability is re-measured at each reporting date with changes in fair value recognized in earnings (loss).

*l) Earnings per unit*

Basic earnings (loss) per unit (EPU) is calculated by dividing the net earnings (loss) for the period attributable to equity owners of the Fund by the weighted average number of units outstanding during the period.

Diluted EPU is calculated by adjusting the weighted average number of units outstanding and corresponding earnings impact for dilutive instruments. The Fund's dilutive instruments comprise unit options, exchangeable shares, convertible debentures and non-controlling interest put options. The number of shares included with respect to unit options is computed using the treasury stock method. The exchangeable Class A shares are evaluated as to whether or not they are dilutive based on the effect on earnings per unit of eliminating the liability adjustment for the period and increasing the weighted average number of units outstanding for the units that would be exchanged for the Class A shares. The dilutive impact of the convertible debentures and non-controlling interest put options is calculated using the "if converted" method.

*m) Foreign currency translation*

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Fund's functional currency. The financial statements of entities that have a functional currency different from that of the Fund are translated into Canadian dollars. Assets and liabilities are translated into Canadian dollars at the noon rate of exchange prevailing at the statement of financial position dates and income and expense items are translated at the average exchange rate during the period (as this is considered a reasonable approximation to actual rates). The adjustment arising from the translation of these accounts is recognized in other comprehensive earnings (loss) as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive earnings (loss) related to the foreign operation are recognized in earnings (loss). If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive earnings (loss) related to the subsidiary are reallocated between controlling and non-controlling interests.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in earnings (loss).

*n) Financial instruments*

Financial assets and liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Fund classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Cash is classified as "Financial Assets at Fair Value Through Profit or Loss" (FVTPL). This financial asset is measured at fair value at each period end.

Derivative contracts including convertible debenture conversion features and non-controlling interest put options are classified as "Financial Assets or Financial Liabilities at Fair Value Through Profit or Loss" with mark-to-market adjustments being recorded to net earnings (loss) at each period end.

Accounts receivable and notes receivable are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortized cost using the effective interest method, as reduced by appropriate allowances for estimated unrecoverable amounts.

Accounts payable and accrued liabilities, dividends payable, distributions payable, the non-derivative component of convertible debentures, and long-term debt are classified as "Other Liabilities" and are net of any related financing fees or issue costs. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

As a result of the Fund's units being redeemable for cash, the exchangeable Class A shares of the Fund's subsidiary BGHI, are presented as financial liabilities and classified as "Financial Assets or Financial Liabilities at Fair Value Through Profit or Loss". Exchangeable Class A shares are measured at the market price of the units of Fund as of the statement of financial position date.

For those financial instruments where fair value is recognized in the Statement of Financial Position the methods and assumptions used to develop fair value measurements have been classified into one of the three levels of the fair value hierarchy for financial instruments:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 includes inputs that are observable other than quoted prices included in Level 1
- Level 3 includes inputs that are not based on observable market data

For net investment hedging relationships, foreign exchange gains and losses are recognized in other comprehensive earnings (loss). Amounts recorded in accumulated other comprehensive earnings (loss) are recognized in net earnings (loss) when there is a disposition of the foreign subsidiary.

o) *Non-controlling interests*

The Company accounts for transactions where a non-controlling interest exists, and where a put option has been granted to third parties under IFRS 10 whereby the non-controlling interest is initially recognized at fair value and then immediately derecognized upon the issuance and recognition of the put option. Differences between the put option liability recognized at fair value and the amount of any non-controlling interest derecognized is recognized directly in equity.

When there is no allocation of profit or loss to non-controlling partners, no non-controlling interest is recognized in the Statement of Financial Position. Distributions to non-controlling partners are recognized as an expense when paid or payable based on the distribution formula of the agreement.

p) *Pensions and other post-retirement benefits*

The Company contributes to defined contribution pension plans of employees. Contributions are recognized within operating expenses at an amount equal to contributions payable for the period. Any outstanding contributions are recognized as liabilities within accrued liabilities.

q) *Provisions*

Provisions are recognized when the Fund has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is significant. The increase in the provision due to the passage of time is recognized as a finance cost.

*r) Segment reporting*

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief executive officer of the Fund.

The Fund's primary line of business is automotive collision and glass repair and related services, with the majority of revenues relating to this group of similar services. This line of business operates in Canada and the U.S. and both regions exhibit similar long-term economic characteristics. In this circumstance, IFRS requires the Company to provide specific geographical disclosure. For the years reported, the Company's revenues were derived within Canada or the U.S. and all property, plant and equipment, goodwill and intangible assets are located within these two geographic areas.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates**

The Fund makes estimates, including the assumptions applied therein, concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of Goodwill and Intangible Assets

When testing goodwill and intangibles for impairment, the Fund uses the recorded historical cash flows of the CGU or group of CGUs to which the asset relate for the most recent two years, and an estimate or forecast of cash flows for the next year to establish an estimate of the Fund's future cash flows. An estimate of the recoverable amount is then calculated as the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The methods used to value intangible assets and goodwill require critical estimates to be made regarding the future cash flows and useful lives of the intangible assets. Goodwill and intangible asset impairments, when recognized, are recorded as a separate charge to earnings (loss), and could materially impact the operating results of the Fund for any particular accounting period.

Impairment of Other Long-lived Assets

The Fund assesses the recoverability of its long-lived assets, other than goodwill and intangibles, after considering the potential impairment indicated by such factors as business and market trends, the Fund's ability to transfer the assets, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates the future cash flows expected to result from the use of the assets and their potential disposition. If the discounted sum of the expected future cash flows is less than the carrying value of the assets generating those cash flows, an impairment loss would be recognized based on the excess of the carrying amounts of the assets over their estimated recoverable value. The underlying estimates for cash flows include estimates for future sales, gross margin rates and operating expenses. Changes which may impact these estimates include, but are not limited to, business risks and uncertainties and economic conditions. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a material impact on the Fund's consolidated financial statements.

Fair Value of Financial Instruments

The Fund has applied discounted cash flow methods to establish the fair value of certain financial liabilities recorded on the Statement of Financial Position, as well as disclosed in the notes to the financial statements. The Fund also establishes mark-to-market valuations for derivative instruments, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding interest and exchange rates as well as other economic indicators, which at the time of establishing the fair value for disclosure, have a high degree of uncertainty. Unrealized gains or losses on these derivative financial instruments may not be realized as markets change.

Income Taxes

The Fund is subject to income tax in several jurisdictions and estimates are used to determine the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Fund recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. Uncertain tax liabilities may be recognized when, despite the Fund's belief that its tax return positions are supportable, the Fund believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Fund believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

**Critical judgments in applying the entity's accounting policies**

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Fund's latest forecasts which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Fund operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. The judgments inherent in these assessments are subject to uncertainty and if changed could materially affect the Fund's assessment of its ability to realize the benefit of these tax assets.

Leases

In applying the classification of leases in IAS 17, management considers its premise leases as well as certain equipment and vehicle leases as operating lease arrangements. In some cases, the lease transaction is not conclusive, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership or an operating lease where substantially all the risks and rewards incidental to ownership are not transferred.

## 4. NEW ACCOUNTING STANDARDS ADOPTED AND FUTURE STANDARDS NOT YET EFFECTIVE

The following amendments have been adopted effective January 1, 2015:

Amendments to IAS 19, *Employee Benefits* were issued by the IASB on November 21, 2013 to provide clarification regarding attribution of contributions from employees or third parties to a defined benefit plan. The amendment is effective for annual periods beginning on or after July 1, 2014 with early application permitted. This change had no impact on the Fund's reporting.

On December 12, 2013, the IASB issued Annual Improvements, which amended nine standards as follows:

- IFRS 1, *First-time Adoption of International Financial Reporting Standards* – providing a choice between applying existing IFRS or early adopting a new IFRS standard
- IFRS 2, *Share-based Payment* – providing definitions and guidance for awards issued with different vesting conditions

- IFRS 3, *Business Combinations* – providing guidance on accounting for contingent consideration in a business combination and scope exceptions for joint ventures
- IFRS 8, *Operating Segments* – requiring disclosures on the aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets
- IFRS 13, *Fair Value Measurement* – providing guidance on measurement of short-term receivables and payables
- IAS 16, *Property, Plant and Equipment* – providing clarification on how accumulated depreciation should be calculated under the revaluation method
- IAS 24, *Related Party Disclosures* – requiring disclosure of payments to entities providing management services
- IAS 38, *Intangible Assets* – providing clarification on how accumulated depreciation should be calculated under the revaluation method
- IAS 40, *Investment Property* – providing clarification on the classification of property as investment property or owner-occupied property

These amendments were adopted by the Fund on January 1, 2015 with no impact on its financial statements.

The following is an overview of accounting standard changes that the Fund will be required to adopt in future years:

IFRS 15, *Revenue from Contracts with Customers*, was issued by the International Accounting Standards Board ("IASB") on May 28, 2014 and will replace current guidance found in IAS 11, *Construction Contracts* and IAS 18, *Revenue*. IFRS 15 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. On July 22, 2015, the IASB announced a deferral in the effective date for this standard. The standard is effective for reporting periods beginning on or after January 1, 2018 with early application permitted. A choice of retrospective application or a modified transition approach is provided. The Fund is currently evaluating the impact of adopting IFRS 15 on its financial statements.

IFRS 9, *Financial Instruments*, was issued by the IASB on July 24, 2014 and will replace current guidance found in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect on January 1, 2018 with early application permitted. The Fund is currently evaluating the impact of adopting IFRS 9 on its financial statements.

