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International Power Company LIMITED



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A N N U A L R E P O R T
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66,000 Volt Power Transmission in the Andes at an altitude of 14,500 feet.

BOLIVIAN POWER COMPANY LIMITED

Pres - International Power Co - Aug 1958

INTERNATIONAL POWER COMPANY LIMITED



HEAD OFFICE
MONTREAL, CANADA



S Y S T E M C O M P A N I E S

Bolivian Power Company, Limited

Monterey Railway, Light and Power Company*

Compañía de Alumbrado Eléctrico de San Salvador

The Demerara Electric Company Limited

Empresas Eléctricas Venezolanas, Sociedad Anonima

**Not consolidated*

INTERNATIONAL POWER COMPANY LIMITED

BOARD OF DIRECTORS

E. RYCKMAN ALEXANDER	ALASTAIR G. MACKINNON
LEO F. DALEY	LESLIE G. PROCTOR
WILLIAM M. HICKEY	PAUL W. RAYMER
JOHN R. HUGHES	RICHARD JOYCE SMITH
FREDERICK KRUG	MORLEY G. TAYLOR
HON. HERBERT J. SYMINGTON, P.C., C.M.G., Q.C.	

OFFICERS

FREDERICK KRUG, *President*
LESLIE G. PROCTOR, *Secretary-Treasurer*
GEORGE L. GILKER, *Assistant Secretary*

OFFICE

244 St. James Street West, Montreal, P.Q.

TRANSFER AGENTS

MONTREAL TRUST COMPANY
511 Place d'Armes, Montreal, P.Q.
15 King Street W., Toronto, Ontario
466 Howe Street, Vancouver, B.C.

REGISTRAR

MONTREAL TRUST COMPANY

ENGINEERING CONSULTANTS
MONTREAL ENGINEERING
COMPANY, LIMITED

PAUL W. RAYMER (1922) *General Manager, International Operations*
JOHN KAZAKOFF (1938) *Assistant Manager, International Operations*
HUMPHREY G. MICHELL (1939) *Assistant Manager, International Operations*

EXECUTIVES
OF
OPERATING COMPANIES

BOLIVIA	BRUCE F. JUNKIN (1947)	<i>General Manager</i>
	DAVID C. MITCHELL (1953)	<i>Manager, Oruro Division</i>
BRITISH GUIANA	CHARLES A. MACINTYRE (1938)	<i>General Manager</i>
MEXICO	RAMÓN NOBLE (1923)	<i>General Manager</i>
EL SALVADOR	ARTHUR W. CARLSON (1940)	<i>General Manager</i>
VENEZUELA	LAWRENCE M. HOWE (1941)	<i>President</i>
	PERCY B. SPICER (1938)	<i>General Manager, Maracaibo</i>
	ALEXANDER E. WILCOX (1950)	<i>Manager, Barquisimeto</i>

Dates indicate date of first employment
with system companies.

INTERNATIONAL POWER COMPANY LIMITED

R E P O R T O F T H E D I R E C T O R S F O R 1 9 5 7

TO THE SHAREHOLDERS:

The consolidated net income of International Power Company Limited and its subsidiaries in 1957 was \$8,243,904.67. Four quarterly dividends of \$3.00 per share were paid and an additional dividend of \$2.00 per share was paid in September, 1957.

A Consolidated Balance Sheet and Statement of Income and Expenditure for International Power Company Limited and all but two of its subsidiaries are included in this report. In 1956 and previous years, appropriations for Legal Reserve by certain subsidiaries were deducted from income and carried in the Balance Sheet under the heading Reserves. This practice was discontinued in 1957 and instead the appropriation is a deduction from Earned Surplus and the Reserve is part of the shareholders' equity.

Growth and expansion of the electric business of the consolidated subsidiaries continued in 1957 with gross earnings increasing by 17% over 1956. Sales of electricity in the consolidated companies increased 13.7%, from 491,480,000 Kilowatt Hours in 1956 to 558,967,000 Kilowatt Hours in 1957. Sales of electricity in 1957 were more than three times the sales in 1947.

To meet the growing demand for electric service the consolidated companies spent \$7,523,000 on capital construction in 1957, which put into service 33,300 Kilowatts of new generating plant early in 1958 and provided necessary distribution facilities. Capital expenditures have been approved by your directors for the year 1958 to cost \$7,580,000.

