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Economic Investment Trust
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Limited
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Eighteenth
Annual Report
1945
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JAN 24 1946

McGILL UNIVERSITY

Board of Directors

GLYN OSLER, K.C., *Chairman of the Board*

Director, Bell Telephone Co. of Canada

L. C. McCLOSKEY

Director, National Steel Car Corporation

JACKSON DODDS, C.B.E.

Director, The Royal Trust Company

R. C. BERKINSHAW

General Manager and Treasurer, Goodyear Tire
& Rubber Co. of Canada Ltd.

E. JAMES BENNETT, F.C.A.

Managing Director

Advisory Committees

C. S. MACDONALD

President, Confederation
Life Association

MAJOR-GENERAL THE HON. S. C.

MEWBURN, C.M.G., K.C.

Vice-President, Bank of Montreal

LT.-COL. WILLIAM LEGGAT, M.C.

Director, National Trust Company, Limited

J. E. McALLISTER

Director, Goodyear Tire & Rubber Co. of Canada, Limited

J. NORMAN DALLEY

Ancaster, Ont.

GREAT BRITAIN

DONOVAN M. TOUCHE, F.C.A.

Director, The Trust Union Limited

GEORGE L. C. TOUCHE, A.C.A.

Director, Continental Union Trust Co. Ltd.

Economic Investment Trust Limited

*Report to be presented at the Eighteenth Ordinary General Meeting of the
Trust to be held on the 16th day of May, 1945*

The Directors present their report and the audited accounts for the year ended 31st March, 1945.

The Revenue Account does not include interest or dividends accruing but not due at the end of the Trust's financial year.

Dividends, interest and other income received during the year amounted to\$159,935.41

Balance on Revenue Account from 1944 amounted to 111,530.58

Making a total of\$271,465.99

Total Expenses including Bank Interest amounted to\$ 15,782.93

Bond Interest amounted to 40,000.00

Leaving a Balance of 215,683.06

\$271,465.99

From the Balance: \$215,683.06 —

Dividends of \$2.10 per share have been paid\$ 84,000.95

Provision for Income Tax has been made 10,866.25

Transfer to General Reserve 24,625.00

Leaving to be carried forward on Revenue Appropriation Account 96,190.86

The Judicial Committee of the Privy Council has now decided that a company is not entitled to charge the cost of refunding its bonds as an expense in calculating its taxable income. In view of this, the balance of the expense of refunding the Bond Issue amounting to \$52,840.02 has been charged to Investment Reserve.

The trend of security markets since the last Annual Report continued upward and the net asset value per share, based on quotations of listed shares and securities at the end of the Trust's fiscal year was approximately \$56.00 compared with \$47.00 at the corresponding date last year.

The net income of the Trust showed some increase during the year. This enabled your Directors to declare dividends of \$2.10 per share for the year as against \$2.00 last year and an amount of \$24,625.00 was transferred to General Reserve, leaving a balance in Revenue Appropriation Account of \$96,190.86.

The Investments of the Trust number 216. Of the 204 Preference and Common Stocks 189 are listed on recognized exchanges. Attached are summaries showing:

1. Classification according to Type of Investment.
2. Classification according to Geographical Distribution.
3. Classification according to Nature of Undertakings.

For the convenience of British shareholders the Accounts in Sterling are included in this report.

The Directors regret to report the death in the past fiscal year of Mr. A. M. M. Kirkpatrick. Mr. Kirkpatrick had been a Director of the Trust since its inception. The loss of his wise counsel and kindly presence will be felt very deeply by his fellow Directors.

Ill health forced the resignation of Mr. J. Norman Dalley from the Board but your Directors were fortunate enough to obtain Mr. Dalley's consent to act on the Advisory Committee. The vacancies thus created have been filled by the election of Mr. Jackson Dodds, C.B.E., Director of The Royal Trust Company, and Mr. R. C. Berkinshaw, General Manager of Goodyear Tire & Rubber Company of Canada Limited.

The Directors desire to record their appreciation of the valuable assistance accorded them by the Advisory Committees.

