

**INTERNATIONAL
POWER COMPANY
LIMITED**

***TWENTY-NINTH
ANNUAL REPORT***

**YEAR ENDED
31st DECEMBER, 1954**

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INTERNATIONAL
POWER COMPANY
LIMITED



HEAD OFFICE
MONTREAL, CANADA



SUBSIDIARY COMPANIES

Bolivian Power Company, Limited

*Monterey Railway, Light and Power
Company*

*Empresa de Luz y Fuerza Eléctrica de Oruro,
Sociedad Anónima*

Compañía de Alumbrado Eléctrico de San Salvador

*The Demerara Electric Company
Limited*

Empresas Eléctricas Venezolanas, Sociedad Anónima

INTERNATIONAL
POWER COMPANY
LIMITED

BOARD OF DIRECTORS

FREDERICK KRUG, *President*

RUSSELL D. BELL

A. F. CULVER

I. W. KILLAM

J. C. MacKEEN

A. G. MACKINNON

HUGH MacMILLAN

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

L. G. PROCTOR, *Secretary-Treasurer*

INTERNATIONAL POWER COMPANY LIMITED

Report of the Directors

FOR THE YEAR ENDED 31ST DECEMBER, 1954

TO THE SHAREHOLDERS:

Your Directors submit herewith their twenty-ninth Annual Report and Financial Statements together with Consolidated Statements for the year ended 31st December, 1954.

The Consolidated Balance Sheet and the Consolidated Statements of Income and Expenditure and Surplus, have been compiled from figures shown on the books of your Company and its subsidiaries and, with the exception of the accounts of one subsidiary which have been converted at Government official rates of exchange, all accounts in foreign currencies have been converted (as in prior years) to dollars in accordance with Note 1 of "Notes to Consolidated Financial Statements".

Construction expenditures for additions and improvements to properties of the consolidated subsidiary companies, on the same conversion basis, amounted to \$5,016,150. Approximately 31,000 kilowatts of new generating capacity are scheduled to go into service this year. It is estimated that capital expenditures in 1955 will be somewhat less than in the previous year.

The accounts of two of your subsidiaries, namely, Monterey Railway, Light and Power Company and Empresa de Luz y Fuerza Electrica de Oruro, S.A., are not included in the accompanying consolidated statements. The securities of these two subsidiaries, held by your Company, are shown in the Consolidated Balance Sheet under the heading "Investments in Subsidiary Companies—Not Consolidated".

A half -yearly dividend of \$2.75 per share was paid on the 5½% Preferred Stock in the month of June. On 6th December, all the outstanding 5½% Preferred Shares were redeemed at 102% plus accrued and unpaid dividends to the date of redemption. Four quarterly dividends of 60 cents per share were paid on the Common Stock.

In May, 1955, election was made under Section 105 of the Income Tax Act to be assessed and pay the special tax on the amount corresponding to the total share dividends paid in 1954. Such amount, less the 15% tax, will be transferred to Tax Paid Undistributed Income account when the assessment has been received.

Submitted on behalf of the Board,

F. KRUG,

President.

INTERNATIONAL POWER COMPANY LIMITED

Statement of Income and Expenditure *For the Year Ended 31st December, 1954*

DIVIDENDS AND INTEREST (LESS WITHHOLDING TAX) FROM SUBSIDIARY COMPANIES AND MISCELLANEOUS INCOME.....			\$1,505,143.53
<i>Deduct:</i>			
Directors' Fees.....	\$	4,000.00	
Executive Counsel.....		20,000.00	
Miscellaneous Expenses.....		47,858.20	
		<hr/>	71,858.20
NET INCOME FOR YEAR, TRANSFERRED TO STATEMENT OF EARNED SURPLUS..			<hr/> <hr/> \$1,433,285.33

INTERNATIONAL POW

Balance Sheet as at

ASSETS

SHARES OF SUBSIDIARY COMPANIES, AT COST.....	\$9,469,981.86	
BONDS, DEBENTURES AND OTHER INDEBTEDNESS OF SUBSIDIARY COMPANIES, AT COST.....	620,778.58	\$10,090,760.44
CASH.....		185,410.44
TRUST FUNDS (PER CONTRA).....		47,457.65
		<hr/>
		<u>\$10,323,628.53</u>

Approved on behalf of the Board:

F. KRUG, *Director.*

L. G. PROCTOR, *Director.*

ER COMPANY LIMITED

31st December, 1954

LIABILITIES

ACCOUNTS PAYABLE.....	\$	52,058.31	
PROVISION FOR 20% TAX ON THE PREMIUM PAID ON REDEMPTION OF PREFERRED STOCK.....		14,600.00	
DIVIDEND PAYABLE 15TH JANUARY, 1955.....		117,420.00	
AMOUNT DUE TO SUBSIDIARY COMPANIES.....		<u>13,947.64</u>	\$ 198,025.95
TRUST ACCOUNT (PER CONTRA).....			47,457.65

CAPITAL STOCK AND SURPLUS:

5½% Cumulative Redeemable First
Preferred Shares of \$100.00 each:

Authorized: 59,849 Shares \$5,984,900.00

Issued and Fully Paid:

At 31st December, 1952.....	44,000	\$4,400,000.00
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Less Purchased and Cancelled.....	<u>44,000</u>	<u>4,400,000.00</u>
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Common Shares of No Par Value:

Authorized: 220,000 Shares.

