

FOREIGN POWER SECURITIES
CORPORATION LIMITED



Annual Report

For the Year Ended October 31, 1966



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
1 PLACE VILLE MARIE
MONTREAL 2, QUE.

FOREIGN POWER SECURITIES CORPORATION LIMITED

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED OCTOBER 31, 1966

REVENUE:

Subsidiary companies —		
Dividends	\$124,101	
Interest	52,031	\$176,132
Other dividends and interest		77,691
		253,823

EXPENSES:

Directors' fees	1,500	
Executive salaries	2,167	
Legal expenses	21,907	
Interest	32,877	
Other expenses	13,923	72,374
		181,449

INCOME TAXES		8,034
Net revenue for the year		\$173,415

NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 1966

Note 1:

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

- (a) The accounts of the subsidiary companies have not been consolidated with those of Foreign Power Securities Corporation Limited because the subsidiaries are, by their nature, operating companies rather than investment companies.
- (b) The corporation's proportion of the aggregate profits (including gains of \$750,000 on disposal of investments) of subsidiary companies pertaining to the year ended October 31, 1966 amounted to approximately \$1,700,000.
- (c) 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 \$5,000,000 at October 31, 1966.

Note 2:

The judgement of the Exchequer Court maintaining the Corporation's appeal against income tax assessments amounting to approximately \$450,000 has been appealed by the Minister of National Revenue to the Supreme Court of Canada.

AUDITORS' REPORT TO THE SHAREHOLDERS OF FOREIGN POWER SECURITIES CORPORATION LIMITED:

November 27, 1966

We have examined the balance sheet of Foreign Power Securities Corporation Limited as at October 31, 1966 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, 1966 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.

Chartered Accountants.

PRICE WATERHOUSE & CO.

FOREIGN POWER SECURITIES CORPORATION LIMITED

BALANCE SHEET — OCTOBER 31, 1966

ASSETS

INVESTMENTS, at cost:

Subsidiary companies (Note 1) —		
Quoted securities (quoted market value — \$4,300,000)	\$2,852,226	
Unquoted securities	2,501,424	\$ 5,353,650
Other —		
Quoted securities (quoted market value — \$1,160,000)	801,525	
Unquoted securities	955,858	1,757,383
		7,111,033
Increase in book value of the corporation's investments, attributed as reinstatement of paid-up capital		3,700,000
		10,811,033

AMOUNT RECEIVABLE ON SALE OF INVESTMENTS:

Collectible on instalment basis in varying amounts 1967 through 1974 (including U.S. \$341,273 expressed at par)	402,809
Cash	67,056
	\$11,280,898

LIABILITIES

BANK LOAN (secured)	\$ 50,000
INCOME TAXES	6,700
PURCHASE OPTION DEPOSIT (U.S. \$7,500)	8,065
	64,765

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, 1965	\$3,351,357		
Surplus on disposal of investments during the year ended October 31, 1966	89,163	3,440,520	
Earned surplus —			
Balance, October 31, 1965	902,198		
Net revenue for the year ended October 31, 1966 (statement attached)	173,415	1,075,613	11,216,133
			\$11,280,898

SIGNED ON BEHALF OF THE BOARD:

(Signed) R. DE W. MACKEY, Director
(Signed) W. HOWARD WERT, Director

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FOREIGN POWER SECURITIES CORPORATION LIMITED

41st Floor South

1 Place Ville Marie

MONTREAL 2, QUE.

To the Shareholders:

Your Directors submit herewith the Annual Report of your Corporation for the year ended 31 October, 1966, together with the Report of the Auditors to the Shareholders.

The Corporation experienced a satisfactory year, with investments at cost standing at \$7,111,033 as compared to \$6,575,831 at the end of the preceding year. The Statement of Revenue and Expenses shows net revenue for the year amounted to \$173,415, which compares with \$119,934 for the year ended October 31, 1965.

During the year the Directors enacted a By-Law changing the end of the Corporation's fiscal year from 31 October to 31 December, commencing with the year 1966, and the Shareholders will be requested to approve this change.

Your attention is drawn to Note 2 of the "Notes to Financial Statements" from which you will see that while judgment in the Corporation's favor was rendered in the Exchequer Court in connection with the large tax claim against the Corporation, the Minister of National Revenue has appealed the decision to the Supreme Court of Canada.

Respectfully submitted on behalf of the Board.



President

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