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**INTERNATIONAL
POWER COMPANY
LIMITED**

**TWENTY-FIFTH
ANNUAL REPORT**

**YEAR ENDED
31st DECEMBER, 1950**

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INTERNATIONAL
POWER COMPANY
LIMITED



HEAD OFFICE
MONTREAL, CANADA



SUBSIDIARY COMPANIES

Bolivian Power Company, Limited

*Monterey Railway, Light and Power
Company*

**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

FREDERICK KRUG

G. MacGREGOR MITCHELL

JOHN H. PRICE

L. G. PROCTOR

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

FRED. C. CLARKE, *Secretary-Treasurer*

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INTERNATIONAL POWER COMPANY LIMITED

Report of the Directors

FOR THE YEAR ENDED 31ST DECEMBER, 1950

TO THE SHAREHOLDERS:

Your Directors submit herewith their twenty-fifth Annual Report and Financial Statements together with Consolidated Statements for the year ended 31st December, 1950.

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 converted at government official rates.

The earnings and expenses in foreign currencies have been similarly dealt with and the net exchange profit realized on remittances of earnings has been added to income account. The combined net earnings of subsidiary companies (before deduction of provision for depreciation, renewals and other reserves) included in the Consolidated Statement of Earnings amounted on the same basis to \$3,900,111.48, a comparative increase of \$629,114.60 over the previous year.

Construction expenditures for additions and improvements to the properties of the consolidated subsidiary companies amounted on the same conversion basis to \$2,237,861.26. It is estimated that construction expenditures for the year 1951 will be not less than those in 1950.

The accounts of Monterey Railway, Light & Power Company are not included in the accompanying consolidated statements. Shares and debentures of that company are included in the Consolidated Balance Sheet under the heading of "Investment in Subsidiary Companies".

Certain claims in Porto Rico are still pending and no further distribution on the Preferred and Common Shares of Porto Rico Power Company Limited has been made by the Liquidator since the payment of \$8.00 per share in January, 1950.

In addition to the shares of a foreign subsidiary company issued against surplus capitalized and received by your Company in 1949, a further issue and distribution of shares, representing earned surplus capitalized by another foreign subsidiary company, was made in 1950. The shares so received are included in the Holding Company Balance Sheet in the account "Shares of Subsidiary Companies", at the Canadian dollar equivalent based on the rates of exchange prevailing at the dates of such capitalization.

During the month of December, all the outstanding 5% Cumulative Redeemable First Preferred Shares of \$25 each were redeemed and all the 20,000 6% Cumulative Convertible Second Preferred Shares of \$100 each were, in accordance with the right attaching thereto, converted into 80,000 Common Shares.

Pursuant to Section 95A of the Income Tax Act, your Company elected to be assessed and paid the special tax of 15% on its undistributed income on hand as defined in the Act, as at 31st December, 1949. After payment of the tax, undistributed income on hand as of that date amounted to \$7,904,560.97 and the Company similarly elected early in 1951 in respect to an amount of the 1950 income equal to the dividends paid in 1950. The combined "tax paid undistributed income" available for capitalization then amounted to \$8,415,100.

A By-Law creating \$10,000,000 new 5½% Cumulative Redeemable First Preferred Shares was sanctioned at a Special General Meeting of Shareholders on 4th January, 1951, and confirmed by Supplementary Letters Patent, on 9th January, 1951, and 84,151 shares each of \$100 par value were issued and distributed on March 30th, 1951, as a stock dividend at the rate of \$43.00 par value of such First Preferred Shares for each Common Share held as of record 15th March, 1951. To permit an even stock dividend distribution, the outstanding Common Shares were increased early in 1951 to 195,700 by the issue for cash of 90 Common Shares at \$100 each.

Your Company has since purchased and cancelled 14,151 shares of its 5½% Cumulative Redeemable First Preferred Stock, leaving 70,000 shares of \$100 each now outstanding.

Submitted on behalf of the Board,

I. W. KILLAM,
President.

30th May, 1951.