IFRS 16, *Leases*, was issued by the IASB on January 13, 2016 and will replace the current guidance found in IAS 17, *Leases* and related interpretations. The new standard will bring most leases on-balance sheet through recognition of related assets and liabilities. IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases. The new standard will come into effect on January 1, 2019 with early application permitted if IFRS 15, *Revenue from Contracts with Customers* has also been applied. The Fund is currently evaluating the impact of adopting IFRS 16 on its financial statements.

## 5. ACQUISITIONS

Effective January 2, 2015, the Company completed a transaction acquiring the assets of Craftmaster Auto Body Group, Inc. ("Craftmaster"), which owned and operated six collision repair locations in Florida. Funding for the transaction was a combination of seller financing and cash.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

The Fund also completed 16 other acquisitions that added 21 locations during 2015 as follows:

| Acquisition Date | Location |
|---|---|
| April 10, 2015 | Pittsburgh, Pennsylvania |
| May 1, 2015 | Spokane Valley, Washington |
| June 12, 2015 | Battle Creek, Michigan |
| July 13, 2015 | Plainwell, Michigan |
| July 17, 2015 | Salt Lake City, Utah (4 locations) |
| July 30, 2015 | Mesa, Arizona |
| August 13, 2015 | Highland Ranch, Colorado |
| August 20, 2015 | Lake City, Florida |
| September 9, 2015 | Jacksonville, North Carolina |
| September 22, 2015 | Glenwood Springs, Colorado and Grand Junction, Colorado |
| October 6, 2015 | Dayton, Ohio (2 locations) |
| October 16, 2015 | Mayfield Heights, Ohio |
| October 27, 2015 | Gresham, Oregon |
| October 30, 2015 | Bremerton, Washington |
| November 3, 2015 | Shereville, Indiana |
| December 18, 2015 | Charlotte, North Carolina |

On April 14, 2014, the Company completed a transaction acquiring Dora Holdings, Inc., which owns and operates 24 collision repair centers in Illinois and Indiana, and Collision Revision 13081 Inc., which owns and operates one collision repair center in Florida, both operating under the trade name “Collision Revision”. Funding for the transaction was a combination of seller financing and use of the revolving credit facility.

On May 30, 2014, the Company completed a transaction acquiring Netcost 866netglass LLC, operating as Netcost Claims Services (“Netcost”). Netcost expanded the Company’s existing third party administration business, Gerber National Glass Services, that offered first notice of loss, auto glass and related services through its network of auto glass providers across the U.S. Netcost also offered roadside assistance services and owned and operated its own call center. Funding for the transaction was a combination of cash and seller financing plus additional consideration if performance over the ensuing 3 years exceeds certain thresholds. The fair value of the contingent consideration has been evaluated based on a formula defined in the purchase and sale agreement. The formula is based on earnings in years one, two and three of operations in excess of the threshold. At December 31, 2015, it is estimated that no further contingent purchase price is payable (2014 - $nil).

Effective June 2, 2014, the Company completed a transaction acquiring Collex Collision Experts Inc. and Collex Collision Experts of Florida Inc. (“Collex”), which own and operate 16 collision repair centers in Michigan and Florida. Funding for the transaction was a combination of seller financing and use of the revolving credit facility.

On September 12, 2014, the Company completed a transaction acquiring Champ’s Holding Company LLC, which owns and operates seven collision repair centers in Louisiana under the trade name Champ’s Collision Centers (“Champ’s”). Funding for the transaction was a combination of seller financing and use of the revolving credit facility.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

The Fund also completed 10 other acquisitions that added 11 locations during 2014 as follows:

| Acquisition Date | Location |
|---|---|
| January 31, 2014 | Phoenix, Arizona (2 locations) |
| May 1, 2014 | Mundelein, Illinois |
| June 30, 2014 | Chicago, Illinois |
| August 12, 2014 | Commerce Township, Michigan |
| August 29, 2014 | Atlanta, Georgia |
| October 15, 2014 | Brunswick, Georgia |
| October 31, 2014 | Coeur d'Alene, Idaho |
| October 31, 2014 | Jacksonville, Florida |
| November 7, 2014 | Seattle, Washington |
| November 24, 2014 | Woodstock, Georgia |

Funding for the Atlanta transaction was a combination of cash and a $190 issuance of 4,297 units to the sellers at a unit price of $44.22.

The Fund has accounted for the acquisitions using the acquisition method as follows:

| **Acquisitions in 2015** | Craftmaster | Other acquisitions | Total |
|---|---|---|---|
| **Identifiable net assets acquired at fair value:** | | | |
| Cash | $ 5 | $ - | $ 5 |
| Other currents assets | 259 | 460 | 719 |
| Property, plant and equipment | 1,727 | 12,650 | 14,377 |
| Identified intangible assets | | | |
| Customer relationships | 2,287 | 7,096 | 9,383 |
| Brand name | 235 | 126 | 361 |
| Non-compete agreements | 469 | 517 | 986 |
| Liabilities assumed | (131) | (29) | (160) |
| Identifiable net assets acquired | $ 4,851 | $ 20,820 | $ 25,671 |
| Goodwill | 3,828 | 7,737 | 11,565 |
| Total purchase consideration | $ 8,679 | $ 28,557 | $ 37,236 |
| **Consideration provided** | | | |
| Cash paid or payable | $ 7,037 | $ 22,228 | $ 29,265 |
| Sellers notes | 1,642 | 6,329 | 7,971 |
| Total consideration provided | $ 8,679 | $ 28,557 | $ 37,236 |

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

The following table summarizes the preliminary purchase consideration and preliminary purchase price allocation as reported in the Fund's 2014 year-end financial statements:

| **Acquisitions in 2014** | Collision Revision | Netcost | Collex | Champ's | Other acquisitions | Total |
|---|---|---|---|---|---|---|
| **Identifiable net assets acquired at fair value:** | | | | | | |
| Cash | $ 1,237 | $ 740 | $ 649 | $ 2,557 | $ - | $ 5,183 |
| Other currents assets | 4,187 | 2,159 | 2,762 | 1,605 | 28 | 10,741 |
| Property, plant and equipment | 4,050 | 237 | 4,010 | 3,303 | 6,630 | 18,230 |
| Identified intangible assets | | | | | | |
| Customer relationships | 9,544 | 2,608 | 18,303 | 16,171 | - | 46,626 |
| Brand name | 658 | 435 | 545 | 443 | - | 2,081 |
| Non-compete agreements | 878 | 217 | 545 | 775 | - | 2,415 |
| Liabilities assumed | (7,849) | (4,404) | (3,598) | (4,398) | - | (20,249) |
| Deferrred income tax liability | (4,321) | - | - | - | - | (4,321) |
| Identifiable net assets acquired | $ 8,384 | $ 1,992 | $ 23,216 | $ 20,456 | $ 6,658 | $ 60,706 |
| Goodwill | 17,916 | 1,268 | 26,236 | 18,086 | - | 63,506 |
| Total purchase consideration | $ 26,300 | $ 3,260 | $ 49,452 | $ 38,542 | $ 6,658 | $ 124,212 |
| **Consideration provided** | | | | | | |
| Cash paid or payable | $ 7,102 | $ 1,087 | $ 44,549 | $ 34,555 | $ 5,283 | $ 92,576 |
| Units issued | - | - | - | - | 190 | 190 |
| Sellers notes | 19,198 | 2,173 | 4,903 | 3,987 | 1,185 | 31,446 |
| Total consideration provided | $ 26,300 | $ 3,260 | $ 49,452 | $ 38,542 | $ 6,658 | $ 124,212 |

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

The following table summarizes the final purchase consideration and final purchase price allocation for the Collision Revision and Collex acquisitions. No adjustments were made to other acquisitions presented above.

| **Purchase price allocation** | Collision Revision - preliminary | Collision Revision - adjustments | **Collision Revision - final** | Collex - preliminary | Collex - adjustments | **Collex - final** |
|---|---|---|---|---|---|---|
| **Identifiable net assets acquired at fair value:** | | | | | | |
| Cash | $ 1,237 | - | **$ 1,237** | $ 649 | $ - | **$ 649** |
| Other currents assets | 4,187 | - | **4,187** | 2,762 | - | **2,762** |
| Property, plant and equipment | 4,050 | - | **4,050** | 4,010 | - | **4,010** |
| Identified intangible assets | | | | | | |
| Customer relationships | 9,544 | - | **9,544** | 18,303 | - | **18,303** |
| Brand name | 658 | - | **658** | 545 | - | **545** |
| Non-compete agreements | 878 | - | 878 | 545 | - | **545** |
| Liabilities assumed | (7,849) | 293 | **(7,556)** | (3,598) | - | **(3,598)** |
| Deferred income tax liability | (4,321) | (756) | **(5,077)** | - | - | - |
| Identifiable net assets acquired | $ 8,384 | $ (463) | **$ 7,921** | $ 23,216 | $ - | **$ 23,216** |
| Goodwill | 17,916 | 463 | **18,379** | 26,236 | 1,221 | **27,457** |
| Total purchase consideration | $ 26,300 | - | **$ 26,300** | $ 49,452 | 1,221 | **$ 50,673** |

In February 2015, additional consideration was provided to the sellers of Collex Collision Experts Inc. and Collex Collision Experts of Florida Inc. in order to allow the Fund to file an election that allows the transaction to be treated as an asset acquisition for U.S. federal income tax purposes, and confirming the stepped-up tax basis of the assets acquired.

