

FOREIGN POWER SECURITIES
CORPORATION, LIMITED

1

Annual Report
For the Year ended October 31st, 1952

1

OFFICERS

President

A. J. NESBITT, Montreal

Vice-President

JAS. B. WOODYATT, Montreal

Directors

F. BONNIER DE LA CHAPELLE..... Paris, France
T. IRVING..... Montreal
A. J. NESBITT..... Montreal
E. R. PARKINS, Q.C..... Montreal
P. A. THOMSON..... Montreal
GUY M. TODD..... Montreal
JAS. B. WOODYATT..... Montreal

Secretary

V. J. NIXON

Assistant-Secretary

J. W. CUNNINGHAM

Treasurer

T. IRVING

Assistant-Treasurer

E. L. JOWETT

Bankers.....ROYAL BANK OF CANADA
Auditors.....PRICE WATERHOUSE & COMPANY
Trustee & Transfer Agents..MONTREAL TRUST CO.

1

Head Office

355 ST. JAMES STREET WEST
MONTREAL
CANADA

FOREIGN POWER SECURITIES CORPORATION, LIMITED

*STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDING OCTOBER 31 1952*

(To be read in conjunction with the auditors' report to the shareholders dated December 31 1952)

REVENUE

Net dividends and interest on investments in France (Fcs. 42,066,090).....	\$	117,287.68
Dividends on investments in Canada.....		20,088.00
		20,088.00
		\$ 137,375.68

EXPENSES

Expenses in France (Fcs. 2,884,401).....	\$	8,098.88
Directors' fees.....		1,060.00
Other expenses.....		9,805.49
		18,964.37
		\$118,411.31

Less:

Interest on bonds.....	\$	49,905.83
Interest on unpaid bond interest at June 1 1949.....		5,043.00
		54,948.83
		\$ 63,462.48

Add:

Reserve for premium on U.S. funds no longer required.....	5,070.69	
Less: Adjustment of taxes on prior year's income.....	2,406.93	2,663.76
	2,406.93	2,663.76
Excess of revenue over expenses for the year ending October 31 1952....		\$66,126.24

FOREIGN POWER SECURITIES CORPORATION, LIMITED

(Incorporated under the Dominion of Canada Companies Act)

BALANCE SHEET—OCTOBER 31 1952

(To be read in conjunction with the auditors' report to the shareholders dated December 31, 1952)

ASSETS

	Located in France	Located in Canada	Total
INVESTMENTS:			
Deposited with trustee for bondholders (approximate market value of securities—in France Fcs. 478,000,000, in Canada \$361,500)	\$1,105,342.07	\$604,930.54	\$1,710,272.61
Other (approximate market value of securities—in France Fcs. 20,250,000, in Canada \$66,500)	47,221.02	82,272.50	129,493.52
	\$1,152,563.09	\$ 687,203.04	\$1,839,766.13
DEFERRED ACCOUNT RECEIVABLE:			
Balance of indemnity receivable in respect of companies whose shares have been nationalized by the French Government, estimated to be Fcs. 488,435,837 payable in four annual instalments to June 1 1956, expressed at .28 cents to the franc	1,367,620.34	—	1,367,620.34
SHORT TERM LOAN RECEIVABLE:			
(Fcs. 50,000,000 expressed at .28 cents to the franc)	140,000.00	—	140,000.00
CASH ON HAND AND IN BANKS:			
(Fcs. 107,485,419 expressed at .28 cents to the franc)	300,959.08	13,248.21	314,207.29
PREPAID ACCOUNTS	—	810.45	810.45
	\$2,961,142.51	\$ 701,261.70	\$3,662,404.21

LIABILITIES

TO THE PUBLIC:			
First Collateral Trust 6% Bonds Series A — outstanding October 31 1951		\$ 840,500.00	
Less purchased and cancelled during the year		52,500.00	
Outstanding October 31 1952		\$ 788,000.00	
Bond interest accrued			19,700.00
Note: Bonds and interest are due on or before June 1 1954, payable at the holders' option in Canadian or U.S. dollars or in sterling.			
Accounts payable and accrued liabilities—			
6% Bonds called for redemption		\$ 11,250.00	
Secured loan		20,000.00	
Other accrued liabilities		2,805.00	
		\$ 34,055.00	
TO THE SHAREHOLDERS:			
6% Cumulative Redeemable Participating Preferred Stock—			
Note: Dividends in arrears amount to \$123.00 per share			
Authorized and issued—50,000 shares of \$100.00 each		\$5,000,000.00	
Common Stock —			
Authorized—250,000 shares of which 125,000 shares are issued and outstanding at a stated value of		1,500,000.00	
		\$6,500,000.00	
Deduct: Deficit—			
As at October 31 1951	\$ 3,625,886.25		
Decrease in amount estimated as being the indemnity receivable in respect of shares of nationalized com- panies in France, due to exchange and other adjustments during the year ending October 31 1952	131,034.09		
	\$3,756,920.34		
Less—			
Discount on purchase for cancellation of First Collateral Trust Bonds	\$ 11,443.31		
Excess of revenue over expenses for the year ending October 31 1952, per statement attached	66,126.24	77,569.55	3,679,350.79
	2,820,649.21		
		\$3,662,404.21	

Signed on behalf of the Board:
A. J. Nesbitt }
Jas. B. Woodyatt } Directors.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

355 St. James Street West

MONTREAL

February 5th, 1953.

To the Shareholders:—

Your Directors submit herewith the Annual Report for the fiscal year ended October 31st, 1952.