Your subsidiary, Empresas Eléctricas Venezolanas Sociedad Anonima, invested \$564,179.10 equal to a 13% interest in the common stock of Financiadora Venezolana de Créditos, (Fivecca), a finance company in Caracas, Venezuela, closely affiliated with Banco Venezolana de Credito. This stock is 60% paid and the balance of \$358,208.96 is subject to call. In addition, a further investment was made in Fivecca of \$1,791,044.78 as a loan at 7% interest for a period of up to six years. Studies are continuing for the possible acquisition of other businesses to permit of expansion into new fields.

With the growth in the companies, and to assure a continued high grade service to the customers, a formal training program for staff has been inaugurated in one of the companies which will be extended to the other companies when their growth warrants a training scheme.

Your Directors wish to acknowledge and express their thanks to the staff of the system companies and to the staff of Montreal Engineering Company Limited for their contribution to the progress of your companies through the years.

With sorrow we record the tragic death of Mr. Russell D. Bell, as a result of an airplane accident on September 15, 1957. Mr. Bell had been a Director of International Power Company since its inception in 1926. His experience and pleasant personality will be greatly missed by your Board.

Your Directors have been fortunate in being able to replace him by the appointment of Mr. E. Ryckman Alexander. Mr. Alexander is Vice President—Finance, of the Sun Life Assurance Company of Canada.

For the Board of Directors,

F. KRUG,
President.

MONTREAL, May 2, 1958.

INTERNATIONAL POWER

Balance Sheet as at

(with Comparative Figures)

A S S E T S

	1957	1956
Shares of Subsidiary Companies, at cost	\$14,317,860.30	\$ 9,476,304.11
Debentures and other Indebtedness of Subsidiary Companies, at cost	516,754.97	162,888.43
	14,834,615.27	9,639,192.54
Cash	355,917.69	1,382,863.93
Bank Deposit Receipts	1,256,187.50	575,250.00
Accounts Receivable	9,656.85	31,210.32
	1,621,762.04	1,989,324.25
Approved on behalf of the Board:		
A. G. MACKINNON, <i>Director</i> .		
L. G. PROCTOR, <i>Director</i> .		
	\$16,456,377.31	\$11,628,516.79

ER COMPANY LIMITED

31st December 1957

(as at 31st December 1956)

LIABILITIES

	1957	1956
Accounts Payable	\$ 106,841.58	\$ 23,465.76
Dividend Payable	—	587,100.00
Amount due to Subsidiary Companies	—	88,309.07
	<u>106,841.58</u>	<u>698,874.83</u>
Capital Stock and Surplus:		
Common Shares of No Par Value		
Authorized: 220,000 Shares		
Issued and Fully Paid: 195,700 Shares	3,631,750.00	3,631,750.00
Surplus:		
Tax-Paid Undistributed Income	2,832,654.83	2,832,654.83
Capital Surplus	3,993,057.63	3,727,358.92
Earned Surplus	5,892,073.27	737,878.21
	<u>16,349,535.73</u>	<u>10,929,641.96</u>
	<u>\$16,456,377.31</u>	<u>\$11,628,516.79</u>

Audited in accordance with our Report of this date.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

MONTREAL, 29th April 1958.

INTERNATIONAL POWER

Statement of Income and Expenditure

FOR THE YEAR ENDED 31ST DECEMBER 1957

(with Comparative Figures for the Year 1956)

	1957	1956
Dividends and Interest (less withholding tax) from operating Subsidiary Companies and other income	\$3,131,833.58	\$1,311,509.42
<i>Deduct:</i>		
Directors' Fees and Expenses	5,989.10	4,575.00
Executive Counsel	20,000.00	20,000.00
Other Expenses	53,360.61	70,591.33
	79,349.71	95,166.33
Net Income for year, transferred to Statement of Earned Surplus	\$3,052,483.87	\$1,216,343.09

Statement of Earned Surplus

FOR THE YEAR ENDED 31ST DECEMBER 1957

Balance at 31st December 1956	\$ 737,878.21
<i>Add:</i>	
Net Income for year, transferred from Statement of Income and Expenditure	3,052,483.87
Stock Dividend received from a subsidiary company out of prior years' accumulated earnings	4,841,511.19
	8,631,873.27
<i>Deduct:</i> Dividends on Common Stock	2,739,800.00
Balance at 31st December 1957	\$5,892,073.27

COMPANY LIMITED

Statement of Capital Surplus

FOR THE YEAR ENDED 31st DECEMBER 1957

Balance at 31st December 1956		\$3,727,358.92
<i>Add:</i>		
Adjustment of Exchange provision made in prior years, required to convert U.S. Dollar balances at 31st December 1957	\$48,885.40	
Less: Exchange Loss applicable to Capital.	<u>5,065.37</u>	
		43,820.03
Final Liquidating Dividend from Porto Rico Power Company Limited		<u>221,878.68</u>
Balance at 31st December 1957		<u><u>\$3,993,057.63</u></u>