The Directors retiring at the forthcoming meeting in accordance with the By-laws are Mr. Glyn Osler, K.C., Mr. Jackson Dodds, C.B.E., and Mr. R. C. Berkinshaw, who, being eligible, offer themselves for re-election.

On behalf of the Board,
GLYN OSLER,
Chairman.

Montreal Trust Building,
67 Yonge Street,
Toronto, Ont.

May 4th, 1945.

Economic Investment

(Incorporated under the Dominion

BALANCE

As at 31st

ASSETS

Investments at book value less investment reserve	\$2,858,415.01
(approximate market value — \$3,316,600.00)	
Cash in bank	22,008.58
Sundry accounts receivable	2,030.70

\$2,882,454.29

On behalf of the Board,

GLYN OSLER

E. JAMES BENNETT

} *Directors.*

Trust Limited

Companies Act)

SHEET

March, 1945

LIABILITIES

Sundry creditors and accrued charges	\$	3,741.46	
Reserve for Dominion income and excess profits			
taxes		22,275.58	
Dividend, payable 2nd April, 1945		59,000.47	
Bond interest accrued		16,666.67	
		<hr/>	\$ 101,684.18
Reserves —			
General	\$	125,000.00	
Special Investment		559,579.25	
		<hr/>	684,579.25
Funded Debt —			
First collateral trust 4% bonds Series "A" due 1st May,			
1958			1,000,000.00
Capital —			
Authorized:			
15,000 preferred shares			
\$100 each	\$1,500,000		
70,000 common shares			
\$25 each	1,750,000		
		<hr/>	
Issued:			
40,000 common shares	\$1,000,000.00		
Revenue Appropriation Account	96,190.86		
		<hr/>	1,096,190.86
			<hr/>
			<u>\$2,882,454.29</u>

We have audited the accounts of Economic Investment Trust Limited for the year ended 31st March, 1945, and have received all the information and explanations we have required. We report that in our opinion the above Balance Sheet and related Revenue and Revenue Appropriation Accounts have been drawn up so as to exhibit a true and correct view of the state of the company's affairs at 31st March, 1945, and of the results of its operations for the year ended on that date, according to the best of our information and the explanations given us and as shown by the books.

CLARKSON, GORDON, DILWORTH & NASH,

TORONTO, CANADA, 30TH APRIL, 1945.

Chartered Accountants.

Economic Investment

REVENUE For Year Ended

To Rent, salaries, office and general expenses	\$ 9,322.48
Directors' fees	4,696.12
Interest	12.79
Bond interest	40,000.00
Trustees', registrars' and auditors' fees	1,751.54
Balance to Revenue Appropriation Account	104,152.48
	<u>\$ 159,935.41</u>

REVENUE APPROPRIATION

To Income and Excess Profits Taxes	\$ 10,866.25
Dividends — 62½c per share paid 1st October, 1944	\$ 25,000.48
\$1.47½c per share payable 2nd April, 1945	59,000.47
	<u>84,000.95</u>
Amount transferred to General Reserve	24,625.00
Balance carried forward at 31st March, 1945	96,190.86
	<u>\$ 215,683.06</u>

NET GAIN FROM CHANGES IN VALUE

For Year Ended

To Deferred Bond Refunding Expenses written off	\$ 52,840.02
Transfer to Investment Reserve	17,704.39
	<u>\$ 70,544.41</u>

ent Trust Limited

ACCOUNT

1st March, 1945

By Dividends, interest and exchange received \$ 159,935.41

\$ 159,935.41

ATION ACCOUNT

By Balance at 1st April, 1944 \$ 111,530.58
Balance from Revenue Account 104,152.48

\$ 215,683.06

ANGES IN INVESTMENTS

31st March, 1945

By Net profit on securities sold during the year \$ 70,544.41

\$ 70,544.41

Economic Investment

(Incorporated under the Dominion

BALANCE

As at 31st

ASSETS

	£	s	d
Investments at book value less investment reserve	587,345.11.	0	
(approximate market value £681,500. 0. 0)			
Cash in bank	4,522.	6.	3
Sundry accounts receivable	417.	5.	4

