

**INTERNATIONAL  
POWER COMPANY  
LIMITED**

***TWENTIETH  
ANNUAL REPORT***

**YEAR ENDED  
31st DECEMBER, 1945**

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INTERNATIONAL  
POWER COMPANY  
LIMITED

•

HEAD OFFICE  
MONTREAL, CANADA

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*SUBSIDIARY COMPANIES*

*Bolivian Power Company, Limited*

*Monterey Railway, Light and Power  
Company*

*Newfoundland Light and Power Company  
Limited*

*\*Oriente Electric Company*

*\*Oruro Electric Light & Power Company*

*\*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

FREDERICK KRUG

JOHN H. PRICE

HON. W. D. ROSS

H. J. SYMINGTON, C.M.G., K.C.

FRED. C. CLARKE, *Secretary-Treasurer*



# INTERNATIONAL POWER COMPANY, LIMITED

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## Report of the Directors

FOR THE YEAR ENDED 31ST DECEMBER, 1945

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### TO THE SHAREHOLDERS:

Your Directors submit herewith their twentieth Annual Report and Financial Statements, together with Consolidated Statements for the year ended 31st December, 1945.

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 Government official rates.

The combined net earnings of subsidiary companies which have been consolidated amount to \$3,084,455.61, an increase of \$169,047.57 as compared with those of the same companies for 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 remittances of earnings has been deducted from expenses.

Expenditure on Capital Account during the year amounted to \$1,014,588.08. Property retired from service and other adjustments amounted to \$680,655.16.

The funded debt of your Company and its subsidiaries in the hands of the public was reduced during the year by \$1,012,541.60.



By judgment rendered by the Supreme Court of Canada on January 24th, 1946, it was held that the holders of Preferred Stock of the Porto Rico Power Company, Limited, were entitled to share equally with the holders of its Common Stock in the distribution of the surplus assets of that Company. On advice of your Company's counsel it was decided to take no further appeal in this matter. Pending settlement of lawsuits in Puerto Rico covering wage claims and other matters there will be some delay in final distribution of the moneys still remaining in the hands of the Liquidator and the amount already received by your Company in excess of its investment therein is shown on the Balance Sheet as a Deferred Credit.

In December, By-Laws of your Company were enacted which resulted during the current year in the redemption of \$8,000,000 7% Cumulative Redeemable First Preferred Stock and the issue of \$4,000,000 6% Cumulative Redeemable First Preferred Stock.

Quarterly dividends of \$1.75 per share on the 7% Preferred Stock of your Company were declared during the year, in addition to which there was declared a special dividend of \$10.00 per share being the balance due on account of dividend arrears on this stock.

Submitted on behalf of the Board,

I. W. KILLAM,  
President.

MONTREAL, 29th May, 1946.

# INTERNATIONAL POWER COMPANY, LIMITED

## *Statement of Income and Expenditure*

*For the Year Ended 31st December, 1945*

DIVIDENDS AND INTEREST FROM SUBSIDIARY COMPANIES AND MISCELLANEOUS	
INCOME FOR YEAR.....	\$1,126,049.81
<i>Deduct:</i>	
Interest on Short-Term Loans.....	\$ 2,121.89
Directors' Fees.....	3,750.00
Executive Counsel.....	20,000.00
Miscellaneous Expenses.....	28,407.70
Amortization of Debenture Discount and Premium on Debentures Purchased.....	13,235.75
	<u>67,515.34</u>
	\$1,058,534.47
<i>Deduct:</i>	
Interest on Debentures and Exchange thereon.....	264,447.86
	<u>264,447.86</u>
NET PROFIT FOR YEAR, TRANSFERRED TO STATEMENT OF EARNED SURPLUS...	<u><u>\$ 794,086.61</u></u>

## *Statement of Earned Surplus*

BALANCE AT 31ST DECEMBER, 1944.....	\$2,284,647.59
<i>Add:</i>	
Net Profit for year, transferred from Statement of Income and Expenditure.....	794,086.61
	<u>\$3,078,734.20</u>
<i>Deduct:</i>	
Dividends on First Preferred Stock, including \$10.00 per share balance of arrears.....	1,360,000.00
	<u>1,360,000.00</u>
BALANCE AT 31ST DECEMBER, 1945.....	<u><u>\$1,718,734.20</u></u>

## INTERNATIONAL POW

*Balance Sheet as at*

## ASSETS

SHARES OF SUBSIDIARY COMPANIES, AT COST.....	\$6,950,612.05	
BONDS, DEBENTURES AND OTHER INDEBTEDNESS OF SUB- SIDIARY COMPANIES, AT COST, LESS RESERVE.....	6,584,346.21	\$13,534,958.26
SHARES OF OTHER PUBLIC UTILITY COMPANY, AT COST.....		25,599.00
CASH.....		1,909,715.78
DOMINION OF CANADA BONDS: (Approximate market value \$5,042,500).....		4,927,137.50
ACCRUED INTEREST ON DOMINION OF CANADA BONDS.....		30,312.50
TRUST FUNDS (Per Contra).....		195,057.38
DEFERRED CHARGES:		
Discount on Debentures, less amounts written off.....	\$ 129,039.10	
Miscellaneous.....	6,822.62	
		135,861.72
		<u>\$20,758,642.14</u>

