



**INTERNATIONAL
POWER COMPANY
LIMITED**

SIXTEENTH ANNUAL REPORT



**YEAR ENDED
31st DECEMBER, 1941**

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INTERNATIONAL
POWER COMPANY
LIMITED



HEAD OFFICE
MONTREAL, CANADA



SUBSIDIARY COMPANIES

Bolivian Power Company, Limited

*Monterey Railway, Light and Power
Company*

*Newfoundland Light & Power Company
Limited*

**Oriente Electric Company*

**Oruro Electric Light & Power Company*

Porto Rico Power Company, Limited

**San Salvador Electric Light Company*

*The Demerara Electric Company
Limited*

**Electric Power Company of Venezuela*

* Translated Titles.

INTERNATIONAL
POWER COMPANY
LIMITED



BOARD OF DIRECTORS

I. W. KILLAM, *President*

RUSSELL D. BELL

A. F. CULVER

G. MacGREGOR MITCHELL

JOHN H. PRICE

Hon. W. D. ROSS

H. J. SYMINGTON, K.C.

L. M. WOOD

FRED. C. CLARKE, *Secretary-Treasurer*



INTERNATIONAL POWER COMPANY, LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER, 1941

TO THE SHAREHOLDERS:

Your Directors submit herewith their sixteenth Annual Report and Financial Statements, together with Consolidated Statements of the Company and its subsidiaries for the year ended 31st December, 1941.

The Consolidated Balance Sheet has been compiled from figures shown on the books of your Company and its subsidiaries, the accounts in foreign currencies being shown throughout at par of exchange with the exception of those of one subsidiary, which have been set up at current Government official rates.

The combined Net Earnings of subsidiary companies amounted to \$3,636,841.74, an increase of \$59,136.57 over those of the previous year. The earnings and expenses in foreign currencies have been converted at either the current rate of exchange or at par of exchange, and net exchange profit realized on transfer of funds has been deducted from expenses.

The continued increase in demand for electric service in the territories served by your subsidiaries necessitated an expenditure on Capital Account during the year of \$2,101,918.45, which included, in addition to extensions to distribution systems to serve new customers, the installation of a 7,500 K.W. steam turbine-generator, and construction of additional Hydro-Electric plants with total generating capacity of 8,950 H.P.

The net reduction in the Funded Debt of your Company and subsidiaries in the hands of the public during the year amounted to \$142,268.52.

Quarterly dividends of \$1.75 per share on the 7% First Preferred Stock of the Company were paid during the year, in addition to which a special dividend of \$1.25 per share was paid on account of arrears, leaving dividend arrears amounting to \$30.00 per share.

Your Directors gratefully acknowledge the loyal and efficient services rendered by the executive staffs and employees of the Company and its subsidiaries during the year.

Submitted on behalf of the Board,

I. W. KILLAM,
President.

MONTREAL, 1st June, 1942.

CREAK, CUSHING & HODGSON
CHARTERED ACCOUNTANTS

LEMUEL CUSHING, C.A.
GEORGE S. BURDEN, C.A.
GEORGE HUNTER, C.A.
ALFRED SMIBERT, C.A.
W. ALEX. FALCONER, C.A.
PHILIP GODFREY, C.A.

460 ST. FRANCOIS XAVIER STREET,
MONTREAL

22nd May, 1942.

To the Shareholders,

INTERNATIONAL POWER COMPANY, LIMITED
MONTREAL.

We have audited the books of International Power Company, Limited, for the year ended 31st December, 1941, and have obtained all the information and explanations which we have required. In accordance with Section 114, The Companies Act 1934, we report that the aggregate net profits for the year of the Subsidiary Companies, as shown in their audited statements, have been brought into the accounts only to the extent of the dividends paid by the Subsidiary Companies.

We have examined the Balance Sheets certified by the auditors of the Subsidiary Companies, and report that the auditors of three of the companies include in their reports a qualification regarding the provisions for depreciation. We report, in accordance with Section 114 of The Companies Act 1934, in connection with the Consolidated Balance Sheet, that the operating profits for the year, as shown by the audited accounts of the Subsidiary Company not consolidated, have not been brought into the accounts of the International Power Company, Limited.