The purchase price allocation adjustments for the Collision Revision acquisition represent balance sheet reclassifications between accounts payable and accrued liabilities, deferred income taxes and goodwill within the measurement period for the Collision Revision acquisition.

Following the completion of the Collision Revision acquisition, an issue arose with respect to the seller's arrangements with a third party supplier to the acquired business. During 2015, the matter was settled. As a result of settlement, the working capital accounts receivable balance was written off and an intangible asset was recognized outside of the measurement period. The settlement did not have a material adverse effect on the Fund's business. Amounts related to the settlement of this matter are recorded in acquisition, transaction and process improvement costs.

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. Revenue contributed by Craftmaster since the acquisition was $20,481. Net earnings contributed by Craftmaster since the acquisition were $1,772. If Craftmaster had been acquired on January 1, 2015, the Fund's loss for the year ended December 31, 2015 would have been $20,190 (unaudited).

The preliminary purchase prices for the 2015 acquisitions as disclosed above may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized.

U.S. acquisition transactions are initially recognized in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the Statement of Financial Position date.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

A significant part of the goodwill added in 2014 and 2015 can be attributed to the assembled workforce and the operating know-how of key personnel. However, no intangible asset qualified for separate recognition in this respect.

Goodwill recognized during 2015 is expected to be deductible for tax purposes. Goodwill recognized during 2014 on Netcost, Collex and Champ's acquisitions is expected to be deductible for tax purposes. The portion of goodwill related to the acquisition of Collision Revision 13081 Inc. is expected to be deductible for tax purposes.

Costs associated with acquisition and development activities are expensed as incurred. Included in acquisition, transaction and process improvement costs of $2,003 (2014 - $6,325) are process improvement costs of $nil (2014 - $2,875).

## 6. INVENTORY

| As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Parts and materials | **$ 9,634** | $ 7,460 |
| Work in process | **11,343** | 8,349 |
| | **$ 20,977** | $ 15,809 |

Included in cost of sales for the year ended December 31, 2015 are parts and material costs of $357,851 (2014 – $260,024) and labour costs of $193,382 (2014 – $140,043) with the balance of cost of sales primarily made up of sublet charges.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 7. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Shop Equipment | Office Equipment | Computer Hardware | Signage | Vehicles | Leasehold Improvements | Total |
|---|---|---|---|---|---|---|---|---|---|
| Depreciation rates | | 5% | 15% | 20% | 30% | 15% | 30% | 10 to 25 years straight line | |
| As at January 1, 2014 | | | | | | | | | |
| Cost | $ 1,545 | $ 1,831 | $ 51,817 | $ 4,724 | $ 6,393 | $ 4,488 | $ 9,792 | $ 30,582 | $ 111,172 |
| Accumulated depreciation | - | (219) | (22,681) | (2,046) | (3,606) | (1,469) | (5,328) | (11,898) | (47,247) |
| Net book value | $ 1,545 | $ 1,612 | $ 29,136 | $ 2,678 | $ 2,787 | $ 3,019 | $ 4,464 | $ 18,684 | $ 63,925 |
| For the year ended December 31, 2014 | | | | | | | | | |
| Additions | - | 1,208 | 15,152 | 1,235 | 1,064 | 1,063 | 2,021 | 13,341 | 35,084 |
| Proceeds on disposal | (1,410) | (825) | (10) | - | - | - | (192) | - | (2,437) |
| Gain (loss) on disposal | 2 | - | (13) | - | - | - | 73 | - | 62 |
| Depreciation | - | (96) | (5,597) | (673) | (963) | (539) | (2,094) | (3,443) | (13,405) |
| Foreign exchange | 9 | 116 | 2,947 | 207 | 213 | 285 | 232 | 2,026 | 6,035 |
| Net book value | $ 146 | $ 2,015 | $ 41,615 | $ 3,447 | $ 3,101 | $ 3,828 | $ 4,504 | $ 30,608 | $ 89,264 |
| As at December 31, 2014 | | | | | | | | | |
| Cost | $ 146 | $ 2,330 | $ 69,893 | $ 6,166 | $ 7,670 | $ 5,836 | $ 11,926 | $ 45,949 | $ 149,916 |
| Accumulated depreciation | - | (315) | (28,278) | (2,719) | (4,569) | (2,008) | (7,422) | (15,341) | (60,652) |
| Net book value | $ 146 | $ 2,015 | $ 41,615 | $ 3,447 | $ 3,101 | $ 3,828 | $ 4,504 | $ 30,608 | $ 89,264 |
| For the year ended December 31, 2015 | | | | | | | | | |
| Additions | 2,619 | 3,305 | 14,930 | 1,439 | 1,201 | 1,621 | 4,244 | 14,810 | 44,169 |
| Proceeds on disposal | - | - | (68) | - | - | - | (284) | - | (352) |
| Gain (loss) on disposal | - | - | (1) | (1) | - | - | 217 | - | 215 |
| Depreciation | - | (164) | (7,750) | (839) | (1,105) | (770) | (2,082) | (5,312) | (18,022) |
| Foreign exchange | 243 | 630 | 8,061 | 568 | 499 | 774 | 735 | 6,259 | 17,769 |
| Net book value | $ 3,008 | $ 5,786 | $ 56,787 | $ 4,614 | $ 3,696 | $ 5,453 | $ 7,334 | $ 46,365 | $ 133,043 |
| As at December 31, 2015 | | | | | | | | | |
| Cost | $ 3,008 | $ 6,317 | $ 99,430 | $ 8,693 | $ 10,334 | $ 8,657 | $ 17,338 | $ 71,029 | $ 224,806 |
| Accumulated depreciation | - | (531) | (42,643) | (4,079) | (6,638) | (3,204) | (10,004) | (24,664) | (91,763) |
| Net book value | $ 3,008 | $ 5,786 | $ 56,787 | $ 4,614 | $ 3,696 | $ 5,453 | $ 7,334 | $ 46,365 | $ 133,043 |

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 8. INCOME TAXES

The Fund is a "specified investment flow-through" ("SIFT") and until December 31, 2010 was exempt from tax on its income to the extent that its income was distributed to unitholders. This exemption did not apply to the Company or its subsidiaries, which are corporations that are subject to income tax. On December 15, 2010 the Trustees of the Fund approved an internal capital restructuring plan that better reflects its significant U.S. base of business and its expected source of future growth. A consequence of this restructuring is that its current distribution level to unitholders are funded almost entirely by its U.S. operations. Fund distributions that are sourced from U.S. business earnings are not subject to the SIFT tax.

The Fund accounts for deferred income tax assets and liabilities in respect of accounting and tax basis differences. Deferred income tax assets and liabilities which relate to the same jurisdiction are netted on the statement of financial position.

a) The reconciliation between income tax expense and the accounting earnings (loss) multiplied by the combined basic Canadian and U.S. federal, provincial and state tax rates is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | **2015** | 2014 |
| Loss before income taxes | **$ (1,634)** | $ (3,574) |
| Earnings subject to tax in the hands of unitholders not the Fund | **(8,153)** | (7,439) |
| Loss subject to income taxes | **$ (9,787)** | $ (11,013) |
| Combined basic Canadian and U.S. federal, provincial and state tax rates | **35.68%** | 31.74% |
| Income tax expense at combined statutory tax rates | **$ (3,492)** | $ (3,496) |
| Adjustments for the tax effect of: | | |
| Non-deductible depreciation | **512** | 408 |
| Other non-deductible expenses | **326** | 308 |
| Amortization of permanent goodwill deductions | **(96)** | (82) |
| Allocation to non-controlling interest | **(1,403)** | (914) |
| Changes in deferred tax assets and liabilities resulting from changes in substantively enacted tax rates | **(79)** | - |
| Dividends treated as interest | **605** | 476 |
| Non-deductible fair value adjustments | **19,788** | 9,902 |
| Effective rate adjustment | **3,628** | 5,088 |
| Items affecting equity - issue costs | **506** | 131 |
| Other | **33** | (84) |
| Income tax expense | **$ 20,328** | $ 11,737 |

The structure of the Fund is such that a portion of the Fund's earnings continue to be subject to tax in the hands of the unitholders, not the Fund. This permits the Company to reduce its tax obligation. As a result during the year, the Company benefitted from an interest deduction in the amount of $11,583 (2014 - $8,920). This amount was received by the Fund who then is permitted to reduce its taxable income for the distributions declared in the year.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

b) Deferred income taxes consist of the following:

| As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Intangible assets | **$ (316)** | $ (286) |
| Non-capital losses carried forward | **2,306** | 2,249 |
| Property, plant and equipment | **(271)** | (212) |
| Issue costs | **826** | 1,225 |
| Other | **77** | (221) |
| Deferred income tax asset | **$ 2,622** | $ 2,755 |

| As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Intangible assets | **$ (18,353)** | $ (11,635) |
| Accrued liabilities | **6,809** | 5,682 |
| Property, plant and equipment | **(12,095)** | (7,004) |
| Acquisition costs | **3,037** | 2,255 |
| Deferred income tax liability | **$ (20,602)** | $ (10,702) |

c) The movement in deferred income tax assets and liabilities during the year is as follows:

| As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Balance, beginning of year | **$ 2,755** | $ 2,389 |
| Issue costs | **-** | 661 |
| Deferred income tax expense | **(133)** | (295) |
| Balance, end of year | **$ 2,622** | $ 2,755 |

| As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Balance, beginning of year | **$ (10,702)** | $ (4,874) |
| Acquired through business combination | **(915)** | (4,209) |
| Recognition of deferred tax on set up of intangible assets | **-** | 4,809 |
| Deferred income tax expense | **(6,644)** | (5,698) |
| Foreign exchange | **(2,341)** | (730) |
| Balance, end of year | **$ (20,602)** | $ (10,702) |

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

d) Deferred income tax assets are recognized to the extent it is probable that sufficient future taxable income will be available to allow a deferred income tax asset to be realized. At December 31, 2015, the Fund has recognized all of its deferred income tax assets with the exception of $7,510 (2014 - $7,512) in capital losses available in Canada. At December 31, 2015, the Fund has non-capital losses in Canada of $8,607 (2014 - $8,636) and net operating losses in the U.S. of $nil (2014 - $nil).