Approved on behalf of the Board:

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



# R COMPANY, LIMITED

1st December, 1945

## LIABILITIES

ACCOUNTS PAYABLE.....		\$	44,602.47
DIVIDEND PAYABLE 2ND JANUARY, 1946.....			940,000.00
INTEREST ACCRUED ON DEBENTURES.....			79,813.33
		\$	<u>1,064,415.80</u>
TRUST ACCOUNT (Per Contra).....			195,057.38
6½% DEBENTURES, DUE 1957.....	\$3,000,000.00		
Less: Cancelled.....	<u>844,000.00</u>	\$2,156,000.00	
6% DEBENTURES, DUE 1957.....	\$2,000,000.00		
Less: Cancelled.....	<u>345,000.00</u>	<u>1,655,000.00</u>	3,811,000.00
DEFERRED CREDIT:			
Porto Rico Power Company Limited, Investment Realiza- tion Account.....			2,346,684.76
CAPITAL STOCK:			
7% Cumulative Redeemable First Preferred:			
Authorized, Issued and Fully Paid:			
80,000 Shares of \$100 each.....		\$8,000,000.00	
Note: Called for redemption on 1st March, 1946 at 105 and accrued dividend.			
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.....		<u>1,622,750.00</u>	11,622,750.00
EARNED SURPLUS AT 31ST DECEMBER, 1945.....			1,718,734.20
			<u><u>\$20,758,642.14</u></u>

Audited in accordance with our report of this date.

CREAK, CUSHING & HODGSON,  
Chartered Accountants.

MONTREAL, 29th May, 1946.

INTERNATIONAL POW  
AND SUBSIDIA

*Consolidated Balance Sheet*

ASSETS

CAPITAL ASSETS:

Lands, Buildings and Plants; Franchises, Contracts, Goodwill, etc. . . . . \$27,518,918.43

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. 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 \$3,095,724.72, which is included in the above amount.

Investment in Subsidiary Companies at cost—

Not Consolidated:

Shares . . . . .	\$ 381,709.61	
Debentures and Other Indebtedness . . . . .	1,263,413.77	
		\$ 1,645,123.38
Miscellaneous Investments . . . . .		60,599.00

\$29,224,640.81

TRUST FUNDS (Per Contra) . . . . .

195,057.38

CURRENT ASSETS:

Cash . . . . .	\$2,761,343.01	
Dominion of Canada Bonds:		
(Approximate market value \$5,042,500) . . . . .	4,927,137.50	
Accrued Interest on Dominion of Canada Bonds . . . . .	30,312.50	
Accounts Receivable, less Reserve . . . . .	643,283.54	
Materials and Supplies, as certified by responsible officials and valued at cost . . . . .	698,038.63	
		9,060,115.18

DEFERRED CHARGES:

Prepaid and Other Deferred Charges . . . . .	\$ 62,783.45	
Unamortized Discount and Expenses on Bonds and Debentures . . . . .	134,741.50	
		197,524.95

\$38,677,338.32

*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, 29th May, 1946.

ER COMPANY, LIMITED  
RY COMPANIES

as at 31st December, 1945

LIABILITIES

FUNDED DEBT:

6½% Debentures, due 1957.....	\$3,000,000.00	
Less: Cancelled.....	844,000.00	
		\$ 2,156,000.00
6% Debentures, due 1957.....	\$2,000,000.00	
Less: Cancelled.....	345,000.00	
		1,655,000.00
Bonds and Debentures of Subsidiary Companies Outstanding in Hands of Public (Secured).....		2,977,932.00
		<u>\$ 6,788,932.00</u>
TRUST ACCOUNT (Per Contra).....		195,057.38

CURRENT LIABILITIES:

Bank Loan.....	\$ 35,518.67	
Accounts Payable.....	798,723.63	
Consumers' Deposits, including interest thereon.....	234,400.28	
Interest Accrued.....	86,617.60	
Dividend Payable 2nd January, 1946.....	940,000.00	
		2,095,260.18

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

1,111,514.07

RESERVES:

Depreciation and Renewals.....	\$7,176,679.03	
Reserve for Contingencies.....	357,702.74	
General.....	416,503.98	
Miscellaneous.....	914,620.87	
		8,865,506.62

DEFERRED CREDIT:

Porto Rico Power Company Limited, Investment Realiza- tion Account.....		2,346,684.76
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CAPITAL STOCK AND EARNED SURPLUS:

7% Cumulative Redeemable First Preferred:		
Authorized, Issued and Fully Paid:		
80,000 shares of \$100 each.....	8,000,000.00	
<i>Note: Called for redemption on 1st March, 1946, at     105 and accrued dividend.</i>		
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, 1945.....	5,651,633.31	
		<u>17,274,383.31</u>
		<u>\$38,677,338.32</u>



INTERNATIONAL POWER COMPANY, LIMITED  
AND SUBSIDIARY COMPANIES

*Consolidated Statement of Income and Expenditure*

*For the Year Ended 31st December, 1945*

GROSS EARNINGS OF SUBSIDIARY COMPANIES.....		\$5,842,298.91
<i>Deduct:</i>		
Operating Expenses and Taxes, less Exchange Profit.....	\$2,756,793.30	
Directors' Fees, Subsidiary Companies.....	1,050.00	
<i>Note: The total amount paid during the year by Subsidiary Companies consolidated herein and by Subsidiary Companies not consolidated, for Legal Fees was \$43,377.78 and Executive Salaries \$68,315.43.</i>		
	2,757,843.30	
NET EARNINGS OF SUBSIDIARY COMPANIES.....		\$3,084,455.61
<i>Deduct:</i>		
Interest on Funded Debt, etc., of Subsidiary Companies in hands of Public and Exchange thereon.....	\$ 179,017.01	
Dividends on Common Stocks of Subsidiary Companies in hands of Public.....	19,937.50	
Reserve for Depreciation and Renewals.....	761,350.97	
Reserve for Contingencies.....	114,230.77	
General Reserve.....	16,929.43	
Minority Interest in Surplus for year.....	69,139.83	
Amortization of Bond Discount and Expenses.....	51,696.10	
	1,212,301.61	
NET INCOME AVAILABLE TO INTERNATIONAL POWER COMPANY, LIMITED.....		\$1,872,154.00
<i>Add:</i>		
MISCELLANEOUS INCOME, INTERNATIONAL POWER COMPANY, LIMITED:		
Interest from Dominion of Canada Bonds.....	\$ 150,830.31	
Interest from investment in Subsidiary Company, not consolidated, etc.....	77,780.99	
	\$ 228,611.30	
<i>Less:</i>		
Interest on Short-Term Loans.....	\$ 2,121.89	
Miscellaneous Expenses (including Directors' Fees, \$3,750.00 and Executive Counsel, \$20,000.00).....	52,157.70	
Amortization of Debenture Discount and Premium on Debentures Purchased...	13,235.75	
	67,515.34	
		161,095.96
<i>Deduct:</i>		
Interest on Debentures and Exchange thereon.....		\$2,033,249.96
		264,447.86
NET PROFIT FOR YEAR, transferred to Consolidated Statement of Earned Surplus.....		\$1,768,802.10

INTERNATIONAL POWER COMPANY, LIMITED  
AND SUBSIDIARY COMPANIES

*Consolidated Statement of Earned Surplus*

BALANCE AT 31ST DECEMBER, 1944. . . . .		\$5,269,378.60
<i>Deduct:</i>		
Surplus of Subsidiary Company previously Consolidated. . . . .	\$20,934.42	
Other adjustments. . . . .	5,612.97	
		26,547.39
		\$5,242,831.21
<i>Add:</i>		
Profit for year, after payment of Dividends on Common Stocks of Subsidiary Companies in hands of Public and after provision for Minority Interest in Surplus for year. . . . .		1,768,802.10
		\$7,011,633.31
<i>Deduct:</i>		
Dividends on First Preferred Stock, including \$10.00 per share balance of arrears. . . . .		1,360,000.00
		\$5,651,633.31
BALANCE AT 31ST DECEMBER, 1945. . . . .		\$5,651,633.31

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CREAK, CUSHING & HODGSON  
CHARTERED ACCOUNTANTS  
460 ST. FRANCOIS XAVIER STREET  
MONTREAL

29th May, 1946.

*To the Shareholders,*

INTERNATIONAL POWER COMPANY, LIMITED,  
MONTREAL.

We have audited the books of International Power Company, Limited for the year ended 31st December, 1945, and have obtained all the information and explanations which we have required. We report that the aggregate net profits for the year of the Subsidiary Companies, as shown by their audited accounts, 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 two of the Subsidiary Companies include in their reports a qualification regarding the provisions for depreciation. We report, in connection with the Consolidated Balance Sheet, that the operating profits for the year of the two Subsidiary Companies, not consolidated, have not been brought into the accounts of International Power Company, Limited. We further report that a loss realized on the sale of certain assets by one of the Subsidiary Companies, not consolidated, has not been brought into the accounts of International Power Company Limited; that the resulting deficit of that Subsidiary Company, carried forward in its accounts, is less than the margin of par value over cost to the International Power Company, Limited of the securities representing the investment in the Subsidiary Company mentioned.

Subject to the foregoing, we report that, in our opinion, the accompanying Balance Sheet of International Power Company, Limited as at 31st December, 1945, 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.*