Subject to the foregoing, we report that, in our opinion, the accompanying Balance Sheet of International Power Company, Limited, as at 31st December, 1941, and the accompanying Consolidated Balance Sheet as at the same date are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs in accordance with the best of our information and the explanations given to us and as shown by the books of the Company and the audited statements of the Subsidiary Companies. All our requirements as auditors have been complied with.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

International Power Company, Limited

INTERNATIONAL POWER COMPANY, LIMITED

Balance Sheet as at 31st December, 1941

ASSETS

SHARES OF SUBSIDIARY COMPANIES, AT COST.....	\$ 9,025,118. 60	
BONDS, DEBENTURES AND OTHER INDEBTEDNESS OF SUBSIDIARY COMPANIES, AT COST, LESS RESERVE.....	8,875,770. 03	
		\$17,900,888. 63
SHARES OF OTHER PUBLIC UTILITY COMPANY, AT COST.....	25,567. 70	
CASH.....	431,389. 35	
DOMINION OF CANADA BONDS, AT COST.....	150,000. 00	
DISCOUNT ON DEBENTURES, LESS AMOUNTS WRITTEN OFF.....	228,502. 08	
		\$18,736,347. 76

LIABILITIES

BANK LOAN (SECURED).....	\$ 67,468. 47	
ACCOUNTS PAYABLE.....	10,377. 11	
DIVIDEND PAYABLE 2ND JANUARY, 1942.....	140,000. 00	
INTEREST ACCRUED ON DEBENTURES.....	84,996. 67	
		\$ 302,842.25
SECURED DEBENTURES, 6% SERIES DUE 1955.....	\$ 3,000,000. 00	
<i>Less:</i> Cancelled.....	\$ 1,306,000. 00	
Held by Company.....	451,000. 00	
		1,757,000. 00
		1,243,000. 00
6½% DEBENTURES, DUE 1957.....	\$ 3,000,000. 00	
<i>Less:</i> Cancelled.....	692,000. 00	
		2,308,000. 00
6% DEBENTURES, DUE 1957.....	\$ 2,000,000. 00	
<i>Less:</i> Cancelled.....	250,500. 00	
		1,749,500. 00
		5,300,500. 00
CAPITAL STOCK:		
7% Cumulative Redeemable First Preferred:		
Authorized: 150,000 Shares of \$100 each. <u>\$15,000,000. 00</u>		
Issued and Fully Paid: 80,000 Shares of \$100 each, on which Dividends in arrears \$30.00 on each Share.....	\$ 8,000,000. 00	
6% Cumulative Convertible Second Preferred:		
Authorized: 20,000 Shares of \$100 each. . . <u>\$ 2,000,000. 00</u>		
Issued and Fully Paid: 20,000 Shares of \$100 each, on which Dividends unpaid from 1st March, 1927.....	2,000,000. 00	
Common Stock of No Par Value:		
Authorized: 220,000 Shares.		
Issued and Fully Paid: 115,610 Shares.....	1,622,750. 00	
		11,622,750. 00
EARNED SURPLUS AT 31ST DECEMBER, 1941.....		1,510,255. 51
		\$18,736,347. 76

CONTINGENT LIABILITY:

Guarantees (secured in part) of Loans payable by Subsidiary Companies, \$465,188.61.

Approved on behalf of the Board:

I. W. KILLAM, *Director.*

FRED. C. CLARKE, *Director.*

Audited in accordance with our report of this date.

CREAK, CUSHING & HODGSON,

Chartered Accountants.

MONTREAL, 22nd May, 1942.

INTERNATIONAL POWER COMPANY, LIMITED

Statement of Income and Expenditure

For the Year Ended 31st December, 1941

DIVIDENDS AND INTEREST FROM SUBSIDIARY COMPANIES AND MISCELLANEOUS	
INCOME FOR YEAR.....	\$ 1,306,520.45
<i>Deduct:</i>	
Interest on Short-Term Loans.....	\$ 4,049.44.
Directors' Fees.....	4,000.00
Directors' Fees paid by Subsidiary Companies to Directors of International Power Company, Limited, <u>\$5,000.</u>	
Legal Fees.....	10,000.00
Miscellaneous Expenses.....	12,794.47
Amortization of Debenture Discount.....	20,106.66
	<u>50,950.57</u>
	\$ 1,255,569.88
<i>Deduct:</i>	
Interest on Debentures and Exchange thereon.....	360,488.57
NET PROFIT FOR YEAR, TRANSFERRED TO STATEMENT OF EARNED SURPLUS...	<u><u>\$ 895,081.31</u></u>