Statement of Tax-Paid Undistributed Income

FOR THE YEAR ENDED 31st DECEMBER 1957

Balance at 31st December 1957 (no change during the year).	<u><u>\$2,832,654.83</u></u>
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INTERNATIONAL POWER
AND SUBSIDIARIES

Consolidated Balance Sheet

(with Comparative Figures)

A S S E T S

	1957	1956
CAPITAL ASSETS		
Lands, Buildings, and Plants; Franchises, Contracts, Goodwill, etc. (Note 2)	\$65,636,555.96	\$58,353,605.67
INVESTMENT IN SUBSIDIARY COMPANIES NOT CONSOLIDATED, AT COST		
Shares	402,841.70	402,841.70
Debentures and Other Indebtedness	187,986.10	167,506.47
	590,827.80	570,348.17
OTHER INVESTMENTS IN SHARES AND NOTES RECEIVABLE	2,369,553.05	8,359.02
CURRENT ASSETS		
Cash	1,520,806.64	3,173,613.07
Bank Deposit Receipts	6,906,187.50	7,530,805.55
Accounts Receivable, less Reserve	2,695,292.38	2,512,315.03
Materials and Supplies as certified by responsible officials and valued at cost	1,746,585.13	1,687,900.76
	12,868,871.65	14,904,634.41
DEFERRED CHARGES		
Prepaid and other Deferred Charges	155,132.57	174,837.81
	155,132.57	174,837.81
	\$81,620,941.03	\$74,011,785.08

Approved on behalf of the Board:
A. G. MACKINNON, *Director*.
L. G. PROCTOR, *Director*.

R COMPANY LIMITED

Y COMPANIES

as at 31st December 1957

(at 31st December 1956)

LIABILITIES

	1957	1956
CURRENT LIABILITIES		
Bank Loan	\$ 54,049.34	\$ 72,222.67
Accounts Payable	2,504,867.75	1,864,589.02
Dividend Payable	—	587,100.00
Consumers' Deposits, including interest thereon	556,007.61	394,744.38
	<u>3,114,924.70</u>	<u>2,918,656.07</u>
MINORITY INTEREST in Capital Stock and Surplus of Subsidiary Companies	<u>909,564.47</u>	<u>799,380.89</u>
RESERVES		
Depreciation and Renewals	15,101,700.69	14,646,986.59
Reserve for Contingencies	1,087,548.62	1,083,297.10
Exchange	2,088,088.86	2,112,965.32
Other	368,528.25	394,444.88
	<u>18,645,866.42</u>	<u>18,237,693.89</u>
CAPITAL RESERVE (Note 2)	<u>6,466,819.60</u>	<u>6,360,853.26</u>
CAPITAL STOCK AND SURPLUS		
Common Shares of No Par Value		
Authorized: 220,000 shares		
Issued and Fully Paid: 195,700 shares	3,631,750.00	3,631,750.00
Surplus (Note 3)		
Tax-Paid Undistributed Income	2,832,654.83	2,832,654.83
Capital Surplus	10,560,221.82	10,294,523.11
Earned Surplus	33,049,753.99	26,916,179.67
Earned Surplus Segregated for Legal Reserve	2,409,385.20	2,020,093.36
	<u>52,483,765.84</u>	<u>45,695,200.97</u>
	<u>\$81,620,941.03</u>	<u>\$74,011,785.08</u>

The accompanying notes to the consolidated financial statements should be read in conjunction with the above consolidated balance sheet.

Audited in accordance with our Report of this date.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

MONTREAL, 29th April 1958.

INTERNATIONAL POWER AND SUBSIDIARY

Consolidated Statement of Income and Expenditure

FOR THE YEAR ENDED 31st DECEMBER 1957

(with Comparative Figures for Year 1956)