The losses expire as follows:

| Year of expiry | |
|---|---|
| 2026 | 1,542 |
| 2030 | 1,226 |
| 2033 | 4,618 |
| 2034 | 1,221 |

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 9. INTANGIBLE ASSETS

| | Customer Relationships | Brand Name | Computer Software | Non-compete Agreements | Zoned Property Rights | Favourable Lease Agreements | Total |
|---|---|---|---|---|---|---|---|
| As at January 1, 2014 | | | | | | | |
| Cost | $ 61,142 | $ 10,382 | $ 2,350 | $ 3,342 | $ 53,921 | $ - | $ 131,137 |
| Accumulated amortization | (10,380) | (2,449) | (1,697) | (1,934) | (53,921) | - | (70,381) |
| Net book value | $ 50,762 | $ 7,933 | $ 653 | $ 1,408 | $ - | $ - | $ 60,756 |
| For the year ended December 31, 2014 | | | | | | | |
| Acquired through business combinations | 46,626 | 2,081 | - | 2,415 | - | - | 51,122 |
| Purchase price allocation adjustments | (620) | (414) | - | - | - | - | (1,034) |
| Additions | - | - | 325 | - | - | - | 325 |
| Amortization | (4,351) | (1,616) | (318) | (854) | - | - | (7,139) |
| Foreign exchange | 7,015 | 722 | 59 | 227 | - | - | 8,023 |
| Net book value | $ 99,432 | $ 8,706 | $ 719 | $ 3,196 | $ - | $ - | $ 112,053 |
| As at December 31, 2014 | | | | | | | |
| Cost | $ 115,298 | $ 13,064 | $ 2,734 | $ 6,197 | $ 53,921 | $ - | $ 191,214 |
| Accumulated amortization | (15,866) | (4,358) | (2,015) | (3,001) | (53,921) | - | (79,161) |
| Net book value | $ 99,432 | $ 8,706 | $ 719 | $ 3,196 | $ - | $ - | $ 112,053 |
| For the year ended December 31, 2015 | | | | | | | |
| Acquired through business combinations | 9,383 | 361 | - | 986 | - | - | $ 10,730 |
| Additions | - | - | 377 | - | - | 8,725 | 9,102 |
| Amortization | (6,566) | (1,492) | (466) | (1,548) | - | - | (10,072) |
| Foreign exchange | 19,530 | 1,612 | 110 | 614 | - | - | 21,866 |
| Net book value | $ 121,779 | $ 9,187 | $ 740 | $ 3,248 | $ - | $ 8,725 | $ 143,679 |
| As at December 31, 2015 | | | | | | | |
| Cost | $ 147,814 | $ 16,000 | $ 3,221 | $ 8,505 | $ 53,921 | $ 8,725 | $ 238,186 |
| Accumulated amortization | (26,035) | (6,813) | (2,481) | (5,257) | (53,921) | - | (94,507) |
| Net book value | $ 121,779 | $ 9,187 | $ 740 | $ 3,248 | $ - | $ 8,725 | $ 143,679 |

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 10. GOODWILL

| As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Balance, beginning of year | **$ 142,755** | $ 73,561 |
| Acquired through business combination | **11,565** | 63,506 |
| Deferred tax liability (asset) on purchase price allocation adjustment | **756** | (4,495) |
| Purchase price allocation adjustments within the measurement period | **(293)** | 1,011 |
| Additional consideration provided | **1,221** | - |
| Foreign exchange | **27,619** | 9,172 |
| Balance, end of year | **$ 183,623** | $ 142,755 |

The Fund has used the value in use method to evaluate the carrying amount of goodwill. The key assumptions used in the assessment include an estimate of current cash flow, taxes, and a growth rate of 2% and capital maintenance expenditures. These assumptions are based on past experience. A discount rate of 11.5% has been applied to the expected cash flow, after adjusting the cash flow for an estimate of the taxes and capital maintenance expenditures. The amount of carrying value of goodwill which has been evaluated using this method was $183,623 (2014 - $136,140).

In February 2015, additional consideration was provided to the sellers of Collex Collision Experts Inc. and Collex Collision Experts of Florida Inc. in order to allow the Fund to file an election that allows the transaction to be treated as an asset acquisition for U.S. federal income tax purposes, resulting in a stepped-up tax basis of the assets acquired.

The purchase price allocation adjustments for the Collision Revision acquisition represent balance sheet reclassifications between accounts payable and accrued liabilities, deferred income taxes and goodwill within the measurement period for the Collision Revision acquisition.

## 11. DISTRIBUTIONS AND DIVIDENDS

The Fund’s Trustees have discretion in declaring distributions. The Fund’s distribution policy is to make distributions of its available cash from operations taking into account current and future performance, amounts necessary for principal and interest payments on debt obligations, amounts required for maintenance capital expenditures and amounts allocated to reserves.

Distributions to unitholders and dividends on the exchangeable Class A shares, which are recorded as finance costs, were declared and paid as follows:

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

| Record date | Payment date | Distribution per Unit / Dividend per Share | Distribution amount | Dividend amount |
|---|---|---|---|---|
| January 31, 2015 | February 25, 2015 | $ 0.0410 | $ 671 | $ 11 |
| February 28, 2015 | March 27, 2015 | 0.0410 | 671 | 11 |
| March 31, 2015 | April 28, 2015 | 0.0410 | 671 | 11 |
| April 30, 2015 | May 27, 2015 | 0.0410 | 670 | 10 |
| May 31, 2015 | June 26, 2015 | 0.0410 | 670 | 11 |
| June 30, 2015 | July 29, 2015 | 0.0410 | 671 | 11 |
| July 31, 2015 | August 26, 2015 | 0.0410 | 672 | 11 |
| August 31, 2015 | September 28, 2015 | 0.0410 | 671 | 11 |
| September 30, 2015 | October 28, 2015 | 0.0410 | 688 | 11 |
| October 31, 2015 | November 26, 2015 | 0.0410 | 688 | 11 |
| November 30, 2015 | December 22, 2015 | 0.0420 | 705 | 11 |
| December 31, 2015 | January 27, 2016 | 0.0420 | 705 | 11 |
| | | $ 0.4940 | $ 8,153 | $ 131 |

| Record date | Payment date | Distribution per Unit / Dividend per Share | Distribution amount | Dividend amount |
|---|---|---|---|---|
| January 31, 2014 | February 26, 2014 | $ 0.0400 | $ 597 | $ 15 |
| February 28, 2014 | March 27, 2014 | 0.0400 | 597 | 15 |
| March 31, 2014 | April 28, 2014 | 0.0400 | 598 | 15 |
| April 30, 2014 | May 28, 2014 | 0.0400 | 597 | 15 |
| May 31, 2014 | June 26, 2014 | 0.0400 | 598 | 15 |
| June 30, 2014 | July 29, 2014 | 0.0400 | 598 | 15 |
| July 31, 2014 | August 27, 2014 | 0.0400 | 602 | 10 |
| August 31, 2014 | September 26, 2014 | 0.0400 | 602 | 11 |
| September 30, 2014 | October 29, 2014 | 0.0400 | 654 | 11 |
| October 31, 2014 | November 26, 2014 | 0.0400 | 654 | 10 |
| November 30, 2014 | December 22, 2014 | 0.0410 | 671 | 11 |
| December 31, 2014 | January 28, 2015 | 0.0410 | 671 | 11 |
| | | $ 0.4820 | $ 7,439 | $ 154 |

During 2015, an expense in the amount of $4,375 (2014 - $4,516) was recorded against earnings (loss) related to these exchangeable Class A shares.

Further distributions and dividends were declared for the months of January, February and March 2016 in the monthly amounts of $0.042 per unit/share. The total amount of distributions and dividends declared after the reporting date was $2,271 and $32, respectively.

## 12. LONG-TERM DEBT

On December 20, 2013, the Company entered into a five year $100,000 U.S. revolving credit facility, with an accordion feature which could increase the facility to a maximum of $135,000 U.S. The facility was with a syndicate of Canadian and U.S. banks and was secured by the shares and assets of the Company as well as guarantees by BGIF and BGHI. The interest rate was based on a pricing grid of the Fund's ratio of total funded debt to EBITDA as determined under the credit agreement. The Company could draw the facility in either the U.S or in Canada, in either U.S. or Canadian dollars and could be drawn in tranches as required. Tranches bore interest only and were not repayable until the maturity date but could be voluntarily repaid at any time. The Company had the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility included a swing line up to a maximum of $3,000 in Canada and $7,000 in the U.S.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

Under the revolving facility the Company was subject to certain financial covenants which had to be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants required the Fund to maintain a total debt to EBITDA ratio of less than 4.0, a senior debt to EBITDA ratio of less than 3.5 up to December 31, 2016 and less than 3.25 thereafter; and a fixed charge coverage ratio of greater than 1.03. The debt calculations excluded the convertible debentures.

