

FOREIGN POWER SECURITIES
CORPORATION LIMITED



Annual Report

For the Year ended October 31st, 1955



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

FOREIGN POWER SECURITIES CORPORATION LIMITED

STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDING OCTOBER 31 1955

REVENUE:

Net dividends and interest on investments in France (Fcs. 33,401,232)	\$ 93,189.64
Dividends and interest on investments in Canada	38,989.26
	\$132,178.90

EXPENSES:

Expenses in France	\$ 8,899.60	
Directors' fees	3,035.10	
Legal expenses	110.00	
Repayment of capital	3,370.96	
Other expenses	14,391.35	29,807.01
		\$102,371.89
Provision for Canadian taxes on income		24,050.00
		\$ 78,321.89
		\$ 78,321.89

AUDITORS' REPORT

To the Shareholders,

Montreal, December 5 1955

Foreign Power Securities Corporation Limited:

We have examined the balance sheet of Foreign Power Securities Corporation Limited as at October 31 1955 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 1955 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

INVESTMENT PORTFOLIO AS AT OCTOBER 31, 1955

IN FRANCE

Final instalment of approximately \$296,000 due June 1956 (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 26, 1951.

30,000 shares L'Union Européenne Industrielle et Financière.

IN CANADA

\$ 50,000 Algom Uranium Mines 5% 1961

25,000 City of Montreal 3½% 1957

87,000 City of Vancouver 3¼% 1962

100,000 Government of Canada 2% 1958

208,000 Manitoba Hydro Electric 3% 1962

9,000 Province of New Brunswick 3¼% 1958

20,000 Province of New Brunswick 3% 1959

10,000 Province of New Brunswick 3¼% 1957

5,000 Province of Newfoundland 3¼% 1957

125,000 Province of Nova Scotia 2½% 1959

75,000 Province of Quebec 2½% 1961

4,000 Province of Quebec 3% 1969

400,000 Treasury Bills

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

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

Estimated market value — \$4,425,100; subject to variations in prices, rate of exchange and ability to repatriate funds.

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.

Six payments on account of the fixed indemnity, totalling Fcs. 620,310,895, had been received up to October 31 1955. The unpaid instalment, stated on the basis of the current rate of exchange for U.S. dollars in Paris, amounts to Fcs. 91,605,837.

Payments received on account of parts (b) and (c) of the indemnity totalled Fcs. 212,474,178 up to October 31 1955; an additional amount of Fcs. 18,195,767 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 the remaining annuity will become transferable.

NOTE 2:

The paid-up capital of the company has been reduced by the repayment to the shareholders on February 25 1955 of \$825,000 of capital which was in excess of the wants of the company, in accordance with By-law "F" sanctioned at a special general meeting of shareholders on January 28 1955 and confirmed by Supplementary Letters Patent dated February 21 1955.

Subsequent to October 31 1955 the shareholders sanctioned By-law "G" whereby the paid-up capital will be further reduced by the repayment of \$1,100,000 of capital in excess of the wants of the company, and have authorized the company to apply for Supplementary Letters Patent confirming the By-law.

FOREIGN POWER SECURITIES CORPORATION LIMITED

(Incorporated under the Dominion of Canada Companies Act)

BALANCE SHEET—OCTOBER 31 1955

ASSETS

	Located in France	Located in Canada	Total
INVESTMENTS (less reserves \$155,512.89):			
Deposited with Trustee	\$ 699,680.23	\$ —	\$ 699,680.23
(approximate market value of securities— Fcs. 863,000,000)			
Other	—	1,721,529.15	1,721,529.15
(approximate market value of securities—\$1,799,000)			
ACCRUED INTEREST ON INVESTMENTS	—	6,675.25	6,675.25
	\$ 699,680.23	\$1,728,204.40	\$2,427,884.63
DEFERRED ACCOUNT RECEIVABLE			
(Note 1):			
Indemnity in respect of companies whose shares have been nationalized by the French Government estimated to be Fcs. 109,801,604 expressed at .27 cents to the franc	296,464.33	—	296,464.33
CASH ON HAND AND IN BANKS	731.84	13,949.63	14,681.47
(Fcs. 271,062 expressed at .27 cents to the franc)			
PREPAID ACCOUNTS	—	692.58	692.58
	\$ 996,876.40	\$1,742,846.61	\$2,739,723.01