	1957	1956
Gross Earnings of operating Subsidiary Companies, less Exchange Loss	\$18,113,516.64	\$15,476,499.29
<i>Deduct:</i> Operating Expenses and Taxes	8,469,555.46	7,154,442.88
<p><i>Note:</i> The total amount paid during the year by subsidiary companies consolidated herein and by subsidiary companies not consolidated, was for Legal Fees \$46,973.46 for the year 1957 and \$35,628.09 for the year 1956 and Executive Salaries \$220,274.03 for the year 1957 and \$157,031.85 for the year 1956.</p>		
Net Earnings of operating Subsidiary Companies	9,643,961.18	8,322,056.41
<i>Add:</i>		
Investment Income — Net	271,864.95	194,383.93
	9,915,826.13	8,516,440.34
<i>Deduct:</i>		
Dividends on Common Stock of Subsidiary Companies in hands of the public	36,793.67	30,701.84
Provision for Depreciation and Renewals	1,624,205.68	1,538,317.12
Legal Reserve (Note 4)	—	354,287.32
Minority Interest in Surplus for year of Subsidiary Companies . . .	79,435.05	73,316.63
	1,740,434.40	1,996,622.91
Net Income of Subsidiary Companies after Deduction of Minority Interest	8,175,391.73	6,519,817.43
<i>Add:</i>		
Other Income, International Power Company Limited: Income from Investment in Monterey Railway, Light & Power Company, not consolidated, etc.	147,862.65	153,439.56
<i>Less:</i>		
Expenses and taxes (including Directors' Fees and Expenses \$5,989.10 for year 1957 and \$4,575.00 for year 1956 and Executive Counsel \$20,000.00 for year 1957 and \$20,000.00 for year 1956).	79,349.71	95,166.33
	68,512.94	58,273.23
Net Income for year, transferred to Consolidated Statement of Earned Surplus	\$ 8,243,904.67	\$ 6,578,090.66

The accompanying notes to the consolidated financial statements should be read in conjunction with the above consolidated statement of Income and Expenditure.

COMPANY LIMITED

COMPANIES

Consolidated Statement of Earned Surplus

FOR THE YEAR ENDED 31st DECEMBER 1957

Balance at 31st December 1956	\$26,916,179.67
 <i>Add:</i>	
Adjustment arising from variation in exchange conversion rates	54,562.07
	<u>26,970,741.74</u>
 <i>Less:</i>	
Adjustment of income taxes applicable to prior years, in the accounts of subsidiary companies.	3,529.27
	<u>26,967,212.47</u>
 <i>Add:</i>	
Transfer from Depreciation and Renewals Reserve, covering portion of prior years appropriations in excess of requirements.	1,003,589.65
Net Income for year after payment of dividends on common stocks of subsidiary companies in hands of the public and provision for Minority Interest in Surplus for year of Subsidiary Companies	8,243,904.67
	<u>36,214,706.79</u>
 <i>Deduct:</i>	
Amount segregated as Legal Reserve for the year 1957	425,152.80
	<u>35,789,553.99</u>
 Dividends on Common Stock	 <u>2,739,800.00</u>
 Balance at 31st December 1957	 <u><u>\$33,049,753.99</u></u>

The accompanying notes to the consolidated financial statements should be read in conjunction with the above consolidated statement of Earned Surplus.

INTERNATIONAL POWER
AND SUBSIDIAR

**Consolidated Statement of Earned Surplus
Segregated for Legal Reserve**

FOR THE YEAR ENDED 31st DECEMBER 1957

Amount of Legal Reserve at 31st December 1956 transferred	\$ 1,984,232.40
Amount segregated for the year 1957	425,152.80
Balance at 31st December 1957	<u>\$ 2,409,385.20</u>

Consolidated Statement of Capital Surplus

FOR THE YEAR ENDED 31st DECEMBER 1957

Balance at 31st December 1956	\$10,294,523.11
<i>Add:</i>	
Final Liquidating Dividend from Porto Rico Power Company Limited	221,878.68
	<u>10,516,401.79</u>
Adjustment of exchange provision made in prior years, required to convert U.S. dollar balances at 31st December 1957 in accounts of International Power Company Limited	\$48,885.40
<i>Less:</i> Exchange loss applicable to Capital	5,065.37
	<u>43,820.03</u>
Balance at 31st December 1957	<u>\$10,560,221.82</u>

NOTE: The accompanying notes to the consolidated financial statements should be read in conjunction with the above Statement of Earned Surplus Segregated for Legal Reserve and with the above Statement of Capital Surplus.

Notes to Consolidated Financial Statements

AS AT 31st DECEMBER 1957

1. FOREIGN EXCHANGE

The following bases have been used in converting foreign currencies in the consolidated financial statements: —

The foreign currency accounts of the Venezuela and Salvador companies have been converted to United States dollars at the prevailing current rates of exchange at 31st December 1957.

The foreign currency accounts of the Demerara Company have been converted to Canadian dollars at the prevailing current rate of exchange at 31st December 1957.