On July 23, 2015, the Company entered into an amended and restated credit agreement for a term of five years, increasing the revolving credit facility to $150,000 U.S., with an accordion feature which can increase the facility to a maximum of $250,000 U.S. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by BGIF and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars and can be drawn in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of $3,000 in Canada and $12,000 in the U.S.

Under the revolving facility the Company is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt to EBITDA ratio of less than 4.25; a senior debt to EBITDA ratio of less than 3.5 up to December 31, 2016 and less than 3.25 thereafter; and a fixed charge coverage ratio of greater than 1.03. For three quarters following a material acquisition, the total debt to EBITDA ratio may be increased to less than 4.75, the senior debt to EBITDA ratio may be increased to less than 4.0 up to December 31, 2016 and increased to less than 3.75 thereafter. The debt calculations exclude the convertible debentures. As at December 31, 2015, the Fund did not have any draws outstanding against this facility and was in compliance with all financial covenants.

Deferred financing costs of $1,010 were incurred in 2013 to complete the facility and had been recorded as a deferred cost until the debt was drawn. These costs were amortized to finance costs on a straight-line basis until July 23, 2015 when the amended and restated credit agreement was signed. At that time, the unamortized deferred financing costs of $726 were recorded as finance costs. Financing costs of $356 incurred to complete the amended and restated credit agreement have been deferred. These deferred financing costs will be netted against the debt, when drawn. These fees are amortized to finance costs on a straight line basis over the five year term of the amended and restated credit agreement.

Seller notes payable of $48,083 U.S. on the financing of certain acquisitions are unsecured, at interest rates ranging from 1% to 8%. The notes are repayable from January 2016 to January 2027 in the same currency as the related note.

Long-term debt is comprised of the following:

| As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Seller notes | **$ 66,547** | $ 56,598 |
| Current portion | **9,802** | 7,645 |
| | **$ 56,745** | $ 48,953 |

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

The following is the continuity of long-term debt for the year ended December 31, 2015:

| As at | | **December 31, 2015** | | December 31, 2014 |
|---|---|---|---|---|
| Balance, beginning of year | **$** | **56,598** | $ | 27,129 |
| Consideration on acquisition | | **7,971** | | 31,446 |
| Net draw | | **-** | | 85,395 |
| Repayment | | **(8,926)** | | (91,748) |
| Foreign exchange | | **10,904** | | 4,376 |
| Balance, end of year | **$** | **66,547** | $ | 56,598 |

The following table summarizes the repayment schedule of the long-term debt:

| Principal Payments | | **December 31, 2015** | | December 31, 2014 |
|---|---|---|---|---|
| Less than 1 year | **$** | **9,802** | $ | 7,645 |
| 1 to 5 years | | **33,242** | | 25,761 |
| Greater than 5 years | | **23,503** | | 23,192 |
| | **$** | **66,547** | $ | 56,598 |

Included in finance costs is interest on long-term debt of $3,542 (2014 - $3,426).

## 13. CONVERTIBLE DEBENTURES

On December 19, 2012, the Fund issued $30,000 aggregate principal amount of convertible unsecured subordinated debentures due December 31, 2017 (the "Debentures") with a conversion price of $23.40. On December 24, 2012, as allowed under the provisions of the agreement to issue the Debentures, the underwriters purchased an additional $4,200 aggregate principal amount of Debentures increasing the aggregate proceeds of the Debenture Offering to $34,200.

The Debentures bear interest at an annual rate of 5.75% payable semi-annually, and are convertible at the option of the holder, into units of the Fund at any time prior to the maturity date and may be redeemed by the Fund on or after December 31, 2015 provided that certain thresholds are met surrounding the weighted average market price of the trust units at that time. On redemption or maturity, the Debentures may at the option of the Fund be repaid in cash or subject to regulatory approval, units of the Fund. On November 6, 2015, the Fund announced that on January 5, 2016 it would redeem in full all of the then outstanding 5.75% Convertible Unsecured Subordinated Debentures due December 31, 2017 in accordance with the provisions of the trust indenture dated as of December 19, 2012. *See note 32.*

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

Upon issuance, the Debentures were bifurcated with $2,009 related to the conversion feature treated as a financial liability measured at fair value due to the units of the Fund being redeemable for cash. Transactions costs of $2,003 were incurred in relation to issuance of the Debentures, which included the underwriter's fee and other expenses of the offering. Details of the Debentures carrying value are as follows:

| As at | | **December 31, 2015** | | December 31, 2014 |
|---|---|---|---|---|
| Balance, beginning of year | **$** | **31,617** | $ | 30,971 |
| Adjusted for: | | | | |
| Accretion charges | | **2,514** | | 705 |
| Conversion to Fund units | | **(9,927)** | | (59) |
| Balance, end of year | **$** | **24,204** | $ | 31,617 |

On September 29, 2014, the Fund issued $50,000 aggregate principal amount of convertible unsecured subordinated debentures due October 31, 2021 (the "2014 Debentures") with a conversion price of $61.40. On September 29, 2014, as allowed under the provisions of the agreement to issue the 2014 Debentures, the underwriters purchased an additional $7,500 aggregate principal amount of 2014 Debentures increasing the aggregate proceeds of the 2014 Debenture offering to $57,500.

The 2014 Debentures bear interest at an annual rate of 5.25% payable semi-annually, and are convertible at the option of the holder into units of the Fund at any time prior to the maturity date and may be redeemed by the Fund on or after October 31, 2017 provided that certain thresholds are met surrounding the weighted average market price of the trust units at that time. On redemption or maturity, the 2014 Debentures may, at the option of the Fund, be repaid in cash or, subject to regulatory approval, units of the Fund.

Upon issuance, the 2014 Debentures were bifurcated with $5,124 related to the conversion feature treated as a financial liability measured at fair value due to the units of the Fund being redeemable for cash. Transaction costs of $2,774 were incurred in relation to issuance of the 2014 Debentures, which included the underwriter's fee and other expenses of the offering. Details of the 2014 Debentures carrying value are as follows:

| As at | | **December 31, 2015** | | December 31, 2014 |
|---|---|---|---|---|
| Balance, beginning of year | **$** | **50,047** | $ | - |
| Proceeds of offering | | **-** | | 57,500 |
| Adjusted for: | | | | |
| Transaction costs | | **-** | | (2,774) |
| Expensed transaction costs attributable to conversion feature | | **-** | | 243 |
| Net proceeds on offering | **$** | **50,047** | $ | 54,969 |
| Adjusted for: | | | | |
| Fair value of conversion feature | | - | | (5,124) |
| Accretion charges | | **869** | | 202 |
| Balance, end of year | **$** | **50,916** | $ | 50,047 |

During 2015, an expense in the amount of $34,057 (December 31, 2014 – $21,966) was recorded to earnings (loss) related to convertible debentures.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 14. OBLIGATIONS UNDER FINANCE LEASES

| As at | | **December 31, 2015** | | December 31, 2014 |
|---|---|---|---|---|
| Equipment leases, at interest rates ranging from 3.58% to 14.66%, due January 2016 to June 2020 (2014 - January 2015 to March 2019), secured by equipment with a net book value of $7,892 (2014 - $4,122) | **$** | **7,696** | $ | 4,975 |
| Vehicle leases, at interest rates ranging from 5.40% to 12.81%, due January 2016 to January 2019 (2014 - January 2015 to July 2018), secured by vehicles with a net book value of $6,038 (2014 - $3,112) | | **6,792** | | 4,850 |
| | **$** | **14,488** | $ | 9,825 |
| Amounts representing interest | | **1,465** | | 1,050 |
| | **$** | **13,023** | $ | 8,775 |
| Current portion | | **4,547** | | 3,436 |
| | **$** | **8,476** | $ | 5,339 |

Included in finance costs is interest related to finance leases of $1,249 (2014 - $895).

Minimum lease payments required as at December 31, 2015 are as follows:

| | | Principal and Interest Payments | | Amounts Representing Interest | | Principal Payments |
|---|---|---|---|---|---|---|
| Less than 1 year | $ | 5,209 | $ | 662 | $ | 4,547 |
| 1 to 5 years | | 9,187 | | 802 | $ | 8,385 |
| Greater than 5 years | | 92 | | 1 | $ | 91 |
| | $ | 14,488 | $ | 1,465 | $ | 13,023 |

## 15. FAIR VALUE ADJUSTMENTS

| | **For the years ended December 31,** | | | |
|---|---|---|---|---|
| | | **2015** | | 2014 |
| Convertible debenture conversion features | **$** | **34,057** | $ | 21,966 |
| Exchangeable Class A common shares | | **4,375** | | 4,516 |
| Unit based payment obligation | | **12,925** | | 8,938 |
| Non-controlling interest put options | | **7,593** | | 1,940 |
| Total fair value adjustments | **$** | **58,950** | $ | 37,360 |