INTERNATIONAL POWER COMPANY LIMITED

Statement of Income and Expenditure *For the Year Ended 31st December, 1950*

DIVIDENDS AND INTEREST (LESS WITHHOLDING TAX) FROM SUBSIDIARY COMPANIES, AND MISCELLANEOUS INCOME INCLUDING EXCHANGE PROFIT.		\$1,285,679.33
<i>Deduct:</i>		
Directors' Fees.	\$ 3,500.00	
Executive Counsel.	20,000.00	
Executive Salaries.	7,200.00	
Miscellaneous Expenses.	64,416.87	
		<hr/>
		95,116.87
		<hr/>
		1,190,562.46
<i>Deduct:</i>		
Interest on short-term loan.		961.64
		<hr/>
NET INCOME FOR YEAR, TRANSFERRED TO STATEMENT OF EARNED SURPLUS.		<u><u>\$1,189,600.82</u></u>

INTERNATIONAL POWER

Balance Sheet as at

ASSETS

SHARES OF SUBSIDIARY COMPANIES.....	\$9,039,266.01
At cost less amount realized on sale of Shares of one Subsidiary Company and including additional shares issued by two Subsidiary Companies at par in foreign currencies against surplus capitalized, converted at rates of exchange current at dates of acquisition.	
BONDS, DEBENTURES AND OTHER INDEBTEDNESS OF SUBSIDIARY COMPANIES.....	5,643,361.40
At cost less portion of Capital Surplus arising from payment during year, by a Subsidiary Company, on account of Debentures and other Indebtedness.	
	\$14,682,627.41
CASH	1,187,115.18
DOMINION OF CANADA BONDS	600,000.00
(Approximate Market Value, \$598,500.00)	
ACCRUED INTEREST ON DOMINION OF CANADA BONDS	5,250.00
TRUST FUNDS (PER CONTRA)	47,537.40
	\$16,522,529.99

Approved on behalf of the Board:

I. W. KILLAM, *Director.*

F. KRUG, *Director.*

ER COMPANY LIMITED

31st December, 1950

LIABILITIES

ACCOUNTS PAYABLE.....	\$ 45,751.65	
AMOUNT DUE TO SUBSIDIARY COMPANIES.....		284,091.42
TRUST ACCOUNT (PER CONTRA).....		47,537.40
		<u>377,380.47</u>
COMMON STOCK OF NO PAR VALUE:		
Authorized:		
220,000 Shares.		
Issued and Fully Paid:		
195,610 Shares.....		3,622,750.00
<i>Note:</i> The reduction in Capital, effected in December, 1950, and taken into account in this Balance Sheet, was based on By-Laws enacted by the Board of Directors on 11th December, 1950, approved by the Shareholders in Special General Meeting on 4th January, 1951, and confirmed by Supplementary Letters Patent dated 9th January, 1951.		
TAX-PAID UNDISTRIBUTED INCOME PER ACCOMPANYING STATEMENT.....		7,904,560.97
SURPLUS ACCOUNTS PER ACCOMPANYING STATEMENTS:		
Earned Surplus.....	\$1,762,200.72	
Capital Surplus.....	2,855,637.83	
		<u>4,617,838.55</u>
		<u><u>\$16,522,529.99</u></u>

Audited in accordance with our Report of this date.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

MONTREAL, 22nd May, 1951.

INTERNATIONAL POWER COMPANY LIMITED

Statement of Earned Surplus *For the Year Ended 31st December, 1950*

BALANCE AT 31ST DECEMBER, 1949		\$ 6,072,968.24
<i>Add:</i>		
Adjustments made following election to pay 15% Tax, under Section 95A of The Income Tax Act, on Undistributed Income on hand at 31st December, 1949:		
Transfer to Statement of Capital Surplus—		
Premium and Discount on Securities, written off in prior years, etc. (net)	\$1,023,966.05	
Foreign Exchange Adjustment, applicable to additional Shares of Subsidiary Company received in prior year	1,429,045.08	
Reserve against Indebtedness of Subsidiary Company, provided in prior year, and miscellaneous credits . . .	594,138.13	
		3,047,149.26
		9,120,117.50
Net Income for year, transferred from Statement of Income and Expenditure	1,189,600.82	
Additional Shares issued during the year by a Subsidiary Company at par in foreign currency against Surplus capitalized, converted at current rate of exchange	1,234,863.90	
		2,424,464.72
		11,544,582.22
<i>Deduct:</i>		
15% Tax paid on Undistributed Income on hand at 31st December, 1949	1,394,922.53	
Tax-Paid Undistributed Income, transferred to Statement of Tax-Paid Undistributed Income:		
Undistributed Income on hand at 31st December 1949, as assessed under Section 95A of The Income Tax Act. \$9,299,483.50	\$9,299,483.50	
Less 15% Tax paid thereon	1,394,922.53	
		7,904,560.97
		9,299,483.50
		2,245,098.72
Dividends on:		
5% First Preferred Stock	94,800.00	
6% Second Preferred Stock	180,000.00	
Common Stock	208,098.00	
		482,898.00
BALANCE AT 31ST DECEMBER, 1950		\$1,762,200.72

