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WINNIPEG ELECTRIC COMPANY



SIXTIETH  
ANNUAL  
REPORT

1952

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McGILL UNIVERSITY



**BOARD OF DIRECTORS**

W. D. FALLIS  
J. W. SANGER  
D. M. STEPHENS  
D. A. THOMPSON, Q.C.  
ALLAN H. WATSON

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**OFFICERS**

D. M. STEPHENS, *President and General Manager*  
C. F. LIDSTER, *Treasurer and Comptroller*  
S. N. CURRIE, *Secretary*

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**TRANSFER OFFICERS**

National Trust Company, Limited  
Montreal, Toronto and Winnipeg.

To the Shareholders.

Accompanying this, the annual report of your Board of Directors, you will find the following statements:

- (i) Auditor's Report and Consolidated Balance Sheet,
- (ii) Consolidated Income and Surplus Accounts.

During the period under review negotiations took place between representatives of The Manitoba Hydro-Electric Board and an informal committee of shareholders, looking toward the acquisition by the former of the common shares of the Company.

These negotiations culminated in a formal offer by The Manitoba Hydro-Electric Board being made under date of October 28, 1952, to all holders of the common shares of the Company. This offer was conditional, amongst other things, upon the Company having arranged for the incorporation of a new transit company and a new gas company, respectively, and upon the sale by Winnipeg Electric Company of the transit assets of the Company to the new transit company and the sale of the gas assets of the Company to the new gas company.

In conformity with the conditions of this offer Winnipeg Electric Company, on November 30, 1952, sold the transit assets of the Company to Greater Winnipeg Transit Company and the gas assets to a company known as Winnipeg & Central Gas Company.

As full consideration for the sale of these assets, Winnipeg Electric Company received all the shares and debentures issued by Greater Winnipeg Transit Company and all the shares issued by Winnipeg & Central Gas Company.

These transactions are reflected in the accompanying Consolidated Balance Sheet under the heading "Investment in wholly owned Subsidiary Companies \$3,382,068.00." These investments have now been disposed of pursuant to the terms of the said offer.

Because of the fact that the transit and gas assets were sold as of November 30, 1952, one month before the end of the fiscal year, the accompanying Balance Sheet reflects only eleven months' operations with respect to the transit and gas utilities as against a full twelve months' operations for the electrical system.

The sale and segregation of the transit and gas properties, as well as the resultant internal reorganization of the Company, have imposed a great deal of additional work upon the officers and staff of the Company. The Directors desire to take this opportunity of expressing their appreciation of the conscientious, loyal and efficient service rendered by the executive and staff.

D. M. STEPHENS,  
President.

## AUDITOR'S REPORT

*To the Shareholders,*

WINNIPEG ELECTRIC COMPANY,  
Winnipeg.

We have audited the books and accounts of Winnipeg Electric Company and its Subsidiaries, Winnipeg, Selkirk & Lake Winnipeg Railway Company and Suburban Rapid Transit Company, for the year ended 31st December 1952, and report that we have obtained all the information and explanations we have required.

We further report that, in our opinion, the attached Balance Sheet, supplemented by the explanatory notes 1 to 5 appended thereto, is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company, according to the best of our information and the explanations given to us, and as shown by the books.

GEORGE A. TOUCHE & Co.,  
*Chartered Accountants,*  
AUDITORS.

Winnipeg,  
17th April 1953.

# WINNIPEG ELECTRIC COMPANY

## CONSOLIDATED BALANCE SHEET

### ASSETS

PHYSICAL PROPERTIES . . . . .	\$86,537,987.07	
Less Depreciation and Property Reserves . . . . .	32,543,832.61	\$53,994,154.46

(Physical Properties are at net values determined by Millar, Macdonald & Company and McDonald, Currie & Company and reported upon under date of 16th December 1952 in accordance with the terms of the offer of The Manitoba Hydro-Electric Board to holders of common shares of Winnipeg Electric Company, dated 28th October 1952, with additions to properties since 30th November 1952 at cost.)

INVESTMENT IN WHOLLY-OWNED SUBSIDIARY COMPANIES (not consolidated)		
Greater Winnipeg Transit Company . . . . .	\$ 2,243,400.00	
Winnipeg & Central Gas Company . . . . .	1,138,668.00	3,382,068.00

(These Companies were incorporated by the Legislature of Manitoba to acquire the transit and gas assets of Winnipeg Electric Company, in accordance with the terms of the offer of The Manitoba Hydro-Electric Board dated 28th October 1952.)

SUNDRY INVESTMENTS . . . . .		855.00
CASH IN BANKS AND ON HAND . . . . .	\$ 609,647.39	
CONSUMERS' AND OTHER ACCOUNTS RECEIVABLE, including instalment contracts, less reserve for Doubtful Accounts . . . . .	1,159,318.85	
WORKING FUNDS AND DEPOSIT WITH WORKMEN'S COMPENSATION BOARD, etc. . . . .	18,579.14	
MATERIALS, SUPPLIES AND MERCHANDISE FOR SALE . . . . .	638,029.51	
INSURANCE PREMIUMS AND OTHER EXPENSES Paid in Advance . . . . .	21,237.86	2,446,812.75
FUNDS ON DEPOSIT TO MEET SPECIFIC LIABILITIES (Per Contra) . . . . .		33,653.32
MISCELLANEOUS DEFERRED CHARGES . . . . .		19,160.70
DEFERRED ACCOUNTS RECEIVABLE Special Contract—Deferred Instalments . . . . .		24,000.00
NET INCOME TAX OVERPAYMENT—ESTIMATED . . . . .		768,295.20
		\$60,668,999.43

(See accompanying explanatory notes to financial statements)

