

# FOREIGN POWER SECURITIES CORPORATION LIMITED

355 St. James Street West  
MONTREAL

January 6th, 1955

To the Shareholders:—

Your Directors submit herewith the Annual Report for the fiscal year ended October 31st, 1954.

At Special General Meetings of Shareholders of your Corporation held on January 22nd, 1954, approval was given to the Compromise or Arrangement dated October 23rd, 1953, and same was sanctioned, with minor modifications, by Judgment of the Honourable Justice Frederick T. Collins, Superior Court, Montreal, on June 18th, 1954. Supplementary Letters Patent dated August 31st, 1954 were issued confirming the Judgment, whereby the new capital of the Corporation consists of 55,000 common shares without nominal or par value, with a book value of \$2,800,000.

The fifth of the seven annual indemnity instalments for the nationalized French public utility securities of your Corporation became due and was paid in French Francs, in Paris, in June 1954. The proceeds of this payment, together with the settlement received on some non-nationalized assets of public utility companies, were repatriated to Canada and invested in Canadian bonds.

It is now proposed that a partial return of capital be made to the Corporation's shareholders to the extent of \$15.00 per share (being paid-up capital in excess of the wants of the Corporation), without reducing the number of shares outstanding but reducing the paid-up capital to \$1,975,000.

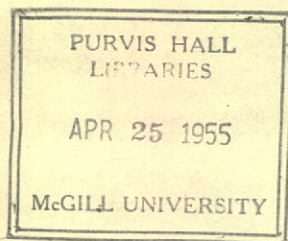
A by-law has been passed by the Board of Directors authorizing this partial return of capital and will be presented for approval at a Special General Meeting of Shareholders to be held on January 28th, 1955, immediately preceding the Annual General Meeting of Shareholders.

In order to give effect to the payment of the \$15.00 per share when sanctioned, the Corporation will realize on the Bonds held in the portfolio.

It is with deep regret that we record the death, on October 24th, 1954, of Mr. A. J. Nesbitt, who resigned as President and Director of the Corporation in July 1954. The vacancies thereby created have been filled by the appointments of Mr. Jas. B. Woodyatt as President, Mr. Guy M. Todd as Vice-President and Mr. Jas. B. Faulkner as Director.

Notice of the Special and Annual General Meetings of Shareholders to be held on January 28th, 1955 is enclosed herewith.

Respectfully submitted on behalf of the Board,



President.

# FOREIGN POWER SECURITIES CORPORATION LIMITED

(Incorporated under the Dominion of Canada Companies Act)

BALANCE SHEET—OCTOBER 31 1954

## ASSETS

	Located in France	Located in Canada	Total
INVESTMENTS (less reserves \$156,532.09):			
Deposited with Trustee .....	\$ 932,906.26	\$ —	\$ 932,906.26
(approximate market value of securities— Fcs. 916,000,000) .....			
Other .....	—	1,405,487.15	1,405,487.15
(approximate market value of securities—\$1,373,000)			
ACCRUED INTEREST ON INVESTMENTS .....	—	7,747.27	7,747.27
	\$ 932,906.26	\$1,413,234.42	\$2,346,140.68
DEFERRED ACCOUNT RECEIVABLE:			
(Note 1):			
Indemnity in respect of companies whose shares have been nationalized by the French Government estimated to be Fcs. 222,261,095 expressed at .27 cents to the franc .....	600,104.85	—	600,104.85
CASH ON HAND AND IN BANKS .....	29,436.18	6,495.15	35,931.33
(Fcs. 10,902,290 expressed at .27 cents to the franc)			
PREPAID ACCOUNTS .....	—	853.39	853.39
	\$1,562,447.29	\$1,420,582.96	\$2,983,030.25

## LIABILITIES

TO THE PUBLIC:			
Accounts payable and accrued liabilities			
6% Bonds called for redemption and unrepresented .....		\$ 11,250.00	
Bond interest unclaimed .....		11,855.28	
Estimated income taxes .....		19,222.06	
Other accrued liabilities .....		3,350.00	\$ 45,677.34
TO THE SHAREHOLDERS:			
Capital, authorized and issued (Note 2):			
55,000 common shares without nominal or par value .....			2,800,000.00
Capital surplus—			
Surplus arising from reorganization of capital (Note 2)		\$3,700,000.00	
Less—			
Deficit as at October 31 1953 .....	\$3,512,509.97		
Decrease in amount estimated as being the indemnity receivable in respect of shares of nationalized com- panies in France (Note 1) .....	133,920.73		
	\$3,646,430.70		
Less: Exchange and other adjustments .....	22,751.54	3,623,679.16	76,320.84
Earned surplus—			
Net revenue for the year ending October 31 1954 .....			61,032.07
Signed on behalf of the Board:			
Jas. B. Woodyatt	}	Directors.	\$2,937,352.91
P. A. Thomson			\$2,983,030.25

# FOREIGN POWER SECURITIES CORPORATION LIMITED

## NOTES TO THE BALANCE SHEET

### NOTE 1:

The indemnity, which is payable in francs, consists of (a) a fixed amount issued in the form of scrip by the Caisse Autonome d'Amortissement, (b) the reimbursement premium which was provided for by the basic law on nationalization and (c) the proceeds receivable on the liquidation of the non-nationalized portion of the assets of nationalized companies.

The fixed indemnity consists of a series of annuities receivable annually from 1950 to 1956 inclusive and 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 is 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 number of French francs equivalent to one U.S. dollar at April 8 1946, the date of nationalization.