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 16. FINANCIAL INSTRUMENTS

### Carrying value and estimated fair value of financial instruments

| | Classification | Fair value hierarchy | **December 31, 2015** Carrying amount | **December 31, 2015** Fair value | December 31, 2014 Carrying amount | December 31, 2014 Fair value |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash | FVTPL [1] | 1 | **72,926** | **72,926** | 57,510 | 57,510 |
| Accounts receivable | Loans and receivables | n/a | **64,798** | **64,798** | 55,462 | 55,462 |
| Note receivable | Loans and receivables | n/a | **678** | **678** | 893 | 893 |
| **Financial liabilities** | | | | | | |
| Accounts payable and accrued liabilities | Other financial liabilities | n/a | **134,430** | **134,430** | 96,691 | 96,691 |
| Distributions payable | Other financial liabilities | n/a | **705** | **705** | 671 | 671 |
| Dividends payable | Other financial liabilities | n/a | **11** | **11** | 11 | 11 |
| Long-term debt | Other financial liabilities | n/a | **66,547** | **66,547** | 56,598 | 56,598 |
| 2012 convertible debenture | Other financial liabilities | 2 | **24,204** | **70,918** | 31,617 | 69,969 |
| 2012 convertible debenture conversion feature | FVTPL [1] | 2 | **43,945** | **43,945** | 33,920 | 33,920 |
| 2014 convertible debenture | Other financial liabilities | 2 | **50,916** | **70,725** | 50,047 | 50,047 |
| 2014 convertible debenture conversion feature | FVTPL [1] | 2 | **16,219** | **16,219** | 7,955 | 7,955 |
| Exchangeable Class A common shares | FVTPL [1] | 1 | **15,536** | **15,536** | 11,420 | 11,420 |
| Non-controlling interest put options | FVTPL [1] | 3 | **34,738** | **34,738** | 23,230 | 23,230 |

(1) Fair Value Through Profit or Loss

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

For the Fund's current financial assets and liabilities, which are short term in nature and subject to normal trade terms, the carrying values approximate their fair value. As there is no ready secondary market for the Fund's long-term debt, the fair value has been estimated using the discounted cash flow method. The fair value using the discounted cash flow method is approximately equal to carrying value. The fair value for the non-controlling interest put option is based on the estimated cash payment or receipt necessary to settle the contract at the Statement of Financial Position date. Cash payments or receipts are based on discounted cash flows using current market rates and prices and adjusted for credit risk. The fair value of the exchangeable Class A shares is estimated using the market price of the units of Fund as of the statement of financial position date. The fair value for the 2014 convertible debenture conversion feature is estimated using a Black-Scholes valuation model with the following assumptions used: stock price $66.10, dividend yield 1.05%, expected volatility 26.66%, risk free interest rate of 0.96%, term of six years. The fair value for the Fund's debentures will change based on the movement in bond rates and changes in the Fund's credit rating.

**Collateral**

The Company's syndicated loan facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at December 31, 2015 was approximately $137,724 (2014 - $113,800).

**Interest rate risk**

The Company's operating line and syndicated loan facility are exposed to interest rate fluctuations and the Company does not hold any financial instruments to mitigate this risk. Convertible debentures and seller notes are at fixed interest rates.

**Foreign currency risk**

The Company's operations in the U.S. are more closely tied to its domestic currency. Accordingly, the U.S. operations are measured in U.S. dollars and the Company's foreign exchange translation exposure relates to these operations. When the U.S. operation's net asset values are converted to Canadian dollars, currency fluctuations result in period to period changes in those net asset values. The Fund's equity position reflects these changes in net asset values as recorded in accumulated other comprehensive earnings (loss). The income and expenses of the U.S. operations are translated into Canadian dollars at the average rate for the period in order to include their financial results in the consolidated financial statements. Period to period changes in the average exchange rates cause translation effects that have an impact on net earnings (loss). Unlike the effect of exchange rate fluctuations on transaction exposure, the exchange rate translation risk does not affect local currency cash flows.

Transactional foreign currency risk also exists in circumstances where U.S. denominated cash is received in Canada. The Company monitors U.S. denominated cash flows to be received in Canada and evaluates whether to use forward foreign exchange contracts. No forward foreign exchange contracts were used during 2015 or 2014.

The Fund earns interest on promissory notes issued to The Boyd Group (U.S.) Inc., the parent of the Fund's U.S. operations. As at December 31, 2015 and 2014, promissory notes denominated in Canadian dollars are as follows:

| **Promissory notes**<br>As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Promissory note at 3.3% due September 29, 2017 | $ 108,000 | $ 108,000 |
| Promissory note at 6.5% due January 1, 2020 | 41,800 | 41,800 |
| Promissory note at 8.58% due January 1 2024 | 6,800 | 6,800 |
| Promissory note at 8.58% due January 1, 2024 | 25,000 | 25,000 |
| Promissory note at 8.58% due January 1, 2024 | 30,000 | 30,000 |
| | **$ 211,600** | $ 211,600 |

Currently the Fund's U.S. operations purchase Canadian dollars at market rates to fund the monthly interest payments.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

**Credit risk**

The carrying amount of financial assets represents the maximum credit exposure. Cash is in the form of deposits on demand with major financial institutions that have strong long-term credit ratings. The Fund is subject to risk of non-payment of accounts receivable; however, the Fund's receivables are largely collected from the insurers of its customers. Accordingly, the Fund's accounts receivable comprises mostly amounts due from national and international insurance companies or provincial crown corporations.

| **Aging of accounts receivable**<br>As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Neither impaired nor past due | **$ 62,894** | $ 53,372 |
| Past due: | | |
| Over 90 days | **2,922** | 2,997 |
| | **$ 65,816** | $ 56,369 |
| Allowance for doubtful accounts | **(1,018)** | (907) |
| Accounts receivable | **$ 64,798** | $ 55,462 |

The Fund uses an allowance account to record an estimate of potential impairment for accounts receivables based on aging and other factors. The Fund has not identified specific accounts it believes to be impaired.

| **Allowance for doubtful accounts**<br>As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Balance, beginning of year | **$ 907** | $ 746 |
| Increase in allowance (net of recoveries and amounts written off) | **111** | 161 |
| Balance, end of year | **$ 1,018** | $ 907 |

**Liquidity risk**

The following table details the Fund's remaining contractual maturities for its financial liabilities.

| | Total | Within 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | After 5 years |
|---|---|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | $134,431 | $134,431 | $ - | $ - | $ - | $ - | $ - |
| Long-term debt | 66,547 | 9,802 | 10,172 | 9,310 | 7,884 | 5,876 | 23,503 |
| Obligations under finance leases | 13,023 | 4,547 | 3,346 | 2,783 | 2,087 | 169 | 91 |
| Convertible debentures | 75,120 | 24,204 | - | - | - | - | 50,916 |
| Operating lease obligation | 346,561 | 61,205 | 53,994 | 46,505 | 39,179 | 32,200 | 113,478 |
| | $635,682 | $234,189 | $ 67,512 | $ 58,598 | $ 49,150 | $ 38,245 | $187,988 |

Obligations of the Fund are generally satisfied through future operating cash flows and the collection of accounts receivable.

**Market Risk and Sensitivity Analysis**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Components of market risk to which the Fund is exposed are interest rate risk and foreign exchange rate risk as discussed above.

The Fund has used a sensitivity analysis technique that measures the estimated change to net earnings (loss) and equity of a 1% (100 basis points) difference in market interest rates. The sensitivity analysis assumes that changes in market interest rates only affect interest income or expense of variable financial instruments not covered by hedging instruments. For the year ended December 31, 2015 it is estimated that the impact of a 1% change to market rates would result in a $nil change (2014 – $263) to net earnings (loss) as well as comprehensive earnings (loss).

The currency risk sensitivity analysis is based on a 5% strengthening or weakening of the Canadian Dollar against the U.S. Dollar and assumes that all other variables remain constant. Under this assumption, net earnings (loss) for the year ended December 31, 2015 as well as comprehensive earnings (loss) would have changed by $nil due to no foreign exchange contracts being in place at the end of 2015 and 2014.

**Exchangeable Class A Common Shares**

The Class A common shares of BGHI are exchangeable into units of the Fund. To facilitate the exchange, BGHI issues one Class B common share to the Fund for each Class A common share that has been retracted. The Fund in turn issues a trust unit to the Class A common shareholder. The exchangeable feature results in the Class A common shares of BGHI being presented as financial liabilities of the Fund. Exchangeable Class A shares are measured at the market price of the units of the Fund as at the statement of financial position date. Exchanges are recorded at carrying value. At December 31, 2015 there were 235,036 (2014 – 239,911) shares outstanding with a carrying value of $15,536 (2014 – $11,420). Total retractions for the year were 4,875 (2014 – 112,164) for $259 (2014 – $4,786). During the third quarter of 2014, Brock Bulbuck, President & Chief Executive Officer, retracted 100,000 Class A common shares. The retraction was recorded at a carrying value of $4,324.

**Non-controlling interest put option**

On May 31, 2013, the Fund entered into an agreement whereby Glass America contributed its auto-glass business to Gerber Glass in exchange for shares representing a 30% ownership interest in a new combined Glass America entity. The agreement contains a put option, which provides the non-controlling interest with the right to require the Fund to purchase their retained interest according to a valuation formula defined in the agreement. All changes in the estimated liability are recorded in earnings (loss). The put option was restricted until June 1, 2015.

On May 31, 2013, in connection with the acquisition of Glass America, the Fund entered into an agreement that provides a member of its U.S. management team the opportunity to participate in the future growth of the Fund’s U.S. glass business. Within the agreement was a put option held by the non-controlling shareholder that provided the shareholder an option to put the business back to the Fund according to a valuation formula defined in the agreement. The put option is restricted until December 1, 2016 and is exercisable anytime thereafter by the glass-business operating partner. The put option may be exercised before December 1, 2016 upon the occurrence of certain unusual events such as a change of control or resignation of the operating partner. All fair value changes in the estimated liability are recorded in earnings (loss).