Statement of Earned Surplus

BALANCE AT 31ST DECEMBER, 1940.....	\$ 1,275,174.20
<i>Add:</i>	
Net Profit for year, transferred from Statement of Income and Expenditure.....	895,081.31
	<u>\$ 2,170,255.51</u>
<i>Deduct:</i>	
Dividends on First Preferred Stock.....	660,000.00
BALANCE AT 31ST DECEMBER, 1941.....	<u><u>\$ 1,510,255.51</u></u>

INTERNATIONAL POWER AND SUBSIDIARY

Consolidated Balance Sheet as

ASSETS

CAPITAL ASSETS:

Lands, Buildings and Plants; Franchises, Contracts, Goodwill, etc. \$35,057,832.91

Properties are valued at cost to Subsidiary Companies, measured in part by the par value of securities issued by them in exchange for properties acquired, plus subsequent additions at cost (including expenditures in foreign currencies converted at par of exchange except in the case of one Subsidiary which has made conversion at the Government official rate) less retirements and less adjustments arising as a result of consolidation. In the case of one Subsidiary Company, property has been valued on the basis of an appraisal made by Hagenah & Erickson, of Chicago, as at 1st November, 1925, less retirements, plus additions at cost. Inasmuch as a complete segregation between tangible properties and intangibles has not been maintained on all the Subsidiary Companies' books, it is not possible to set forth a full segregation thereof in the Consolidated Balance Sheet but, so far as is definitely ascertainable on the books of the Subsidiary Companies or from any contracts for the sale or purchase of any property, the items of Franchises, Water Power Rights, Contracts, Goodwill, etc., so definitely segregated, appear as \$4,738,407.84, which is included in the above amount.

Investment in Monterey Railway, Light and Power Company, at cost—

Not Consolidated:

Shares	\$ 149,810.20	
Debentures and Other Indebtedness	2,399,744.79	
		2,549,554.99

Miscellaneous Investments 60,567.70

\$37,667,955.60

CURRENT ASSETS:

Cash	\$ 743,599.75	
Dominion of Canada Bonds, at Cost	150,000.00	
Accounts Receivable, less Reserve	1,076,799.66	
Materials and Supplies as certified by responsible officials and valued at cost	798,689.58	2,769,088.99

DEFERRED CHARGES:

Prepaid and Other Deferred Charges	\$ 85,834.69	
Unamortized Discount and Expenses on Bonds and Debentures	496,992.03	582,826.72

\$41,019,871.31

Approved on behalf of the Board:

I. W. KILLAM, *Director.*
FRED. C. CLARKE, *Director.*

Audited in accordance with our report of this date.

MONTREAL, 22nd May, 1942.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

COMPANY, LIMITED
COMPANIES

at 31st December, 1941

LIABILITIES

FUNDED DEBT:

Secured Debentures, 6% Series due 1955.....	\$ 3,000,000.00	
Less: Cancelled.....	\$ 1,306,000.00	
Held by Company.....	451,000.00	
	<u>1,757,000.00</u>	\$ 1,243,000.00
6½% Debentures, due 1957.....	\$ 3,000,000.00	
Less: Cancelled.....	692,000.00	
	<u>2,308,000.00</u>	2,308,000.00
6% Debentures, due 1957.....	\$ 2,000,000.00	
Less: Cancelled.....	250,500.00	
	<u>1,749,500.00</u>	1,749,500.00
Bonds and Debentures of Subsidiary Companies Outstanding:		
Secured.....	\$ 4,652,050.94	
Unsecured.....	845,000.00	
	<u>5,497,050.94</u>	5,497,050.94
		<u>\$10,797,550.94</u>

CURRENT LIABILITIES:

Bank Loans (secured in part).....	\$ 610,056.92	
Accounts Payable.....	682,059.28	
Consumers' Deposits, including interest thereon.....	722,315.66	
Interest Accrued.....	125,523.22	
Dividend Payable 2nd January, 1942.....	140,000.00	
Dividend Payable by Subsidiary Company.....	16,418.50	
	<u>2,296,373.58</u>	2,296,373.58

MINORITY INTEREST in Capital Stock and Surplus of Subsidiary Companies.....

