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**THIRD CANADIAN GENERAL INVESTMENT
TRUST LIMITED**

1971

Annual Report

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**THIRD CANADIAN GENERAL INVESTMENT TRUST
LIMITED**

Board of Directors _____

ALEX. E. BARRON	T. R. MEIGHEN, Q.C.
D. L. CAMPBELL	E. LOUISE MORGAN
A. BRUCE MATTHEWS, C.B.E., D.S.O.	JOHN C. RYKERT
M. C. G. MEIGHEN, O.B.E.	DONALD J. A. WRIGHT

Officers _____

M. C. G. MEIGHEN, O.B.E.	<i>Chairman of the Board</i>
ALEX. E. BARRON	<i>President</i>
JOHN C. RYKERT	<i>Treasurer</i>
E. LOUISE MORGAN	<i>Secretary</i>

Auditors _____

PRICE WATERHOUSE & CO. Toronto

Registrar and Transfer Agent _____

THE CANADA TRUST COMPANY - Toronto and Montreal

Office of Company _____

110 YONGE STREET, SUITE 1702 (Telephone 366-2931) Toronto

**THIRD CANADIAN GENERAL INVESTMENT TRUST
LIMITED**

TO THE SHAREHOLDERS:

Your Directors have pleasure in submitting the Annual Report of your Company for the year ended December 31, 1971, consisting of the Balance Sheet, and Statements of Income, Retained Earnings, and Changes in Net Assets, all as reported upon by your Company's Auditors.

The Balance Sheet discloses that the total assets of the Company, as at December 31, 1971, amounted to \$32,873,763. From this amount should be deducted the total liabilities of the Company, namely, \$37,065, which leaves a net value of \$32,836,698. After deducting the First Preferred Shares Series A at the call price of \$52.50, namely, \$3,025,155, each of the 1,837,190 Common Shares outstanding as at December 31, 1971 had an apparent equity value of approximately \$16.23.

The Statement of Income discloses that your Company, after paying all expenses, had net income for the year of \$1,018,698. After providing \$144,368 for dividends on the First Preferred Shares the balance of net income, namely, \$874,330 was equivalent to 47.5 cents for each of the outstanding Common Shares.

During 1971 cash dividends totalling \$144,368 were paid or declared on the First Preferred Shares Series "A". The common shareholders received stock dividends of 45 cents per share in the form of Second Preferred Shares, which were immediately redeemed, totalling \$826,736.

Within certain limits the Income Tax Act (Canada) still permits the company to pay dividends which are free of Canadian income tax in the hands of the shareholders. However, there are two new features which may be summarized as follows:

- (a) No issue and redemption of preferred shares will be required.
- (b) The dividends received will reduce the cost base of your shares for the purpose of calculation of capital gain or loss on any future sale of the shares.

The Directors have decided to continue, for the time being, the policy of paying a 15% tax which will permit payment of dividends on the common shares which will be free of Canadian income tax in the hands of the shareholders. Such a dividend, in the amount of twenty cents per common share, has been declared payable April 14, 1972 to shareholders of record March 30, 1972.

The portfolio of investments as at December 31, 1971, is to be found at the back of this report.

Submitted on behalf of the Board.

Mr. C. G. Meighen

Chairman of the Board

Alex E. Parsons

President

TORONTO, January 24, 1972.