The foreign currency accounts of Bolivian Power Company Limited have been converted to United States dollars at the prevailing current rate of exchange at 31st December 1957 with the following exception:

Income and expenditure accounts originating in Bolivian currency have been converted into United States dollars at the average monthly rates prevailing during the year ended 31st December 1957.

For the year ended 31st December 1956 gross income originating in Bolivian currency was converted into United States dollars at the Government official rate of exchange (in effect until 16th December 1956) to the extent that United States dollars were available at such official rate. The balance of the gross income originating in Bolivian currency and the operating expenditure in Bolivian currency was converted at the free market rate of exchange at 31st December 1956.

2. CAPITAL ASSETS

Properties are valued at cost to subsidiary companies, converted to dollars in accordance with the exchange bases mentioned in Note 1 with the exception of Bolivian Power Company Limited which have been valued at the dollar cost at date of acquisition.

The intangibles definitely ascertainable in the books of the subsidiary companies or from contracts for the sale or purchase of property included in capital assets, amount to \$3,048,119.00. Adjustments arising on consolidation are included in the capital reserve as shown on the consolidated balance sheet.

3. SURPLUS ACCOUNTS

In the balance sheet of International Power Company Limited, capital profits less capital losses are included in the capital surplus account. In the consolidated balance sheet, capital profits and capital losses of subsidiary companies have not been so segregated and are included in consolidated earned surplus account.

4. LEGAL RESERVE

Appropriations for Legal Reserve were formerly charged through the Statement of Income and Expenditure and carried on the Balance Sheet under the heading of Reserves. For the year ended 31st December 1957 such appropriation has been charged to Earned Surplus and the Reserve has been classified as a part of the Shareholders equity.

For the purpose of comparison the Reserve as shown on the Balance Sheet at 31st December 1956 has been classified in a similar manner.

5. CONTINGENT LIABILITY

The uncalled portions of capital stocks in which a subsidiary company has invested funds, amounted to \$364,180.00 U.S. Funds at 31st December 1957.

Creak, Cushing & Hodgson
Chartered Accountants

*215 St. James Street West,
Montreal 1.*

To the Shareholders,
International Power Company Limited,
Montreal.

We have examined the Balance Sheet of International Power Company Limited as at 31st December 1957 and the Statements of Income and Expenditure and Surplus for the year ended on that date. 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. The aggregate profits for the year of the Subsidiary Companies, as shown by their audited accounts, have been brought into the Statement of Income and Expenditure only to the extent of dividends and interest received from the Subsidiary Companies.

We have also examined the consolidated Balance Sheet of International Power Company Limited and Subsidiary Companies as at 31st December 1957 and the consolidated Statements of Income and Expenditure and Surplus for the year ended on that date. In the course of our examination, we accepted after conversion into dollars as set out in Note 1, the Subsidiary Companies' Financial Statements as examined and reported on by other public accountants. In the consolidated statements (a) the net income shown by the audited accounts of Monterey Railway, Light and Power Company, not consolidated, is reflected in Other Income to the extent of the interest received by International Power Company Limited from such Subsidiary Company and (b) the profit shown by the audited accounts of Empresa de Luz y Fuerza Electrica de Oruro, S. A., not consolidated, has not been brought into the consolidated accounts.