The liability recognized in connection with both put options has been calculated using formulas defined in the agreements. The formula for the Glass America put is based on a multiple of EBITDA for the trailing twelve months. The formula for the Gerber Glass put is based on multiples of estimated future earnings of the combined Gerber Glass and Glass America business, and estimated future exercise dates. The estimated future payment obligation is then discounted to its present value at each statement of financial position date. The significant unobservable inputs include the put being exercised in one year at a probability weighted estimated EBITDA level of approximately $10,600 USD using a discount rate of 9%. An increase in the EBITDA level or a reduction in the discount rate would increase the put liability.

During 2015, the Fund made $1,086 (2014 - $1,066) in payments to the Glass America non-controlling interest.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

The liability for non-controlling interest put options comprises the following:

| As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Glass-business operating partner non-controlling interest put option | **$ 10,850** | $ 6,510 |
| Glass America non-controlling interest put option | **23,888** | 16,720 |
| | **$ 34,738** | $ 23,230 |

The change in the non-controlling interest put option liabilities is summarized as follows:

| | **December 31, 2015** | | December 31, 2014 | |
|---|---|---|---|---|
| | **Glass-business operating partner** | **Glass America non-controlling interest** | Glass-business operating partner | Glass America non-controlling interest |
| Balance, beginning of year | **$ 6,510** | **$ 16,720** | $ 4,999 | $ 15,341 |
| Fair value adjustments | **2,990** | **4,603** | 1,004 | 936 |
| Payment to non-controlling interests | **-** | **(1,086)** | - | (1,066) |
| Foreign exchange | **1,350** | **3,651** | 507 | 1,509 |
| Balance, end of year | **$ 10,850** | **$ 23,888** | $ 6,510 | $ 16,720 |

During 2015, an expense in the amount of $7,593 (December 31, 2014 – $1,940) was recorded to earnings (loss) related to these non-controlling interest put options.

## 17. UNIT BASED PAYMENT OBLIGATION

Pursuant to the Fund's Option Agreement and Confirmation, the Fund has granted options to purchase units of the Fund to certain key executives. The following options are outstanding:

| **Issue Date** | **Number of Units** | **Exercise Price** | **Expiry Date** | **December 31, 2015 Fair Value** | December 31, 2014 Fair Value |
|---|---|---|---|---|---|
| January 11, 2006 | 200,000 | $ 1.91 | January 11, 2016 | **$ 12,803** | $ 8,061 |
| January 2, 2008 | 150,000 | $ 2.70 | January 2, 2018 | **7,599** | 4,590 |
| January 2, 2009 | 150,000 | $ 3.14 | January 2, 2019 | **6,786** | 4,064 |
| January 2, 2010 | 150,000 | $ 5.41 | January 2, 2020 | **5,930** | 3,478 |
| | | | | **$ 33,118** | $ 20,193 |

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

On January 11, 2006, the Fund granted options which permit the purchase of in the aggregate up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units shall be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee of the Fund, the Company or a subsidiary on September 23, 2015. The exercise price, which was set at the time of granting, is the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being $1.91 per unit. The fair value of each option is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price $66.10, dividend yield 1.05%, expected volatility 26.66% (determined as a weighted standard deviation of the unit price over the past four years), risk free interest rate 0.00%, initial term 10 years, remaining term of 11 days. *See note 32.*

On November 8, 2007, the Fund granted additional options to certain key employees allowing them to purchase in the aggregate up to 450,000 units of the Fund, such options to be issued to purchase up to 150,000 units on each of January 2, 2008, 2009 and 2010 exercisable on, but not before, the 10th anniversary of the respective issue date. The purchase price per Fund unit under the options issued on each issue date was determined as the greater of the closing price for Fund units on the Toronto Stock Exchange on the option grant date (being $2.70 per unit) and the weighted average trading price of the Fund units on the Toronto Stock Exchange for the first 15 trading days in the month of January in which each issue date falls. The fair value of each option is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price $66.10, dividend yield 1.05%, expected volatility 26.66%, risk free interest rates of 0.50%, 0.55% and 0.66% respectively , initial terms of 10, 11 and 12 years respectively, remaining terms of 2, 3 and 4 years respectively.

During 2015, an expense in the amount of $12,925 (December 31, 2014 – $8,938 was recorded to earnings (loss) related to these unit based payment obligations.

On September 24, 2015, certain key executives provided irrevocable notice that the options issued January 11, 2006 would be exercised, which will result in the issuance of 200,000 units at an exercise price of $1.91 on January 11, 2016. *See note 32.*

## 18. LEASE COMMITMENTS

The Fund has various operating lease commitments, primarily in respect of leased premises. The aggregate amount of future minimum lease payments associated with these leases is $346,561 (2014 - $272,216). The minimum amounts payable over the next five years are as follows:

| | | |
|---|---|---|
| Less than 1 year | $ | 61,205 |
| 1 to 5 years | | 171,878 |
| Greater than 5 years | | 113,478 |
| | $ | 346,561 |

Included in operating expenses for the year ended December 31, 2015 are operating lease expenses, primarily in respect of leased premises of $62,035 (2014 – $47,055).

## 19. CONTINGENCIES

The Fund has two U.S. denominated letters of credit for $225 U.S. (2014 –$225 U.S.).

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 20. ACCUMULATED OTHER COMPREHENSIVE EARNINGS

| | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Balance, beginning of year | **$ 21,977** | $ 5,685 |
| Unrealized gain on translating financial statements of foreign operations | **53,134** | 16,292 |
| Balance, end of year | **$ 75,111** | $ 21,977 |

There is no tax impact of translating the financial statements of the foreign operation.

## 21. CAPITAL

**Unitholders' Capital**

**Authorized:**
Unlimited number of trust units

An unlimited number of units are authorized and may be issued pursuant to the Declaration of Trust. All units are of the same class with equal rights and privileges. Each unit is redeemable and transferable. A unit entitles the holder thereof to participate equally in distributions, including the distributions of net earnings and net realized capital gains of the Fund and distributions on termination or winding-up of the Fund, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of Unitholders for each unit held.

During 2015, at the request of the holder, the Fund converted $9,927 of 2012 convertible debentures into units of the Fund at an exercise price of $23.40, resulting in the issuance of 424,227 trust units. Based on the market value at time of conversion, this resulted in an increase to unitholders' capital of $25,695.

On September 29, 2014 the Fund completed a bought deal public offering where it sold to an underwriting syndicate 1,306,000 trust units issued out of treasury at a gross price of $42.35 per unit for net proceeds to the Fund of $53,459. Issue costs of $2,511, net of tax of $661 were netted against the gross proceeds of $55,309. Concurrent with this offering and in a separate transaction, Eddie Cheskis, the Chief Executive Officer of Glass America sold 200,000 units that he held directly or indirectly at the same price per unit as under the offering. These units were reoffered by the underwriters to purchasers during the course of the offering.

## 22. CONTRIBUTED SURPLUS

Units purchased under the Fund's Normal Course Issuer Bid for a value below their carrying amount represent a contribution to the benefit of the remaining unitholders and the difference is credited to contributed surplus. The Fund purchased units for cancellation under Normal Course Issuer Bids in 2009, 2008, and 2007.

## 23. CAPITAL STRUCTURE

The Fund's and Company's objective when managing capital is to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk. The Fund includes in its definition of capital: equity, long-term debt, convertible debentures, convertible debenture conversion features, exchangeable Class A shares, non-controlling interest put options, unit based payment obligations, obligations under finance leases, net of cash.

The Fund and Company manage the capital structure and make adjustments to it by taking into account changing economic conditions, operating performance and growth opportunities. In order to maintain or adjust the capital structure, the Fund or Company may adjust the amount of distributions and dividends it pays, purchase units for cancellation pursuant to a normal course issuer bid, issue new units, exchange Class A shares, issue new debt or replace existing debt with different characteristics, issue convertible debentures, issue unit options, expand the revolver, increase or decrease its obligations under finance lease, pursue alternative structuring of acquisitions, trigger call options on certain acquisition obligations, or settle certain acquisition obligations using a greater amount of cash or units.

The Company monitors capital on a number of bases, including a fixed charge coverage ratio, total debt to Adjusted EBITDA ratios, return on invested capital, a debt to capital ratio, a current ratio, its adjusted distributable cash payout ratio, diluted earnings (loss) per unit and distributions per unit. The fixed charge coverage ratio is the ratio of Adjusted EBITDA, adding back rental expense, less unfunded capital expenditures, less income tax expense, less dividends and distributions to debt, rental expense and capital lease payments. Total debt to Adjusted EBITDA is calculated as the Company's total debt and capital leases but excluding convertible debentures divided by Adjusted EBITDA. Return on invested capital is the ratio of Adjusted EBITDA to average invested capital. Adjusted EBITDA is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations. The distributable cash payout ratio is calculated by dividing the distributions paid during the period by adjusted distributable cash. Adjusted distributable cash is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations.

The Fund's strategy has been to maintain a strong statement of financial position and improve its cash position and financial flexibility while maintaining consistent distributions in order to capitalize on growth opportunities. In addition, the Fund believes that, from time to time, the market price of the units may not fully reflect the underlying value of the units and that at such times the purchase of units would be in the best interest of the Fund. Such purchases increase the proportionate ownership interest of all remaining unitholders.

The Company grows, in part, through the acquisition or start-up of collision and glass repair and replacement businesses, or other businesses. Sources of capital that the Company has been successful at accessing in the past include public and private equity placements, convertible debt offerings, the use of equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, capital lease financing, seller financing and both senior and subordinate debt facilities or by deferring possible future purchase price payments using contingent consideration and call or put options.