T H I R D C A N A D I A N G E N E R A L

Balance Sheet

<i>Assets</i>	December 31	
	1971	1970
Investments at indicated market value (Note 1):		
Securities having a quoted market value - - - - -	\$31,727,805	\$27,485,125
Securities not having a quoted market value - - - - -	463,361	497,972
	32,191,166	27,983,097
(Cost as at—		
December 31, 1971—\$13,257,623		
December 31, 1970—\$13,372,835)		
Income taxes recoverable - - - - -	—	1,565
Cash in bank - - - - -	682,597	242,433
	\$32,873,763	\$28,227,095
<i>Liabilities and Shareholders' Equity</i>		
Dividend payable - - - - -	\$ 36,014	\$ 36,139
Income and other taxes payable - - - - -	1,051	—
Shareholders' equity:	37,065	36,139
Capital stock (Note 2)—		
Authorized—		
118,477 first preferred shares of the par value of \$50 each, issuable in series		
52,628,930 3% non-cumulative second preferred shares of the par value of 5¢ each redeemable at the amount paid up thereon		
2,000,000 common shares of no par value		
Issued and outstanding—		
57,622 \$2.50 cumulative first preferred shares Series A redeemable at \$52.50 per share - - - - -	2,881,100	2,891,100
1,837,190 common shares - - - - -	9,185,950	9,185,950
	12,067,050	12,077,050
Contributed surplus, realized on purchase for cancellation of first preferred shares (including \$3,271 arising during the year ended December 31, 1971) - - -	21,493	18,222
Unrealized gain on investments - - - - -	18,933,543	14,610,262
Retained earnings, including \$42,750 appropriated under Section 62 of the Canada Corporations Act - - - - -	1,814,612	1,485,422
	32,836,698	28,190,956
	\$32,873,763	\$28,227,095

APPROVED ON BEHALF OF THE BOARD:
M. C. G. MEIGHEN, *Director*
A. BRUCE MATTHEWS, *Director*

Auditors' Report to the Shareholders of

Third Canadian General Investment Trust Limited:

We have examined the balance sheet of Third Canadian General Investment Trust Limited as at December 31, 1971 and the statements of income, retained earnings and changes in net assets for the year then ended. Our examination included an inspection of share certificates and other evidence of the investments held by the Company as at December 31, 1971 and a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1971 and the results of its operations and the changes in its net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, January 14, 1972

PRICE WATERHOUSE & CO.
Chartered Accountants

I N V E S T M E N T T R U S T L I M I T E D

Statement of Income

	Year ended December 31	
	1971	1970
Income:		
Dividends received - - - - -	\$1,089,060	\$1,090,321
Interest earned - - - - -	12,009	14,345
	1,101,069	1,104,666
Expense:		
Management fee - - - - -	70,475	77,490
Directors' fees - - - - -	1,350	1,450
Miscellaneous - - - - -	9,696	10,794
	81,521	89,734
Income before income taxes - - - - -	1,019,548	1,014,932
Provision for income taxes - - - - -	850	910
Net income for the year - - - - -	\$1,018,698	\$1,014,022
Net income for the year per common share (after deducting preferred dividends) - - - - -	\$.48	\$.47

Statement of Retained Earnings

	Year ended December 31	
	1971	1970
Balance at beginning of year - - - - -	\$1,485,422	\$1,437,277
Net income for the year - - - - -	1,018,698	1,014,022
Gain on investments sold or redeemed - - - - -	295,300	19,149
	2,799,420	2,470,448
Dividends paid or declared:		
On first preferred shares Series A - - - - -	144,368	144,586
On common shares in second preferred shares subsequently redeemed - - - -	826,736	826,736
Tax paid under Section 105(2) of the Income Tax Act - - - - -	13,704	13,704
	984,808	985,026
Balance at end of year - - - - -	\$1,814,612	\$1,485,422
Dividends paid per share:		
Preferred - - - - -	\$2.50	\$2.50
Common - - - - -	\$.45	\$.45

