

Comp.

**INTERNATIONAL
POWER COMPANY
LIMITED**

***TWENTY-SECOND
ANNUAL REPORT***

**YEAR ENDED
31st DECEMBER, 1947**

PURVIS HALL
LIBRARIES

JUN 10 1948

McGILL UNIVERSITY

INTERNATIONAL
POWER COMPANY
LIMITED



HEAD OFFICE
MONTREAL, CANADA



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

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

FRED. C. CLARKE, *Secretary-Treasurer*



INTERNATIONAL POWER COMPANY LIMITED

Report of the Directors

FOR THE YEAR ENDED 31ST DECEMBER, 1947

TO THE SHAREHOLDERS:

Your Directors submit herewith their twenty-second Annual Report and Financial Statements, together with Consolidated Statements for the year ended 31st December, 1947.

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 amounted to \$3,020,229.80, before provision for depreciation and interest charges, an increase of \$78,589.11 as compared with those of the previous year. The earnings and expenses in foreign currencies have been converted at either the current rates 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 of the consolidated subsidiaries amounted to \$1,657,766.67, as against estimated expenditure of \$3,000,000 because of inability to obtain materials in short supply. As a result, this deferred expenditure is included in the estimated capital expenditures for the current year of approximately \$3,100,000. Property retired from service and other adjustments amounted to \$323,515.28.

During the year \$1,400,000 principal amount 6% Secured Serial Debentures of your company were redeemed.

Further progress has been made in winding up the affairs of Porto Rico Power Co. Ltd. referred to in previous reports, resulting in an additional payment by the Liquidator to the shareholders of that company at the beginning of the current year. Your company's portion of this distribution amounted to \$611,360 which has been added to the amount previously realized as shown in the Balance Sheet. A further distribution will be received in the final liquidation of that company.

In accordance with By-laws enacted in December last the \$4,000,000 of 6% First Preferred Stock was redeemed on January 9th, 1948, partly in cash and to the extent of \$2,000,000 by conversion into the new issue of 5% Cumulative Redeemable First Preferred Stock.

It is with regret that your Directors have to record the death on 25th June, 1947, of their colleague Honourable W. D. Ross, who had been a Director of the company since its inception.

Submitted on behalf of the Board,

I. W. KILLAM,
President.

MONTREAL, 28th May, 1948.

INTERNATIONAL POWER COMPANY LIMITED

Statement of Income and Expenditure

For the Year Ended 31st December, 1947

DIVIDENDS AND INTEREST (LESS WITHHOLDING TAX) FROM SUBSIDIARY COMPANIES AND MISCELLANEOUS INCOME FOR YEAR.....	\$ 938,704.47
 <i>Deduct:</i>	
Directors' Fees.....	\$ 3,750.00
Executive Counsel.....	20,000.00
Miscellaneous Expenses.....	12,843.40
	36,593.40
	\$ 902,111.07
 <i>Deduct:</i>	
Interest on Debentures.....	208,204.46
	\$ 693,906.61
 <i>Deduct:</i>	
Premium on Redemption of 6% Secured Serial Debentures...	\$134,689.79
Preliminary Expense of Redemption of 6% First Preferred Stock (including Legal Fees, \$2,663.08).....	3,860.03
	\$138,549.82
 <i>Less:</i>	
Profit on Sale of Dominion of Canada Bonds.....	82,581.25
	55,968.57
NET PROFIT FOR YEAR TRANSFERRED TO STATEMENT OF EARNED SURPLUS..	\$ 637,938.04

Statement of Earned Surplus

BALANCE AT 31ST DECEMBER, 1946.....	\$2,442,014.30
 <i>Add:</i>	
Net Profit for year transferred from Statement of Income and Expenditure.....	637,938.04
	\$3,079,952.34
 <i>Deduct:</i>	
Dividends on First Preferred Stock.....	240,000.00
BALANCE AT 31ST DECEMBER, 1947.....	\$2,839,952.34