Five payments on account of the fixed indemnity, totalling Fcs. 528,705,058, had been received up to October 31, 1954. During the year the compensation receivable for certain of the company's investments in nationalized undertakings was reduced by Fcs. 49,600,877 by the French Government; this amount, converted to \$133,920.73, has been deducted from the capital surplus. The unpaid instalments of the fixed indemnity, stated on the basis of the current rate of exchange for U.S. dollars in Paris, amount to Fcs. 183,224,765.

Payments received on account of parts (b) and (c) of the indemnity totalled Fcs. 185,927,070 up to October 31 1954; an additional amount of Fcs. 39,036,330 included in the accounts represents the estimated amount receivable at that date.

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 so far received have, however, been transferred to Canada with the concurrence of the French exchange authorities. There is no assurance that the capital portion of future annuities will become transferable.

### NOTE 2:

The capital structure of the company has been reorganized in accordance with the Compromise or Arrangement dated October 23 1953 which had been agreed to by the requisite majorities of shareholders at special general meetings on January 22 1954 and became effective upon its confirmation by Supplementary Letters Patent dated August 31 1954.

The reorganization of the company's authorized and issued capital, which is here summarized, resulted in a surplus of \$3,700,000 —

Cancellation of 50,000 6% cumulative redeemable participating preferred shares of \$100 each — authorized and issued, together with all arrears of cumulative preferential dividend thereon .....	\$5,000,000.00
Cancellation of 250,000 authorized common shares without nominal or par value, of which 125,000 shares were issued and outstanding at a stated value of .....	1,500,000.00
	\$6,500,000.00
<i>Less:</i> Creation and issue of 55,000 common shares without nominal or par value at an amount of .....	2,800,000.00
Surplus arising from reorganization of capital .....	\$3,700,000.00

# FOREIGN POWER SECURITIES CORPORATION LIMITED

INVESTMENT PORTFOLIO AS AT OCTOBER 31, 1954

## IN FRANCE

Two annual instalments of approximately \$300,000 each (on the basis of .27 cents to the franc) re investments in nationalized public utilities and including estimated reimbursement premium, in accordance with Franco-Canadian Convention of January 26th, 1951.

40,000 shares L'Union Européenne Industrielle et Financière.

## IN CANADA

\$ 25,000 British Columbia Electric Company 3¾% 1969

18,000 E. B. Eddy Company 4% 1974

140,000 Government of Canada 2% 1957

25,000 Government of Canada 3¾% 1979

100,000 International Bank for Reconstruction 3½% 1969

75,000 Montreal Transportation Commission 3¾% 1974

25,000 Municipality of Metropolitan Toronto 3½% 1969

26,000 Odeon Limited 4¼% 1963

15,000 Ontario Hydro-Electric Power Commission 3½% 1979

15,000 Power Corporation of Canada, Limited 3½% 1967

50,000 Province of New Brunswick 3% 1959

25,000 Province of New Brunswick 3½% 1972

4,000 Province of New Brunswick 3¾% 1958

80,000 Province of Prince Edward Island 4% 1964

50,000 Province of Quebec 3% 1965

4,000 Province of Quebec 3% 1969

25,000 Province of Quebec 3% 1963

105,000 Quebec Hydro-Electric Power Commission 3¾% 1974

10,555 shares Power Corporation of Canada, Limited Common Stock

4,000 shares British Columbia Power Corporation, Ltd. Common Stock

Estimated market value — \$4,446,300; subject to variations in prices, rate of exchange and ability to repatriate funds.

# FOREIGN POWER SECURITIES CORPORATION LIMITED

## STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDING OCTOBER 31 1954

### REVENUE:

Net dividends and interest on investments in France (Fcs. 31,317,255) .....	\$ 85,496.83	
Dividends and interest on investments in Canada .....	38,371.22	
	\$123,868.05	

### EXPENSES:

Expenses in France .....	\$ 8,969.45	
Directors' fees .....	1,979.90	
Legal expenses .....	50.00	
Reorganization of capital .....	10,539.60	
Other expenses .....	10,797.03	32,335.98
	\$ 91,532.07	
Provision for Canadian taxes on income .....		30,500.00
		\$ 61,032.07
		\$ 61,032.07

### AUDITORS' REPORT

To the Shareholders,

December 17 1954

Foreign Power Securities Corporation Limited:

We have examined the balance sheet of Foreign Power Securities Corporation Limited as at October 31 1954 and the statement of revenue and expenses for the year ending on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Particulars of the Deferred Account Receivable are given in Note 1 to the balance sheet but no opinion can be expressed as to the accuracy of the estimated figures included in this amount.

Subject to the foregoing, in our opinion the accompanying balance sheet, together with the notes thereto, and the statement of revenue and expenses are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Corporation as at October 31 1954 and the result of its operations for the year ending on that date, 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.

*Chartered Accountants.*

FOREIGN POWER SECURITIES  
CORPORATION LIMITED



*Annual Report*

*For the Year ended October 31st, 1954*



OFFICERS

*President*

JAS. B. WOODYATT, Montreal

*Vice-President*

GUY M. TODD, Montreal

*Directors*

F. BONNIER DE LA CHAPELLE.....Paris, France  
JAS. B. FAULKNER.....Winnipeg  
T. IRVING.....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 & Co.

*Trustee & Transfer Agents*..MONTREAL TRUST Co.



*Head Office*

355 ST. JAMES STREET WEST  
MONTREAL  
CANADA