# Y AND SUBSIDIARY COMPANIES

MEET AT 31st DECEMBER 1952

## CAPITAL AND LIABILITIES

CAPITAL STOCK		
Preferred 50,000 Shares of \$100.00 each, 5% non-cumulative.....	\$ 5,000,000.00	
Common Shares of no par value, 564,989 Shares	10,916,325.81	\$15,916,325.81
CAPITAL SURPLUS reflecting property values determined as noted under "Physical Properties"....		
		13,395,386.90
FUNDED DEBT		
2¾% Serial First Mortgage Bonds, Maturing \$400,000.00 annually 1st May 1953-1956 inclusive.....	\$ 1,600,000.00	
3¾% Series First Mortgage Bonds, Due 1st May 1971.....	13,000,000.00	
4% Series First Mortgage Bonds, Due 1st May 1971.....	13,000,000.00	27,600,000.00
CURRENT ACCOUNTS PAYABLE, including Wages and Salaries.....		
	753,655.83	
ACCOUNTS PAYABLE		
Winnipeg & Central Gas Company.....	\$731,640.61	
Greater Winnipeg Transit Company.....	249,085.59	980,726.20
CONSUMERS' SECURITY DEPOSITS AND ACCRUED INTEREST.....		
	120,222.28	
BOND INTEREST ACCRUED.....	175,250.00	
OTHER LIABILITIES.....	52,880.60	2,082,734.91
LIABILITIES FOR WHICH FUNDS ARE SPECIALLY EARMARKED		
Matured Interest Coupons.....	\$ 31,949.82	
Scrip Certificates.....	1,703.50	33,653.32
DEFERRED CREDITS TO INCOME.....		
		148,716.57
MISCELLANEOUS RESERVES		
For Deferred Maintenance.....	\$ 148,795.93	
For Injuries and Damages, Reorganization, etc.....	61,159.82	209,955.75
EARNED SURPLUS.....		
(The Trust Deed under which the Bonds are issued prohibits payment by the Company of any dividends which would reduce the Earned Surplus below \$1,250,000.00.)		1,282,226.17
On Behalf of the Board of Directors		
D. M. STEPHENS	A. H. WATSON	
<i>Director</i>	<i>Director</i>	
This is the Balance Sheet referred to in our Report to the Shareholders dated 17th April 1953.		
GEORGE A. TOUCHE & CO.		
<i>Chartered Accountants,</i>		
<i>Auditors.</i>		
		<u>\$60,668,999.43</u>

al statements which are an integral part thereof.)

**WINNIPEG ELECTRIC COMPANY AND SUBSIDIARY  
COMPANIES**

**Explanatory Notes to Financial Statements as at  
31st December 1952**

- Note 1. The Balance Sheet does not include the Lake of the Woods and Lac Seul storage charges, approximating \$568,000, previously capitalized with an offsetting liability. It is the intention to treat subsequent payments as an operating expense rather than by way of a charge for depreciation as heretofore.
- Note 2. The Company has indicated an intention to make future payments in respect of Retirement Fund Past Service Contributions to an estimated aggregate amount of \$855,000.00.
- Note 3. The estimated income taxes recoverable are subject to final determination upon assessment. Income tax provision for the year does not bear a normal relationship to operating income, as terminal depreciation allowances on sale of properties have reduced the taxes payable.
- Note 4. The net earnings of the transit and gas companies incorporated as of 30th November 1952 are not included in the consolidated income account.
- Note 5. A dividend of 60c per share on common stock was declared on 22nd January 1953, payable 23rd February 1953 to shareholders of record 23rd January 1953, in terms of Section 4h(iii) of the offer to common shareholders, dated 28th October 1952.



**WINNIPEG ELECTRIC COMPANY AND SUBSIDIARY  
COMPANIES**

**CONSOLIDATED INCOME ACCOUNT  
For the Year Ended 31st December 1952**

(Comprising the eleven months ended 30th November, and the month of December following the sale of Transit and Gas properties at 30th November 1952.)

GROSS EARNINGS FROM OPERATION .....		\$16,572,532.75
OPERATING EXPENSES .....		8,068,968.84
		\$ 8,503,563.91
Miscellaneous Income, Net (including credit for interest charged during construction \$32,935.68) .....		104,821.65
		\$ 8,608,385.56
Interest on Funded Debt .....	\$1,055,166.68	
Other Interest .....	32,499.55	
Taxes .....	899,588.79	
Depreciation .....	2,279,025.00	
Provision for Income Taxes (estimated) .....	83,000.00	
Other Income Deductions .....	1,553.11	4,350,833.13
		\$ 4,257,552.43
<b>NET INCOME .....</b>		<b>\$ 4,257,552.43</b>

**EARNED SURPLUS ACCOUNT**

Balance, 1st January 1952 .....		\$ 5,449,718.16
<b>ADD:</b>		
Net Income for the Year 1952 .....		4,257,552.43
		\$ 9,707,270.59
<b>DEDUCT:</b>		
Dividends on Preference Stock .....	\$ 250,000.00	
Dividends on Common Stock .....	1,012,138.40	
Retirement Plan Adjustment .....	315,771.13	
Provision for Reorganization Expenses .....	60,000.00	
Adjustment of Values on Sale of Transit, Gas and Head Office properties .....	6,577,461.00	
Proportion of Income Taxes Recoverable Payable to Winnipeg & Central Gas Company ..	464,489.40	
		\$8,679,859.93
<b>LESS:</b>		
Income Tax Adjustments of prior periods .....	\$194,625.91	
Adjustments of Reserve Accounts etc. ....	60,189.60	254,815.51
		8,425,044.42
Balance, 31st December 1952 .....		\$ 1,282,226.17