**THIRD CANADIAN GENERAL INVESTMENT TRUST
LIMITED**

Statement of Changes in Net Assets

	Year ended December 31	
	1971	1970
Net assets at beginning of year - - - - -	\$28,190,956	\$30,996,416
Add:		
Net income for the year - - - - -	1,018,698	1,014,022
Gain on investments sold or redeemed - - - - -	295,300	19,149
Profit on purchase for cancellation of first preferred shares - - - - -	3,271	4,140
Increase in unrealized gain on investments - - - - -	4,323,281	—
	33,831,506	32,033,727
Less:		
Dividends paid or declared—		
On first preferred shares Series A - - - - -	144,368	144,586
On common shares in second preferred shares (since redeemed) - - - - -	826,736	826,736
Tax paid under Section 105(2) of the Income Tax Act - - - - -	13,704	13,704
First preferred shares Series A purchased for cancellation - - - - -	10,000	11,500
Decrease in unrealized gain on investments - - - - -	—	2,846,245
	994,808	3,842,771
Net assets at end of year - - - - -	\$32,836,698	\$28,190,956
Gain on investments sold or redeemed:		
Cost of investments at beginning of year - - - - -	\$13,372,835	\$13,283,609
Add: Purchase of investments during year - - - - -	125,996	133,088
	13,498,831	13,416,697
Less: Cost of investments at end of year - - - - -	13,257,623	13,372,835
Cost of investments sold or redeemed during year - - - - -	241,208	43,862
Proceeds from sale or redemption of investments during year - - - - -	536,508	63,011
Gain on investments sold or redeemed - - - - -	\$ 295,300	\$ 19,149
Apparent liquidating value per common share (after deducting outstanding preferred shares at call price):		
At beginning of year - - - - -	\$13.69	\$15.21
At end of year - - - - -	\$16.23	\$13.69

**THIRD CANADIAN GENERAL INVESTMENT TRUST
LIMITED**

Notes to the Financial Statements

DECEMBER 31, 1971

1. The indicated market values of quoted securities are the result of pricing the company's holdings at the closing quoted market prices as at December 31. Such amounts do not necessarily represent the value of the total holding in any company which may be more or less than that indicated by market quotations. Securities not having a quoted market value have been included at values determined by the directors based principally on the underlying value of the assets represented by these securities.
 2. During the year ended December 31, 1971 200 \$2.50 cumulative first preferred shares Series A were purchased for cancellation and 16,534,710 3% non-cumulative second preferred shares were issued, subsequently redeemed and cancelled.
 3. The aggregate remuneration of 4 of the 8 directors was \$1,350 (1970—\$1,450). The remaining 4 directors, who are also the 4 officers of the company, are employees of the management company and did not receive any remuneration as directors or officers of the company.
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**THIRD CANADIAN GENERAL INVESTMENT TRUST
LIMITED**

Portfolio of Investments

DECEMBER 31, 1971

	Class	No. of Shares		Class	No. of Shares
Alcan Aluminium Ltd. - - - -	Common	5,000	Industrial Acceptance Corporation Ltd. - - - -	Common	8,000
Algoma Steel Corp. Ltd. - - -	Common	20,000	International Nickel Co. of Canada Ltd. - - - - - -	Common	7,500
Argus Corporation Ltd. - - - -	"C" Prefd.	120,000	Interprovincial Pipe Line Co. - -	Common	20,000
Bank of Montreal - - - - -	Common	3,000	MacMillan Bloedel Limited - -	Common	5,000
Bank of Nova Scotia - - - -	Common	3,000	Moore Corporation Ltd. - - -	Common	40,000
C.G.I. and Third Venture Capital Limited - - - - -	Common	10,000	The Ravelston Corp. Limited - -	Common	5,270
C.G.I. and Third Venture Capital Limited - - - - -	Prefd.	400	The Ravelston Corp. Limited - -	Prefd.	49,248
Canada Packers Ltd. - - - - -	Common	35,000	Royal Bank of Canada - - - -	Common	5,000
Canadian General Investments Ltd. - - - -	Common	312,116	Scott's Restaurants Ltd. - - - -	Common	200
Canadian Tire Corp. Ltd. - - -	"A" Prefd.	5,000	Shell Canada "A" - - - - - -	Common	2,000
Cominco Limited - - - - - -	Common	10,000	Shell Invest. 5½% - - - - - -	Prefd.	1,000
Distillers Corporation Seagrams Ltd. - - - - -	Common	40,000	Simpsons Ltd. - - - - - - -	Common	16,000
Dominion Foundries & Steel Ltd.	Common	38,000	Southam Press Ltd. - - - - -	Common	1,000
Huron & Erie Mortgage Corporation - - - - - -	Common	68,000	Steel Co. of Canada Ltd. - - -	Common	12,000
Imperial Oil Ltd. - - - - - -	Common	16,000	Stuart, D. A., Oil Co. Ltd. - - -	Common	4,000
			TransCanada PipeLines Ltd. - -	Common	1,000