INTERNATIONAL POWER

Balance Sheet as at

ASSETS

SHARES OF SUBSIDIARY COMPANIES, AT COST.....	\$6,968,829.51	
BONDS, DEBENTURES AND OTHER INDEBTEDNESS OF SUB- SIDIARY COMPANIES, AT COST, LESS RESERVE.....	<u>5,611,710.27</u>	\$12,580,539.78
SHARES OF OTHER PUBLIC UTILITY COMPANY, AT COST.....		25,599.00
CASH.....		2,505,064.05
TRUST FUNDS (Per Contra).....		91,377.36
		<u>\$15,202,580.19</u>

Approved on behalf of the Board:

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

R COMPANY LIMITED

1st December, 1947

LIABILITIES

ACCOUNTS PAYABLE.....		\$ 32,971.18
DIVIDEND PAYABLE 2ND JANUARY, 1948.....		120,000.00
INTEREST ACCRUED ON DEBENTURES.....		1,380.82
		<u>\$ 154,352.00</u>
TRUST ACCOUNT (Per Contra).....		91,377.36
6% SECURED SERIAL DEBENTURES, DUE 27TH DECEMBER, 1949.....		350,000.00
6% UNSECURED SERIAL DEBENTURES, DUE IN EQUAL QUARTERLY INSTALMENTS 27TH JUNE, 1949-1950.....		1,750,000.00
DEFERRED CREDIT:		
Porto Rico Power Company Limited, Investment Realization Account.....		2,394,148.49
CAPITAL STOCK:		
First Preferred, issuable in one or more Series:		
Authorized.....	<u>\$7,000,000.00</u>	
Issued and Fully Paid: First Series—		
6% Cumulative Redeemable First Preferred:		
80,000 Shares of \$50 each.....		\$4,000,000.00
<i>Note: Called for redemption on 9th January, 1948, at 103% and accrued dividend.</i>		
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.....	<u>1,622,750.00</u>	
		7,622,750.00
EARNED SURPLUS AT 31ST DECEMBER, 1947.....		2,839,952.34
		<u>\$15,202,580.19</u>

Audited in accordance with our report of this date.

MONTREAL, 28th May, 1948.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

INTERNATIONAL POW AND SUBSIDIA

Consolidated Balance Sheet

ASSETS

CAPITAL ASSETS:

Lands, Buildings and Plants; Franchises, Contracts, Goodwill, etc. \$29,698,819.67

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	\$ 389,113.55	
Debentures and Other Indebtedness	1,027,825.70	
		\$ 1,416,939.25
Miscellaneous Investments		27,522.08
		\$31,143,281.00

TRUST FUNDS (Per Contra)		91,377.36
------------------------------------	--	-----------

CURRENT ASSETS:

Cash	\$2,944,076.39	
Accounts and Notes Receivable, less Reserve	1,356,820.76	
Materials and Supplies, as certified by responsible officials and valued at cost	987,062.17	
		5,287,959.32

DEFERRED CHARGES:

Prepaid and Other Deferred Charges	\$ 134,323.63	
Unamortized Discount and Expenses on Bonds and Debentures	38,679.69	
		173,003.32
		\$36,695,621.00

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, 28th May, 1948.

ER COMPANY LIMITED
RY COMPANIES

as at 31st December, 1947

LIABILITIES

FUNDED DEBT:

6% Secured Serial Debentures due 27th December, 1949...	\$ 350,000.00	
6% Unsecured Serial Debentures due in equal quarterly instalments 27th June, 1949-50.....	1,750,000.00	\$ 2,100,000.00
Bonds of Subsidiary Company Outstanding in Hands of Public (Secured)...		3,374,000.00
		<u>\$ 5,474,000.00</u>
TRUST ACCOUNT (Per Contra).....		91,377.36

CURRENT LIABILITIES:

Bank Loan.....	\$ 60,000.00	
Accounts Payable.....	884,532.52	
Consumers' Deposits, including interest thereon.....	302,679.09	
Interest accrued.....	4,096.85	
Dividend Payable 2nd January, 1948.....	120,000.00	
		<u>1,371,308.46</u>

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

1,238,696.61

RESERVES:

Depreciation and Renewals.....	\$8,368,231.65	
Reserve for Contingencies.....	589,621.09	
General.....	515,008.70	
Miscellaneous.....	942,183.51	
		<u>10,415,044.95</u>

DEFERRED CREDIT:

Porto Rico Power Company Limited, Investment Realization Account....	2,394,148.49
--	--------------

CAPITAL STOCK AND EARNED SURPLUS:

First Preferred, issuable in one or more Series:

Authorized..... \$7,000,000.00

Issued and Fully Paid: First Series—

6% Cumulative Redeemable First Preferred:

80,000 Shares of \$50 each..... \$4,000,000.00

Note: Called for Redemption on 9th January, 1948,
at 103% 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..... 1,622,750.00

Consolidated Earned Surplus at 31st December, 1947..... 8,088,295.13

15,711,045.13

\$36,695,621.00

INTERNATIONAL POWER COMPANY LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Income and Expenditure

For the Year Ended 31st December, 1947

GROSS EARNINGS OF SUBSIDIARY COMPANIES.....		\$6,380,657.08
<i>Deduct:</i>		
Operating Expenses and Taxes, less Exchange Profit.....	\$3,359,377.28	
Directors' Fees, Subsidiary Company.....	1,050.00	
<i>Note:</i> The total amount paid during the year by Subsidiary Companies consolidated herein and by Subsidiary Companies not consolidated, for Legal Fees was \$40,249.90 and Executive Salaries \$76,198.84.		
	3,360,427.28	
NET EARNINGS OF SUBSIDIARY COMPANIES.....		\$3,020,229.80
<i>Deduct:</i>		
Interest on Funded Debt, etc., of Subsidiary Companies in hands of Public.....	\$ 124,917.86	
Dividends on Common Stocks of Subsidiary Companies in hands of Public.....	19,867.00	
Reserve for Depreciation and Renewals.....	840,192.22	
Reserve for Contingencies.....	119,230.77	
General Reserve.....	26,179.81	
Minority Interest in Surplus for Year.....	87,708.55	
Amortization of Bond Discount and Expense.....	13,230.77	
	1,231,326.98	
NET INCOME AVAILABLE TO INTERNATIONAL POWER COMPANY LIMITED.....		\$1,788,902.82
<i>Add:</i>		
Miscellaneous Income, International Power Company Limited:		
Interest from Dominion of Canada Bonds.....	\$ 69,573.80	
Interest from Investment in Subsidiary Company, not consolidated, etc.....	112,947.68	
	182,521.48	
<i>Less:</i>		
Miscellaneous Expenses and Taxes (including Directors' Fees, \$3,750.00, and Executive Counsel, \$20,000.00).....	36,593.40	
	145,928.08	
<i>Deduct:</i>		\$1,934,830.90
Interest on Debentures.....		208,204.46
		\$1,726,626.44
<i>Deduct:</i>		
Premium on Redemption of 6% Secured Serial Debentures.....	\$ 134,689.79	
Preliminary Expense of Redemption of 6% First Preferred Stock (including Legal Fees, \$2,663.08).....	3,860.03	
	\$ 138,549.82	
<i>Less:</i>		
Profit on Sale of Dominion of Canada Bonds.....	82,581.25	
	55,968.57	
NET PROFIT FOR YEAR, transferred to Consolidated Statement of Earned Surplus.....		\$1,670,657.87

INTERNATIONAL POWER COMPANY LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Earned Surplus

BALANCE AT 31ST DECEMBER, 1946	\$6,657,637.26
<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	1,670,657.87
	<u>\$8,328,295.13</u>
<i>Deduct:</i>	
Dividends on First Preferred Stock	240,000.00
BALANCE AT 31ST DECEMBER, 1947	<u><u>\$8,088,295.13</u></u>

• • •

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

28th May, 1948.

To the Shareholders,

INTERNATIONAL POWER COMPANY, LIMITED,
MONTREAL.

We have audited the books of International Power Company, Limited, for the year ended 31st December, 1947, 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.

Subject to the foregoing, we report that, in our opinion, the accompanying Balance Sheet of International Power Company, Limited, as at 31st December, 1947, 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.