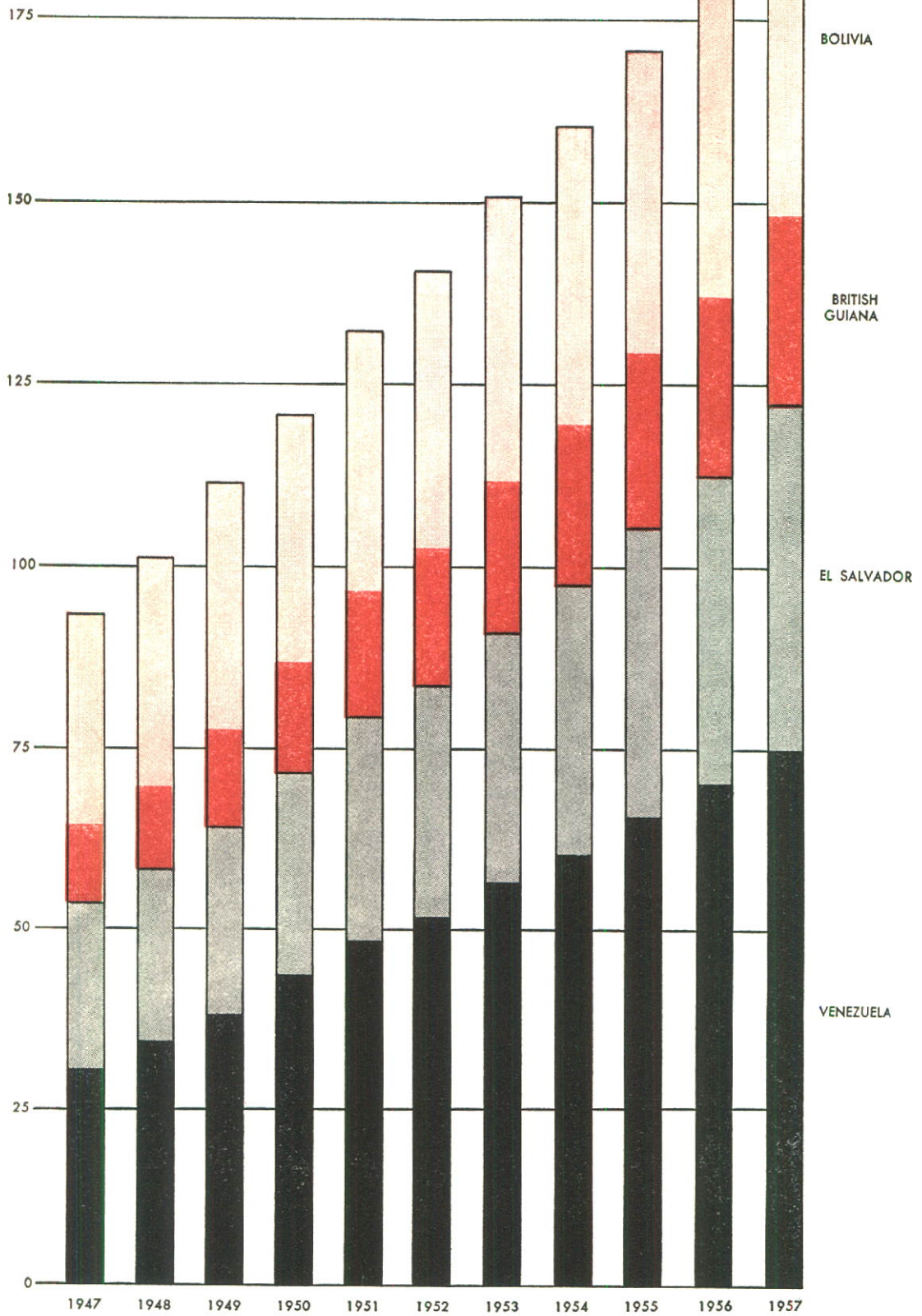
In our opinion, based on our examination as set out herein, the accompanying Balance Sheet of International Power Company Limited as at 31st December 1957 and the related Statements of Income and Expenditure and Surplus, and the corresponding consolidated Financial Statements when read in conjunction with the accompanying notes, are properly drawn up in conformity with generally accepted accounting principles and are on a basis consistent with that of the preceding year with the exception of (a) the change in the method of exchange conversion mentioned in Note 1, (b) the change in the classification of the Legal Reserve mentioned in Note 4, and exhibit a true and correct view of the affairs of the Company and its Subsidiary Companies according to the best of our information and the explanations given to us and as shown by the books of the Company and the audited Financial Statements of the Subsidiary Companies.