INTERNATIONAL POWER COMPANY LIMITED

Statement of Capital Surplus

For the Year Ended 31st December, 1950

CAPITAL SURPLUS AT 31ST DECEMBER, 1949:

Confirmed by Assessment under Section 95A of The Income Tax Act—

Porto Rico Power Company Limited—

Investment Realization Account, balance at 31st December, 1949, transferred \$3,005,508.49

Less:

Amount transferred from Statement of Earned Surplus:

Premium and Discount on Securities charged Earned Surplus in prior years, etc. (net) 1,023,966.05

\$1,981,542.44

Add:

Capital Surplus arising from payment during the year by Subsidiary Company on account of Debentures and other Indebtedness less portion applied to write down book value of unpaid balance of such Debentures 653,016.14

Porto Rico Power Company Limited Investment Realization Account—payment received from Liquidator during the year 244,544.00

Exchange Profit applicable to capital 56,254.52

953,814.66

2,935,357.10

Deduct:

Loss on sale of Dominion of Canada Bonds 11,250.00

Premium on redemption of 5% First Preferred Stock and cost of Supplementary Letters Patent 62,280.00

Adjustment of book value of Subsidiary Company shares sold to another Subsidiary Company 6,189.27

79,719.27

BALANCE AT 31ST DECEMBER, 1950 \$2,855,637.83

Statement of Tax-Paid Undistributed Income

TAX-PAID UNDISTRIBUTED INCOME TRANSFERRED FROM STATEMENT OF EARNED SURPLUS:

Undistributed Income on hand at 31st December, 1949, as assessed under Section 95A of The Income Tax Act \$9,299,483.50

Less 15% Tax paid thereon 1,394,922.53

8,904,561.00

BALANCE AT 31ST DECEMBER, 1950 \$7,904,560.97

INTERNATIONAL POW AND SUBSIDIA

Consolidated Balance Sheet

ASSETS

CAPITAL ASSETS:

Lands, Buildings and Plants; Franchises, Contracts, Goodwill, etc. \$28,671,542.28

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 at par of exchange except in the case of one Subsidiary Company 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 Intangibles so definitely segregated, appear as \$3,131,820.99, which is included in the above amount.

Investment in Subsidiary Companies, at cost—

Not Consolidated:

Shares	\$ 393,927.45	
Debentures and Other Indebtedness	342,390.11	
		736,317.56

Miscellaneous Investments		1,923.08
		29,409,782.92

TRUST FUNDS (PER CONTRA)		47,537.40
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CURRENT ASSETS:

Cash	1,597,127.64	
Dominion of Canada Bonds	600,000.00	
(Approximate Market Value, \$598,500.00)		
Accrued Interest on Dominion of Canada Bonds	5,250.00	
Accounts and Notes Receivable, less Reserve	930,011.77	
Materials and Supplies, as certified by responsible officials and valued at cost	1,071,846.75	
		4,204,236.16

DEFERRED CHARGES:

Prepaid and Other Deferred Charges		65,569.29
		\$33,727,125.77

Approved on behalf of the Board:

I. W. KILLAM, *Director.*

F. KRUG, *Director.*

ER COMPANY LIMITED
RY COMPANIES

as at 31st December, 1950

LIABILITIES

CURRENT LIABILITIES:

Bank Loans.....	\$ 580,000.00	
Accounts Payable.....	879,385.57	
Consumers' Deposits, including interest thereon.....	378,147.28	
Amount due to Subsidiary Company—not Consolidated...	46,153.02	
		\$ 1,883,685.87

TRUST ACCOUNT (PER CONTRA).....	47,537.40
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MINORITY INTEREST in Capital Stock and Surplus of Subsidiary Companies.....	1,450,307.16
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RESERVES:

Depreciation and Renewals.....	8,019,993.65	
Reserve for Contingencies.....	706,360.62	
General.....	671,514.58	
Miscellaneous.....	547,754.81	
		9,945,623.66

COMMON STOCK OF NO PAR VALUE:

Authorized: 220,000 Shares.	
Issued and Fully Paid: 195,610 Shares.....	3,622,750.00

Note: The reduction of Capital, effected in December, 1950, and taken into account in this Balance Sheet was based on By-Laws enacted by the Board of Directors on 11th December, 1950, approved by the Shareholders in Special General Meeting on 4th January, 1951, and confirmed by Supplementary Letters Patent on 9th January, 1951.

