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**FOREIGN POWER SECURITIES
CORPORATION LIMITED**



Annual Report

For the Year Ended October 31, 1965



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



Head Office

41st FLOOR SOUTH
 PURVIS HALL
 1 PLACE VILLE MARIE
 MONTREAL 2, QUE.

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McGILL UNIVERSITY

FOREIGN POWER SECURITIES CORPORATION LIMITED

STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED OCTOBER 31, 1965

REVENUE:

Dividends, interest and other income (including dividends of \$126,297 from subsidiary companies).....		\$242,270
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EXPENSES:

Directors' fees.....	\$ 1,500	
Executive salaries.....	2,500	
Legal expenses.....	9,579	
Interest.....	100,617	
Other expenses.....	8,140	122,336
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Net revenue for the year.....		\$119,934

NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 1965

Note 1:

The following information on subsidiary companies whose assets and liabilities and revenue and expenses are not included in the accompanying statements, is submitted in accordance with the requirements of Section 121 of the Canada Corporations Act.

- The accounts of the subsidiary companies have not been consolidated with those of Foreign Power Securities Corporation Limited because the subsidiaries are operating companies rather than investment companies.
- The corporation's proportion of the aggregate profits (including gains of \$534,000 on disposal of investments) of subsidiary companies pertaining to the year ended October 31, 1965 amounted to approximately \$980,000; dividends from subsidiary companies taken up as income in the accompanying statement of revenue and expenses amounted to \$126,297.
- The corporation's proportion of undistributed profits of subsidiary companies (including accumulated gains on disposal of investments) earned since the acquisition of the shares of such companies and not taken up in the accompanying statements amounted to approximately \$3,500,000 at October 31, 1965.

Note 2:

The corporation has pledged investment securities carried at \$1,310,000 as collateral security against the bank loan. The quoted market value of these securities was \$2,500,000 at October 31, 1965.

Note 3:

The corporation has received federal income tax assessments for prior years which, with interest, amount to approximately \$450,000. No provision has been made for these assessments which have been appealed by the corporation.

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, 1965 and the statement of revenue and expenses for the year ended on that date. Our examination included such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and the statement of revenue and expenses and the notes thereto present fairly the financial position of Foreign Power Securities Corporation Limited as at October 31, 1965 and the results 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 information presented in Note 1 to the accompanying financial statements with respect to the profits of the unconsolidated subsidiaries is based on financial statements reported on by the auditors of these companies.

PRICE WATERHOUSE & CO.

Chartered Accountants.

FOREIGN POWER SECURITIES CORPORATION LIMITED

BALANCE SHEET — OCTOBER 31, 1965

ASSETS

INVESTMENTS, at cost:

Subsidiary companies (Note 1) —

Quoted securities (quoted market value — \$5,300,000).....	\$2,474,639	
Unquoted securities.....	1,901,424	\$ 4,376,063

Other —

Quoted securities (quoted market value — \$2,620,000).....	1,888,884	
Unquoted securities.....	310,884	2,199,768

6,575,831

Increase in book value of the corporation's investments, attributed as reinstatement of paid-up capital.....

3,700,000

10,275,831

AMOUNT RECEIVABLE ON SALE OF INVESTMENTS:

Collectible on instalment basis in varying amounts 1966 through 1974 (including U.S. \$514,260 expressed at par).....

581,760

Short-term investments and cash.....

1,854,029

\$12,711,620

LIABILITIES

BANK LOAN (Note 2).....		\$ 1,750,000
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PURCHASE OPTION DEPOSIT (U.S. \$7,500).....		8,065
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1,758,065

SHAREHOLDERS' EQUITY

CAPITAL STOCK AND SURPLUS (Note 1):

Capital Stock —

Common shares without nominal or par value —

Authorized — 750,000 shares

Issued — 565,000 shares.....

\$6,700,000

Capital surplus —

Balance, October 31, 1964.....	\$2,346,009	
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Surplus on disposal of investments during the year ended October 31, 1965.....	1,005,348	
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3,351,357

Earned surplus —

Balance, October 31, 1964.....	782,264	
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Net revenue for the year ended October 31, 1965 (Statement attached).....	119,934	
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902,198

10,953,555

\$12,711,620

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FOREIGN POWER SECURITIES CORPORATION LIMITED

41st Floor South

1 Place Ville Marie

MONTREAL 2, QUE.

January 5, 1966

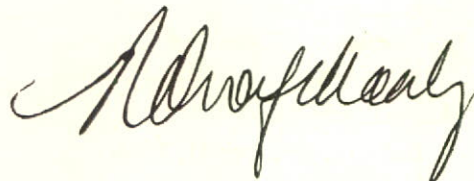
To the Shareholders:

Your Corporation's Directors submit herewith the Annual Accounts for the fiscal year ended 31 October, 1965, together with the Report of the Auditors.

You will note from the Balance Sheet that the Corporation's total assets increased to \$12,711,620 compared to \$11,646,916 at the close of the preceding year. Capital Surplus and Earned Surplus also increased and the statement of Revenue and Expenses shows net revenue slightly higher for the year at \$119,934 compared to \$97,942 for the previous fiscal year.

The item "Notes to the Financial Statements" is included in the accounts to comply with the provisions of the new Canada Corporations Act which came into effect during the year. Judgment has just recently been rendered in the Exchequer Court maintaining the Corporation's appeal against the assessment to which reference is made in Note 3.

Respectfully submitted on behalf of the Board.



President

PURVIS HALL

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