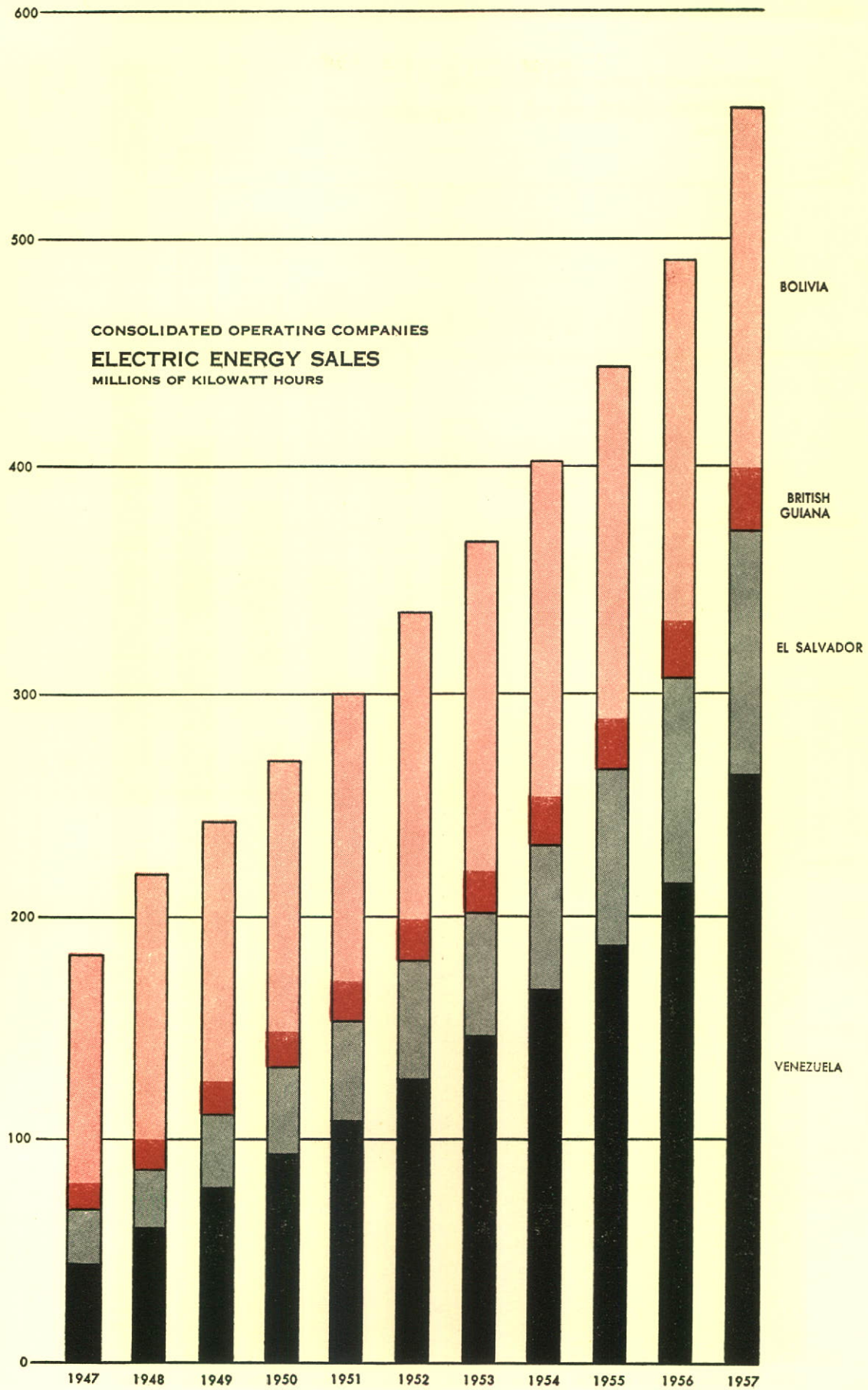
Creak, Cushing & Hodgson
CHARTERED ACCOUNTANTS.

MONTREAL, 29th April 1958.

200

CONSOLIDATED OPERATING COMPANIES
ELECTRIC CUSTOMERS AT DECEMBER 31ST
THOUSANDS





OPERATING COMPANIES DATA

(CONSOLIDATED COMPANIES ONLY — MEXICO EXCLUDED)