2,187,400.97

RESERVES:

Depreciation and Renewals.....	\$ 7,230,950.56	
Provision for Claims and Contingencies.....	1,510,555.87	
General.....	452,084.75	
Miscellaneous.....	1,062,759.57	
	<u>\$10,256,350.75</u>	

CAPITAL STOCK AND EARNED SURPLUS:

7% Cumulative Redeemable First Preferred:		
Authorized: 150,000 Shares of \$100 each..	\$15,000,000.00	
Issued and Fully Paid: 80,000 Shares of \$100 each on which Dividends in arrears \$30.00 on each share.....	\$ 8,000,000.00	
6% Cumulative Convertible Second Preferred:		
Authorized, Issued and Fully Paid: 20,000 Shares of \$100 each on which Dividends unpaid from 1st March, 1927..	2,000,000.00	
Common Stock of No Par Value:		
Authorized: 220,000 Shares.		
Issued and Fully Paid: 115,610 Shares.....	1,622,750.00	
Consolidated Earned Surplus at 31st December, 1941.....	3,859,445.07	
	<u>15,482,195.07</u>	
		<u>\$41,019,871.31</u>

INTERNATIONAL POWER COMPANY, LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Income and Expenditure

For the Year Ended 31st December, 1941

GROSS EARNINGS OF SUBSIDIARY COMPANIES..... \$ 6,514,262.45

Deduct:

Operating Expenses and Taxes, less Exchange Profit..... \$ 2,871,370.71
Directors' Fees, Subsidiary Companies..... 6,050.00

Note: The total amount paid during the year by Subsidiary Companies for Legal Fees was \$31,970.00 and for Executive Salaries \$88,232.23.

2,877,420.71

NET EARNINGS OF SUBSIDIARY COMPANIES..... \$ 3,636,841.74

Deduct:

Interest on Funded Debt, etc., of Subsidiary Companies in hands of Public and Exchange thereon..... \$ 352,025.11
Dividends on Preferred and Common Stocks of Subsidiary Companies in hands of Public..... 92,567.00
Reserve for Depreciation and Renewals..... 959,615.38
Reserve for Contingencies..... 365,000.00
General Reserve..... 12,914.23
Minority Interest in Surplus for year..... 46,195.21
Amortization of Bond Discount and Expenses..... 114,388.25

1,942,705.18

NET INCOME AVAILABLE TO INTERNATIONAL POWER COMPANY, LIMITED..... \$ 1,694,136.56

Add:

MISCELLANEOUS INCOME, INTERNATIONAL POWER COMPANY, LIMITED:

Interest from Investment in Monterey Railway, Light and Power Company, etc..... \$ 90,088.92

Less:

Interest on Short-Term Loans..... \$ 4,049.44
Miscellaneous Expenses (including Directors' Fees, \$4,000.00 and Legal Fees \$10,000.00)..... 26,794.47
Amortization of Debenture Discount..... 20,106.66

50,950.57

39,138.35

\$ 1,733,274.91

Interest on Debentures and Exchange thereon..... 360,488.57

NET PROFIT FOR YEAR, transferred to Consolidated Statement of Earned Surplus..... \$ 1,372,786.34

INTERNATIONAL POWER COMPANY, LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Earned Surplus

BALANCE AT 31ST DECEMBER, 1940.....	\$ 3,156,010.20
<i>Deduct:</i>	
Adjustments in accounts of Subsidiary Companies applicable to prior years..	9,351.47
	<u>\$ 3,146,658.73</u>
<i>Add:</i>	
Profit for year, after payment of Dividends on Preferred and Common Stocks of Subsidiary Companies in hands of Public and after provision for Minority Interest in Surplus for year.....	1,372,786.34
	<u>\$ 4,519,445.07</u>
<i>Deduct:</i>	
Dividends on First Preferred Stock.....	660,000.00
BALANCE AT 31ST DECEMBER, 1941.....	<u><u>\$3,859,445.07</u></u>

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