TAX-PAID UNDISTRIBUTED INCOME.....	7,904,560.97
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SURPLUS ACCOUNTS per accompanying Statement—

Earned Surplus.....	\$6,017,022.88	
Capital Surplus.....	2,855,637.83	
		8,872,660.71

Note: Profits less Losses of International Power Company Limited, classified as related to capital under The Income Tax Act, are included in Capital Surplus shown above. Profits and Losses of a like nature of Subsidiary Companies consolidated herein are included in Earned Surplus shown above.

\$33,727,125.77

Audited in accordance with our Report of this date.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

MONTREAL, 22nd May 1951.

INTERNATIONAL POWER COMPANY LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Income and Expenditure

For the Year Ended 31st December, 1950

GROSS EARNINGS OF SUBSIDIARY COMPANIES, INCLUDING EXCHANGE PROFIT... \$8,496,507.93

Deduct:

Operating Expenses and Taxes..... 4,596,396.45

Note: The total amount paid during the year, by Subsidiary Companies consolidated herein and by Subsidiary Companies not consolidated, for legal fees was \$90,379.30 and Executive Salaries, \$76,350.05.

NET EARNINGS OF SUBSIDIARY COMPANIES..... 3,900,111.48

Deduct:

Interest on Bank Loans, etc. (net)..... \$ 17,377.77

Dividends on Common Stocks of Subsidiary Companies in hands of public..... 19,509.13

Reserve for Depreciation and Renewals..... 895,863.61

Reserve for Contingencies..... 75,000.00

General Reserve..... 63,609.23

Minority Interest in Surplus for year..... 98,276.71

1,169,636.45

NET INCOME AVAILABLE TO INTERNATIONAL POWER COMPANY LIMITED..... 2,730,475.03

Add:

Miscellaneous Income, International Power Company Limited:

Foreign Exchange and Interest on Dominion of Canada Bonds..... 114,130.07

Less Miscellaneous Expenses and Taxes (including Directors' Fees, \$3,500.00, Executive Counsel, \$20,000.00 and Executive Salaries, \$7,200.00)..... 96,078.51

18,051.56

NET INCOME FOR YEAR, transferred to Consolidated Statement of Earned Surplus..... \$2,748,526.59

INTERNATIONAL POWER COMPANY LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Earned Surplus

BALANCE AT 31ST DECEMBER, 1949..... \$11,392,047.03

Add:

Transfer to Statement of Capital Surplus—

Premium and Discount on Securities, written off in prior
years, etc. (net)..... \$1,023,966.05

Reserve against Indebtedness of Subsidiary Company pro-
vided in prior year, and miscellaneous credits..... 594,138.13

Adjustment to Surplus Accounts of Subsidiary Companies,
applicable to prior years..... 40,726.58

1,658,830.76
13,050,877.79

Net Income 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..... 2,748,526.59

15,799,404.38

Deduct:

International Power Company Limited 15% Tax paid on
Undistributed Income on hand at 31st December, 1949.. 1,394,922.53

Tax-Paid Undistributed Income, transferred to Statement
of Tax-Paid Undistributed Income..... 7,904,560.97

9,299,483.50
6,499,920.88

Dividends on:

5% First Preferred Stock..... \$ 94,800.00

6% Second Preferred Stock..... 180,000.00

Common Stock..... 208,098.00

482,898.00

BALANCE AT 31ST DECEMBER, 1950..... \$6,017,022.88

Note: Profits and Losses of International Power Company Limited, classified as related to capital under The Income Tax Act, are set out in a separate accompanying Statement of Capital Surplus and are not included in the above Statement.

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

To the Shareholders,

INTERNATIONAL POWER COMPANY LIMITED,
MONTREAL.

We have audited the books of International Power Company Limited for the year ended 31st December, 1950, 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 Income and Expenditure Account only to the extent of the dividends paid by the Subsidiary Companies. We further report that additional shares issued during the year by a Subsidiary Company at par in foreign currency against prior years' surplus capitalized, converted at current rate of exchange, have been included in the Earned Surplus Account which also includes an adjustment of exchange applicable to additional shares in another foreign Subsidiary Company received in 1949.

We report that, in our opinion, the accompanying Balance Sheet of International Power Company Limited as at 31st December, 1950, 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 according to the best of our information and the explanations given to us and as shown by the books of the Company and audited Statements of the Subsidiary Companies as certified by their auditors. All our requirements as auditors have been complied with.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

22nd May, 1951.