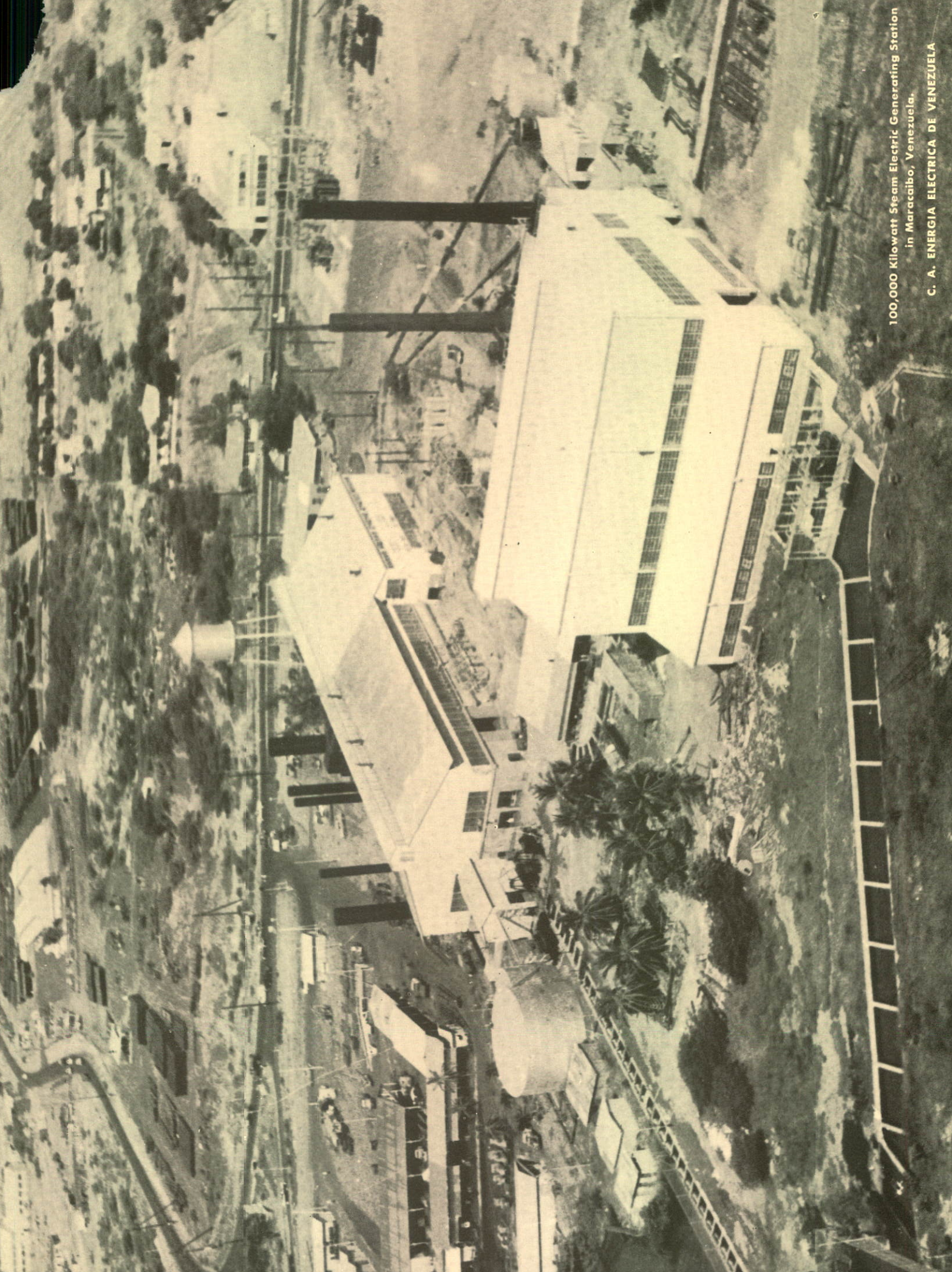
OPERATING STATISTICS

	1952	1953	1954	1955	1956	1957
Generating Capacity at December 31st: (Installed Kilowatts)						
Hydro	38,730	38,916	40,346	48,706	58,330	58,250
Diesel	13,365	15,865	18,365	18,365	18,365	20,135
Steam	60,750	60,750	65,750	90,750	90,750	90,750
	<u>112,845</u>	<u>115,531</u>	<u>124,461</u>	<u>157,821</u>	<u>167,445</u>	<u>169,135</u>
Purchased Kilowatts (under contracts)	1,552	1,640	17,000	19,142	21,706	26,866
	<u>114,397</u>	<u>117,171</u>	<u>141,461</u>	<u>176,963</u>	<u>189,151</u>	<u>196,001</u>
Kilowatt hours sold (thousands)	339,060	369,341	404,998	448,206	491,480	558,967
Operating Employees at December 31st	1,422	1,418	1,395	1,398	1,451	1,500
Number of electric customers served at December 31st	140,612	150,406	160,554	170,731	179,596	192,706

FINANCIAL STATISTICS

(000's)

Gross Earnings	\$ 11,071	12,499	13,475	14,065	15,476	18,113
Operating Expenses and Taxes	\$ 4,699	5,180	5,801	6,404	7,154	8,469
Net Earnings before Depreciation	\$ 6,372	7,319	7,674	7,661	8,322	9,644
Provision for Depreciation	\$ 1,273	1,230	1,320	1,484	1,538	1,624
Capital and Replacement Expenditures for Property, Plant and Equipment	\$ 3,654	3,578	6,056	5,453	7,021	7,523
Fixed Capital Account — Property, Plant and Equipment	\$ 37,533	41,426	47,281	52,371	58,354	65,636



100,000 Kilowatt Steam Electric Generating Station
in Maracaibo, Venezuela.

C. A. ENERGIA ELECTRICA DE VENEZUELA