LIABILITIES

TO THE PUBLIC:

Accounts payable and accrued liabilities—

6% Bonds called for redemption and unrepresented	\$ 9,750.00		
Bond interest unclaimed	9,975.90		
Estimated income taxes	9,084.11		
Other accrued liabilities	2,725.00	\$ 31,535.01	

TO THE SHAREHOLDERS:

Capital, authorized and issued (Note 2)—

55,000 common shares without nominal or par value			\$1,975,000.00
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Capital surplus—

Balance as at October 31 1954	\$ 76,320.84		
Profit on sale of investment in France	565,305.39		
Increase in amount estimated as being the indemnity re- ceivable in respect of shares of nationalized companies in France, including exchange adjustments	26,907.81	668,534.04	

Earned surplus—

Balance as at October 31 1954	\$ 61,032.07		
Net revenue for the year ending October 31 1955	78,321.89		
Provision for prior years' income taxes no longer required	7,800.00		
	\$ 147,153.96		

Less—Dividend paid	82,500.00		64,653.96
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Signed on behalf of the Board:

Jas. B. Woodyatt

T. Irving

Directors.

\$2,708,188.00

\$2,739,723.01

Stock
FOREIGN POWER SECURITIES CORPORATION LIMITED

355 St. James Street West
MONTREAL

December 22nd, 1955

To the Shareholders:—

Your Directors submit herewith the Annual Report for the fiscal year ended October 31st, 1955.

At Special General Meeting of Shareholders of your Corporation held on January 28th, 1955 approval was given to By-law "F", decreasing the paid-up capital from \$2,800,000 to \$1,975,000 without reducing the number of outstanding (55,000) shares. Supplementary Letters Patent dated February 21st, 1955 were issued, and repayment, on a pro rata basis, of the amount of the capital reduction (\$15.00 per share) was authorized to be paid to shareholders on and after February 28th, 1955, upon delivery of their share certificates to the Montreal Trust Company, Montreal, Que., for stamping thereon of such payment.

An initial dividend of \$1.50 per share on the common stock was paid July 15th, 1955 to shareholders of record June 30th, 1955.

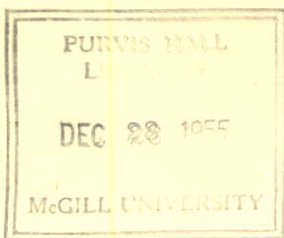
The sixth of the seven annual indemnity instalments for the nationalized French public utility securities of your Corporation became due and was paid in French Francs, in Paris, in June 1955. The proceeds of this payment, together with the settlement received on some non-nationalized assets of public utility companies, and the proceeds of sale of 10,000 shares of L'Union Européenne Industrielle et Financière, were repatriated to Canada and invested in high-grade Canadian bonds pending accumulation of available funds sufficient to warrant a second pro rata return of capital to the shareholders.

Payment of the seventh and final indemnity from the French Government is expected in June 1956.

By-law "G" of the Corporation, enacted by the Directors on October 28th, 1955, proposing decrease in capital from \$1,975,000 to \$875,000 without decreasing the number of outstanding (55,000) shares, and the repayment, pro rata, of the amount of such reduction, was approved by Special General Meeting of Shareholders held on November 24th, 1955. Supplementary Letters Patent have been approved for issue under date of January 30th, 1956. Return of capital of \$20.00 per share has been authorized for payment to shareholders on and after January 31st, 1956, upon delivery of their share certificates to the Montreal Trust Company, Montreal, Que., for stamping thereon of this second payment of return of capital. In order to provide funds for this payment, the Corporation will realize on the Bonds and Treasury Bills held in the portfolio.

Notice of the Annual General Meeting of Shareholders to be held on January 27th, 1956 is enclosed herewith.

Respectfully submitted on behalf of the Board,



President.