

FOREIGN POWER SECURITIES
CORPORATION LIMITED

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Annual Report
For the Year ended October 31 1961

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DIRECTORS

W. D. ARDELL
P. P. DAIGLE
O. J. GRIESAR
R. DE WOLFE MACKAY, Q.C.
P. N. THOMSON
W. HOWARD WERT, C.A.
A. J. WISHART

OFFICERS

President

R. DE WOLFE MACKAY, Q.C.

Vice-President

W. HOWARD WERT, C.A.

Secretary

T. J. RAPPELL

Treasurer

R. F. MARTIN

Auditors PRICE WATERHOUSE & Co.
Transfer Agents MONTREAL TRUST COMPANY
Registrar THE ROYAL TRUST COMPANY

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Head Office

355 ST. JAMES STREET WEST
MONTREAL 1, QUE.

FOREIGN POWER SECURITIES CORPORATION LIMITED

STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED OCTOBER 31 1961

REVENUE :

Dividends		\$106,624.97
Interest from investments		51,150.66
Other interest		2,734.59
		\$160,510.22

EXPENSES :

Directors' fees	\$ 1,200.00	
Executive salaries	2,500.00	
Legal expenses	2,442.70	
Interest	40,164.78	
Other expenses	3,548.39	49,855.87
		\$110,654.35

INCOME TAXES :

U.S. withholding tax	\$ 132.70	
Provision for Canadian income taxes	15,500.00	15,632.70
		\$ 95,021.65
Net revenue for the year ended October 31 1961		

AUDITORS' REPORT

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 1961 and the statement of revenue and expenses for the year ended on that date and the notes thereto 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.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the Corporation, the accompanying balance sheet and related statement of revenue and expenses and the notes thereto 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 1961 and the result of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The aggregate profits of subsidiary companies have been included in the accounts of the Corporation only to the extent of the dividends received during the year ended October 31 1961.

PRICE WATERHOUSE & CO.

Montreal, December 18 1961.

Chartered Accountants

FOREIGN POWER SECURITIES CORPORATION LIMITED

BALANCE SHEET — OCTOBER 31 1961

ASSETS

INVESTMENTS:

Subsidiary companies, at cost —		
Shares	\$1,408,539.64	
Bonds	148,623.50	\$1,557,163.14
		1,077,002.25
Debentures and shares of United Principal Properties Limited (Note 1)		1,077,002.25
Other —		
Quoted securities, at cost (market value approximately \$2,211,000)	\$2,228,851.06	
Unquoted securities, at cost	752,555.67	2,981,406.73
		398,117.20
CASH		398,117.20
AMOUNT RECEIVABLE ON SALE OF INVESTMENT:		
Collectible over a two year period		113,435.63
(U.S. funds expressed at par)		
		\$6,127,124.95
		\$6,127,124.95

LIABILITIES

BANK LOAN (Secured)	\$ 999,187.00	
ESTIMATED INCOME TAXES	15,088.26	\$1,014,275.26
		\$3,000,000.00
CAPITAL STOCK AND SURPLUS:		
Capital stock —		
Common shares without nominal or par value		
Authorized — 750,000 shares		
Issued — 565,000 shares (Note 2)		\$3,000,000.00
Capital surplus —		
Balance, October 31 1960	\$1,471,737.43	
Surplus on sale of investments during the year	120,766.70	1,592,504.13
		520,345.56
Earned surplus —		
Balance, October 31 1960	\$ 425,323.91	
Net revenue for the year ended October 31 1961	95,021.65	520,345.56
		\$5,112,849.69
		\$6,127,124.95

Signed on behalf of the Board:

R. DE WOLFE MACKAY, Director

W. HOWARD WERT, Director

NOTES TO FINANCIAL STATEMENTS

1. The amount of \$1,077,002.25 represents the residual cost of debentures and shares of United Principal Properties Limited which were purchased during the year. At October 31 1961 the Corporation had undertaken to purchase additional debentures and shares within one year for \$3,065,985.00 plus accrued interest on the said debentures. Since October 31 1961 this obligation has been reduced by the purchase by the Corporation and others of debentures and shares at a cost of \$2,000,000.00, in which purchase Foreign Power Securities Corporation Limited participated to the extent of \$500,000.00. The Corporation has furnished security for the fulfillment of this undertaking.

As part of these transactions, the Corporation has undertaken to purchase properties of its choice for \$750,000.00 prior to February 14 1962 and to lease them back to the seller who has agreed to re-purchase them within eight years for the same amount.

On March 6 1961 the Corporation entered into an agreement to purchase further debentures of United Principal Properties Limited for \$3,400,000.00. The agreement provides that the purchase price shall be paid by, and the debentures delivered to the purchaser within ninety days following receipt of notice by the purchaser and not later than February 28 1963. On the same date banking arrangements were made whereby the required funds would be made available to finance the purchase. Subsequent to October 31 1961, the Corporation received notice that the purchase price would be payable, and the debentures would be deliverable, on February 26 1962.

2. During the year, the Corporation issued 15,000 fully paid common shares in return for shares of a subsidiary company valued at \$125,000.00.

C - Slack

FOREIGN POWER SECURITIES CORPORATION LIMITED

355 St. James Street West

MONTREAL 1, QUE.

February 7, 1962

To the Shareholders:


There is submitted herewith the Balance Sheet, Statement of Revenue and Expenses, and the Auditors' Report to the Shareholders, for the Company's fiscal year ended 31 October, 1961.

Your attention is drawn to the Notes to the Financial Statements, the first one of which outlines the transactions by the Company in the securities of United Principal Properties Limited, and the second of which refers to the issuance by your Company of 15,000 Common shares from the Treasury for the remaining outstanding shares of Canadian Car and Bus Advertising Limited, which latter is now a wholly owned subsidiary of your Company.

During the year under review total revenue amounted to \$160,510.22 against \$119,344.33 for the preceding year and, after deducting expenses and provision for income taxes, the net revenue amounted to \$95,021.65, representing an increase of \$5,308.66 over the net revenue reported for the preceding year.

At the time of the Compromise or Arrangement in 1954 the paid-up value of the Company's capital was reduced by \$3,700,000. Your Directors have considered it advisable that certain assets be re-valued by increasing their aggregate value by \$3,700,000, and that such increase be attributed to the capital paid up on the Company's shares presently outstanding. It is therefore proposed that at the forthcoming Annual Meeting the shareholders be requested to give their approval to a Resolution passed by the Directors authorizing such increase and, if approved, the necessary application will be made to the Secretary of State of Canada for the right to make such change.

Respectfully submitted on behalf of the Board.



President.