## 24. SEASONALITY

The Fund's financial results for any individual quarter are not necessarily indicative of results to be expected for the full year. Interim period revenues and earnings are typically sensitive to regional and local weather, market conditions, and in particular, to cyclical variations in economic activity.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 25. RELATED PARTY TRANSACTIONS

To broaden and deepen management ownership in the Fund, the Company established the Senior Managers Unit Loan Program ("Unit Loan Program") in December 2012, which facilitated the one-time purchase of 121,607 of trust units held by Brock Bulbuck, President and Chief Executive Officer, and Tim O'Day, President and Chief Operating Officer US Operations, to existing Boyd trustees and senior managers. Only senior managers were eligible to receive loan support, and only up to 75% of each senior manager's unit purchase. The loans bear interest at a fixed rate of 3% per annum with interest payable monthly. Each year, 2% of the original loan amount will be forgiven and applied as a reduction of the loan principal for the first five years of the loan. This forgiveness is conditional on the employee being employed by the Company and the employee not being in default of the loan. Participants are required to make monthly payments equal to .25% of the original principal amount. Beginning March 31, 2013 participants are required to make additional minimum repayments of principal equal to the lesser of 12.5% of their annual pre-tax bonus or 12.5% of the original loan amount. Participants are required to repay the loan in full on the earlier of termination of employment, the sale of the units, or ten years from the date of loan issuance. The loan can be repaid at any time without penalty; however, the 2% future annual forgiveness would be forfeited. Units purchased are held by the Company as security for repayment of the loan. Pursuant to the conditions of the senior manager unit loan program, loan repayments by senior managers amounted to $181 for 2015 (2014 - $196). At December 31, 2015, the carrying value of loans made under the Unit Loan Program included in Note receivable was $548 (2014 - $728).

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the leases are representative of fair market rent values.

The following are the lease expense amounts for facilities currently under lease with related parties:

| Landlord | Affiliated Person(s) | Location | Lease Expires | **December 31, 2015** | December 31, 2014 |
|---|---|---|---|---|---|
| 3577997 Manitoba Inc. | Brock Bulbuck | Selkirk, MB | 2027 | **$ 61** | $ 61 |
| Gerber Building No. 1 Ptnrp | Eddie Cheskis & Tim O'Day | South Elgin, IL | 2018 | **$ 113** | $ 96 |

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling $53 (2014 - $76), through BGHI to 4612094 Manitoba Inc., an entity controlled by a senior officer of the Fund. At December 31, 2015, 4612094 Manitoba Inc. owned 107,329 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 26. SEGMENTED REPORTING

The Fund has one reportable line of business, being automotive collision repair and related services, with all revenues relating to a group of similar services. In this circumstance, IFRS requires the Fund to provide geographical disclosure. For the years reported, all of the Fund's revenues were derived within Canada or the United States of America. Reportable assets include property, plant and equipment, goodwill and intangible assets which are all located within these two geographic areas.

| **Revenues** | **For the years ended December 31, 2015** | 2014 |
|---|---|---|
| Canada | **$ 82,874** | $ 81,019 |
| United States | **1,091,203** | 763,085 |
| | **$ 1,174,077** | $ 844,104 |

| **Reportable Assets** As at | **December 31, 2015** | December 31, 2014 |
|---|---|---|
| Canada | **$ 16,428** | $ 15,993 |
| United States | **443,917** | 327,869 |
| | **$ 460,345** | $ 343,862 |

The Fund's revenues are largely derived from the insurers of its customers, who are generally automobile owners. In three Canadian provinces where the Fund operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to the Fund's customers. Sales generated in these three markets represent approximately 4% (2014 – 5%) of the Fund's total sales. Although the Fund's services in these markets are predominately paid for by these government-owned insurance companies, the Fund's customers (automobile owners) have freedom of choice of repair provider. In markets where non-government owned insurance companies are predominant, formal relationships with insurance companies such as Direct Repair Programs ("DRPs") play an important role in generating sales volumes for the Fund. Although automobile owners still have the freedom of choice of repair provider, that choice can be influenced by the insurance companies with DRPs. Of the top five non-government owned insurance companies that the Fund deals with, which in aggregate account for approximately 49% (2014 – 47%) of total sales, one insurance company represents approximately 15% (2014 – 16%) of the Fund's total sales, while a second insurance company represents approximately 14% (2014 – 15%).

## 27. COMPENSATION OF KEY MANAGEMENT

Compensation awarded to key management included:

| | **For the years ended December 31, 2015** | 2014 |
|---|---|---|
| Salaries and short-term employee benefits | **$ 4,961** | $ 4,312 |
| Post-employment benefits | **83** | 79 |
| Long-term incentive plan | **858** | - |
| Unit options | **12,925** | 8,938 |
| | **$ 18,827** | $ 13,329 |

Key management includes the Fund's Trustees as well the most senior officers of the Fund and Subsidiary Companies.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

Effective January 1, 2015, a new long-term incentive plan for certain executive officers was adopted. For the year ended December 31, 2015, Performance Cash Awards were granted under the plan. Performance Cash Awards represent the right to receive payments, conditional, in whole or in part, upon the achievement of one or more objective performance goals. A Performance Cash Award granted under the Plan is denominated and payable in cash and will vest and be paid out pro-rata over a three-year period, subject to the terms of the plan. The Performance Periods for the 2015 Award are (i) January 1, 2015 to December 31, 2015 for the 1/3 of the Target Award eligible to vest on January 1, 2016; (ii) January 1, 2015 to December 31, 2016 for the 1/3 of the Target Award eligible to vest on January 1, 2017; and (iii) January 1, 2015 to December 31, 2017 for the 1/3 of the Target Award eligible to vest on January 1, 2018.

On January 1, 2016, the plan granted Performance Cash Units for the 2016 grant year in place of Performance Cash Awards. Performance Cash Units are tied to unit value from date of grant to date of payment and will vest and be paid out pro-rata over a three-year period, subject to the terms of the plan.

On December 22, 2015, the Board of Trustees approved a Directors Deferred Share Unit Plan ("DSUP"), effective December 31, 2015. The plan is administered through BGHI and requires Trustees, who are also Directors of BGHI, to receive at least 60% of their compensation in the form of deferred shares, which are essentially notional shares of BGHI and are redeemable for cash on termination. Trustees may elect to receive up to 100% of their compensation in the form of deferred shares. The number of deferred share units to which a Trustee is entitled will be adjusted for the payment of dividends or other cash distributions on the Class A common shares of BGHI.

## 28. EMPLOYEE EXPENSES

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | | **2015** | | 2014 |
| Salaries and short-term employee benefits | **$** | **441,295** | $ | 320,655 |
| Post-employment benefits | | **83** | | 79 |
| Long-term incentive plan | | **858** | | - |
| Unit options | | **12,925** | | 8,938 |
| | **$** | **455,161** | $ | 329,672 |

## 29. DEFINED CONTRIBUTION PENSION PLANS

The Fund has defined contribution pension plans for certain employees. The Fund matches U.S. employee contributions at rates up to 6.0% of the employees' salary. The expense and payments for the year were $1,071 (2014 - $677). The Fund has established Retirement Defined Contribution Arrangement Trust Agreements for the CEO and previous Executive Chairman which qualify as retirement compensation arrangements as defined in the Income Tax Act (Canada), RSC 1985, c.1 ($5^{th}$ Supplement), as amended. The agreements specify that quarterly contributions are to be made until the end of 2024. In the case of the previous Executive Chairman, payments were made until January, 2014, at which time the balance was paid to settle the remaining obligation. During 2015, $83 (2014 - $818) was paid related to these arrangements.

## 30. LOSS PER UNIT

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | | **2015** | | 2014 |
| Net loss | **$** | **(21,962)** | $ | (15,311) |
| Basic and diluted weighted average number of units | | **16,470,702** | | 15,331,353 |
| Basic and diluted loss per unit | **$** | **(1.333)** | $ | (0.999) |

Exchangeable class A shares, unit options, convertible debentures and the non-controlling interest put options are instruments that could potentially dilute basic earnings (loss) per share in the future, but were not included in the calculation of diluted earnings (loss) per share because they are anti-dilutive for the periods presented.

*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

## 31. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

| | For the years ended December 31, **2015** | 2014 |
|---|---|---|
| Accounts receivable | **$ (8,233)** | $ 4,992 |
| Inventory | **(1,726)** | (1,395) |
| Prepaid expenses | **(1,804)** | (2,445) |
| Accounts payable | **20,965** | 336 |
| Income taxes, net | **(2,061)** | 754 |
| | **$ 7,141** | $ 2,242 |

## 32. SUBSEQUENT EVENTS

On January 5, 2016, the Fund completed the early redemption and cancellation of its 5.75% Convertible Unsecured Subordinated Debentures due December 31, 2017. Subsequent to the initial announcement of the early redemption, $24,012,000 principal amount of the Debentures were converted into 1,026,152 units of the Fund. The remaining $192,000 in Debentures were redeemed and cancelled by issuing 3,000 units. As a result of redemption and cancellation, the convertible debentures listed on the Toronto Stock Exchange under the symbol “BYD.DB” were de-listed.

On January 11, 2016, the Fund completed the settlement of the unit options issued on January 11, 2006. As a result of the settlement, 200,000 units were issued at an exercise price of $1.91. The fair value of the unit options at settlement was $12,050.