The Balance Sheet, taken in conjunction with the Auditors' Statement, would indicate the status of the Corporation's position as at October 31st, 1952 to be as follows:

Assets:	Book Value	*Market Value
Investments.....	\$1,839,766	\$1,823,100
Deferred Accounts Receivable.....	1,507,620	1,507,620
Cash.....	314,207	314,207
	<hr/>	<hr/>
	\$3,661,593	\$3,644,927
Less Liabilities.....		841,755
		<hr/>
Balance remaining as Preferred Shareholders' equity.....		<u>\$2,803,172</u>

*Provided the assets located in France can be converted into Canadian funds at .28 of a cent to the Franc.

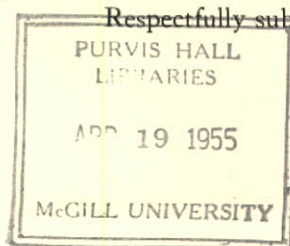
Under the terms of the Agreement ratified January 26th, 1951, between the Canadian and French Governments, providing for compensation for the nationalized French public utility securities of your Corporation, the third of the seven annual indemnity instalments was due and paid in French Francs, in Paris, in June 1952. This payment amounted, in Canadian funds, to approximately \$307,000 principal, plus \$50,000 reimbursement premium, and interest of approximately \$48,000, being at a fixed rate of 3% per annum; plus a variable rate representing a share of the receipts of nationalized undertakings. We also received during the year approximately \$122,500 from the proceeds of the liquidation of the non-nationalized assets of nationalized undertakings. The only portion of these payments which could be transferred to Canada was the interest of \$48,000; the capital payments are blocked and are on deposit in interest bearing accounts in French banks.

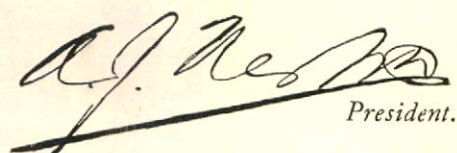
From interest and dividend payments received, plus the proceeds of the sale of some non-nationalized securities prior to the French Government regulation of February 16th, 1952 prohibiting repatriation of capital funds, your Corporation was enabled to pay to its Bondholders during the fiscal year all arrears of interest, as well as current interest, due to June 1st, 1952, amounting to \$459,813.75. Since the close of the fiscal year, the interest due December 1st, 1952 on outstanding Bonds of the Corporation was duly paid.

The amount of compensation to be received in respect of reimbursement premiums and the liquidation of the non-nationalized assets of nationalized undertakings is indefinite and is included in our Assets at \$139,455, which we consider a conservative figure.

During the year \$105,000 original par value (50% paid) of the Corporation's outstanding 6% First Mortgage Bonds were purchased and cancelled by the Trustee, Montreal Trust Company, so that as at October 31st, 1952 the Corporation's liability to its Bondholders was reduced to \$788,000. As funds become available for use in Canada, it is proposed to continue the established policy of liquidating this indebtedness.

Respectfully submitted on behalf of the Board,




President.

Montreal, December 31, 1952.

To the Shareholders of

Foreign Power Securities Corporation, Limited:

We have examined the balance sheet of Foreign Power Securities Corporation, Limited as at October 31, 1952, together with the statement of revenue and expenses for the year ended on that date and have received all the information and explanations that we required.

The indemnity received by the Corporation in respect of its investments in companies which were nationalized by the French government is in the form of scrip issued by the Caisse Autonome d'Amortissement, payable in francs and consisting of a series of annuities receivable annually on June 1 from 1950 to 1956 inclusive. The scrip bears interest at 3% per annum plus a variable rate of interest representing a share of the receipts of nationalized undertakings. With the purpose of offsetting the effect of the devaluation of the franc subsequent to nationalization the amount of each annuity will be adjusted by applying the ratio which the rate of exchange for U.S. dollars in Paris at the time of payment bears to 119.10 which was the French franc equivalent of the U.S. dollar at April 8, 1946, the date of nationalization.

The balance of indemnity receivable by the Corporation, as stated in the attached accounts, also includes an estimate of the reimbursement premium which was provided for by the basic law on nationalization, and an estimate of the proceeds which will be receivable on the liquidation of the non-nationalized portion of the assets of nationalized companies. No opinion can be expressed as to the accuracy of these estimated figures, the unpaid balance of which at October 31, 1952, is included in the accounts at \$139,455.50; this amount will be adjusted at such time as final settlement is made.

The Franco-Canadian convention provides that the capital amounts of the indemnity received must be re-invested in France, interest payments only being transferable. The proceeds of the first and second annuities were however transferred to Canada during the year ending October 31, 1951, with the concurrence of the French exchange authorities: interest only was transferred on the third annuity, which was received during the period under review. There is no assurance that the capital portion of this and future annuities will become transferable.

Investments located in France in shares of companies which have not been nationalized had a book value of \$1,152,563.09 at October 31, 1952, after deducting a reserve of \$69,336.63; only the income from these investments is presently permitted to be transferred to Canada.

The Canadian investments deposited with The Montreal Trust Company as collateral for the bonds are included in the balance sheet at a book value of \$604,930.54 representing cost less a reserve of \$74,527.45.

We have received a statement from The Montreal Trust Company confirming the investments of the Corporation which were hypothecated to them as trustee for the bondholders at October 31, 1952, and have received confirmation of the Corporation's other investments at that date by means of certificates from the depositaries, stating that the securities were in their custody.

We report that, in our opinion, the attached balance sheet, read in conjunction with the foregoing, is properly drawn up so as to exhibit a true and correct view of the state of affairs of Foreign Power Securities Corporation, Limited at October 31, 1952, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

PRICE WATERHOUSE & CO.

Auditors.