£592,285. 2. 7

Trust Limited

Companies Act)

SHEET

March, 1945

LIABILITIES

£ s d

Sundry creditors and accrued charges	£	768.15.10	
Reserve for taxes		4,577. 3. 6	
Dividend payable 2nd April, 1945		12,123. 7. 9	
Bond interest accrued		3,424.13. 2	
		<u>20,894. 0. 3</u>	

Reserves —

General	£25,684.18. 6	
Special Investment	114,982. 0. 9	
	<u>140,666.19. 3</u>	

Funded Debt —

First collateral trust bonds Series "A" 15 year 4% (Due 1st May, 1958)	205,479. 9. 1
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Capital —

Authorized:

15,000 preferred shares £20.10.11 each	£308,219. 3. 6
70,000 common shares £ 5. 2. 9 each	359,589. 0.10

Issued:

40,000 common shares	£205,479. 9. 1	
Revenue Appropriation Account	19,765. 4.11	
	<u>225,244.14. 0</u>	
		<u>£592,285. 2. 7</u>

NOTE — Conversion of Canadian Currency into Sterling has been made at the rate of \$4.86½.

Economic Investment

REVENUE

For Year Ended

	£	s	d
To Rent, salaries, office and general expenses	1,915.11.	7	
Directors' fees	964.19.	1	
Interest	2.12.	6	
Bond interest	8,219.	3.	7
Trustees', registrars' and auditors' fees	359.18.	2	
Balance to Revenue Appropriation Account	21,401.	3.11	
	£ 32,863.	8.10	

REVENUE APPROPRIATION

	£	s	d
To Income and Excess Profits Taxes	2,232.15.	10	
Dividends — \$2.10 for the year ending 31st March, 1945	17,260.	9.	4
Transfer to General Reserve	5,059.18.	8	
Balance carried forward	19,765.	4.11	
	£ 44,318.	8.9	

NET GAIN FROM

For Year Ended

	£	s	d
To Deferred Bond Refunding Expenses written off	10,857.10.	10	
Transfer to Investment Reserve	3,637.17.	9	
	£ 14,495.	8.7	

Trust Limited

ACCOUNT

1st March, 1945

	£	s	d
By Dividends, interest and exchange received	32,863.	8.	10

£ 32,863. 8.10

ACCOUNT

	£	s	d
By Balance at 1st April, 1944	22,917.	4.	10
Balance from Revenue Account	21,401.	3.	11

£ 44,318. 8. 9

CHANGES IN INVESTMENTS

1st March, 1945

	£	s	d
By Net profit on securities sold during the year	14,495.	8.	7

£ 14,495. 8. 7

NOTE — Conversion of Canadian Currency into Sterling has been made at the rate of \$4.86%.

SUMMARY OF INVESTMENTS

(On the basis of Market Value)

1. CLASSIFICATION ACCORDING TO TYPE OF INVESTMENT

Cash67%
Bonds and Debentures	9.01%
Preference Shares and Stocks	31.18%
Ordinary and Common Shares	59.14%
	<u>100.00%</u>

2. CLASSIFICATION ACCORDING TO GEOGRAPHICAL DISTRIBUTION

Canada	81.18%
Europe37%
United States of America	18.37%
South America08%
	<u>100.00%</u>

3. CLASSIFICATION ACCORDING TO NATURE OF UNDERTAKINGS

Cash67%
Government and Municipal	7.00%
Manufacturing	18.86%
Foodstuffs and Beverages	10.59%
Public Utilities	9.87%
Oil	9.42%
Mining	8.13%
Pulp and Paper	7.90%
Trading	6.72%
Bank and Financial	6.45%
Textiles	4.79%
Steel	3.38%
Railways and Steamships	1.53%
Engineering	1.46%
Autos and Accessories	1.34%
Milling78%
Miscellaneous77%
Electrical and Railway Equipment34%
	<u>100.00%</u>