Issued and Fully Paid.....	<u>195,700</u>	\$3,631,750.00
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Surplus:

Tax-Paid Undistributed Income.....	1,874,730.33
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Capital Surplus, including \$4,400,000.00 segregated in respect to redemption of 5½% Cumulative Redeemable First Preferred Stock.....	4,412,891.05
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Earned Surplus.....	<u>158,773.55</u>	10,078,144.93
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\$10,323,628.53

Audited in accordance with our Report of this date.

MONTREAL, 24th May, 1955.

CREAK, CUSHING & HODGSON,

Chartered Accountants.

INTERNATIONAL POWER COMPANY LIMITED

Statement of Earned Surplus *For the Year Ended 31st December, 1954*

BALANCE AT 31ST DECEMBER, 1953.....		\$ 841,888.20
<i>Add:</i>		
Net Income for year, transferred from Statement of Income and Expenditure.....		1,433,285.33
		<u>2,275,173.53</u>
<i>Deduct:</i>		
15% Tax paid in accordance with Section 105 of The Income Tax Act.....	\$ 103,184.29	
Amount transferred to Tax-Paid Undistributed Income..	584,710.96	
Amount transferred to Capital Surplus segregated in respect to redemption of 5½% Cumulative Redeemable First Preferred Stock.....	683,497.65	
20% Tax on the premium paid on redemption of Preferred Stock.....	14,600.00	
Premium and Expenses on redemption of 5½% Cumulative Redeemable First Preferred Stock.....	73,117.08	
		<u>1,459,109.98</u>
		816,063.55
<i>Dividends on:</i>		
5½% First Preferred Stock.....	187,610.00	
Common Stock.....	469,680.00	
		<u>657,290.00</u>
BALANCE AT 31ST DECEMBER, 1954.....		<u>\$ 158,773.55</u>

INTERNATIONAL POWER COMPANY LIMITED

Statement of Capital Surplus For the Year Ended 31st December, 1954

BALANCE AT 31ST DECEMBER, 1953:

Capital Surplus.....	\$2,991,678.32	
Capital Surplus segregated in respect to redemption of 5½% Cumulative Redeemable First Preferred Stock....	750,000.00	\$3,741,678.32

Add:

Amount transferred per Statement of Earned Surplus.....	683,497.65	
Adjustment of exchange provision made in prior years, less amount re- quired to convert U.S. Dollar balances at 31st December, 1954.....	69,568.88	4,494,744.85

Deduct:

Exchange Loss applicable to Capital.....	81,853.80	
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BALANCE AT 31ST DECEMBER, 1954, including \$4,400,000.00 segregated in respect to redemption of 5½% Cumulative Redeemable Preferred Stock...	\$4,412,891.05
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Statement of Tax-Paid Undistributed Income For the Year Ended 31st December, 1954

BALANCE AT 31ST DECEMBER, 1953.....	\$1,290,019.37
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Add:

Tax-Paid Undistributed Income Transferred from Statement of Earned Surplus.....	584,710.96
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BALANCE AT 31ST DECEMBER, 1954.....	<u>\$1,874,730.33</u>
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INTERNATIONAL POW AND SUBSIDIA

Consolidated Balance Sheet

ASSETS

CAPITAL ASSETS:

Lands, Buildings and Plants; Franchises, Contracts, Goodwill, etc. (Note 2).....	\$42,818,129.43
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INVESTMENT IN SUBSIDIARY COMPANIES, AT COST—

Not Consolidated:

Shares.....	\$ 396,789.45	
Debentures and other Indebtedness.....	162,888.43	
		559,677.88

MISCELLANEOUS INVESTMENTS.....	3,461.54
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TRUST FUNDS (PER CONTRA).....	47,457.65
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CURRENT ASSETS:

Cash.....	2,776,439.80	
Accounts Receivable, less Reserve.....	1,855,625.05	
Materials and Supplies, as certified by responsible officials and valued at cost.....	1,440,374.55	6,072,439.40

DEFERRED CHARGES:

Prepaid and other Deferred Charges.....	89,076.88
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\$49,590,242.78

Approved on behalf of the Board:

F. KRUG, *Director.*

L. G. PROCTOR, *Director.*

ER COMPANY LIMITED
RY COMPANIES

as at 31st December, 1954

LIABILITIES

CURRENT LIABILITIES:

Bank Loans.....	\$ 290,515.90	
Accounts Payable.....	1,463,770.32	
Provision for 20% Tax on the premium paid on redemption of Preferred Stock.....	14,600.00	
Dividend Payable 15th January, 1955.....	117,420.00	
Consumers' Deposits, including interest thereon.....	436,635.94	
Amount due to Subsidiary Company, not consolidated....	33,087.70	
		\$ 2,356,029.86

TRUST ACCOUNT (PER CONTRA).....		47,457.65
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MINORITY INTEREST in Capital Stock and Surplus of Subsidiary Companies.....		843,665.98
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RESERVES:

Depreciation and Renewals.....	11,375,069.04	
Reserve for Contingencies.....	997,434.03	
General.....	1,185,406.74	
Miscellaneous.....	904,951.23	
		14,462,861.04

CAPITAL RESERVE (Note 2).....		3,115,729.74
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CAPITAL STOCK AND SURPLUS:

5½% Cumulative Redeemable First Preferred Shares of \$100.00 each:

Authorized: 59,849 Shares..... \$5,984,900.00

Issued and Fully Paid:

At 31st December, 1952..... 44,000 \$4,400,000.00

Less Purchased and Cancelled..... 44,000 4,400,000.00

Common Shares of No Par Value:

Authorized: 220,000 Shares.

Issued and Fully Paid:..... 195,700 \$3,631,750.00

SURPLUS (Note 3):

Tax Paid Undistributed Income.....	1,874,730.33	
Capital Surplus, including \$4,400,000.00 segregated in respect to redemption of 5½% Cumulative Redeemable Preferred Stock.....	8,643,660.28	
Earned Surplus.....	14,614,357.90	
		28,764,498.51

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

\$49,590,242.78

Audited in accordance with our Report of this date.

MONTREAL, 24th May, 1955.

CREAK, CUSHING & HODGSON,

Chartered Accountants.

INTERNATIONAL POWER COMPANY LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Income and Expenditure For the Year Ended 31st December, 1954

GROSS EARNINGS OF SUBSIDIARY COMPANIES, INCLUDING EXCHANGE PROFIT. \$13,656,529.71		
<i>Deduct:</i>		
Operating Expenses and Taxes.....		6,608,701.80
Note: The total amount paid during the year, by Subsidiary Companies consolidated herein and by Subsidiary Companies not consolidated, was for Legal Fees \$34,575.57, and Executive Salaries \$102,103.97.		
		7,047,827.91
NET EARNINGS OF SUBSIDIARY COMPANIES.....		
<i>Deduct:</i>		
Dividends on Common Stocks of Subsidiary Companies in hands of public.....	\$ 38,510.05	
Provision for Depreciation and Renewals.....	1,168,473.72	
Provision for Contingencies.....	75,000.00	
General Reserve.....	191,980.00	
Minority Interest in Surplus for year of Subsidiary Companies.....	61,736.58	
		1,535,700.35
<i>Less: Other Interest (Net).....</i>	39,936.18	1,495,764.17
		5,552,063.74
NET INCOME OF SUBSIDIARY COMPANIES, AFTER DEDUCTION OF MINORITY INTEREST.....		
<i>Add:</i>		
Miscellaneous Income, International Power Company Limited:		
Income from Investment in Subsidiary Company not consolidated, etc.....	274,958.75	
<i>Less:</i>		
Miscellaneous Expenses and Taxes (including Directors' Fees, \$4,000.00 and Executive Counsel, \$20,000.00).....	71,858.20	
		203,100.55
NET INCOME FOR YEAR, transferred to Consolidated Statement of Earned Surplus.....		\$5,755,164.29
<i>Note:</i> The accompanying notes to the consolidated financial statements should be read in conjunction with the above consolidated statement of income and expenditure.		

INTERNATIONAL POWER COMPANY LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Earned Surplus *For the Year Ended 31st December, 1954*

BALANCE AT 31ST DECEMBER, 1953.....		\$10,869,256.62
<i>Add:</i>		
Net Income for year after payment of Dividends on Common Stocks of Subsidiary Companies in hands of public and provision for Minority Interest in Surplus for year of Subsidiary Companies.....		5,755,164.29
Adjustments of exchange, etc. (net), applicable to prior years, in the accounts of Subsidiary Companies.....		106,336.97
		16,730,757.88
<i>Deduct:</i>		
15% Tax paid in accordance with Section 105 of The Income Tax Act.....	\$ 103,184.29	
Amount transferred to Tax-Paid Undistributed Income..	584,710.96	
Amount transferred to Capital Surplus segregated in respect of 5½% Cumulative Redeemable First Preferred Stock.....	683,497.65	
20% Tax on premium paid on redemption of Preferred Stock.....	14,600.00	
Premium and Expenses on redemption of 5½% Cumulative Redeemable First Preferred Stock.....	73,117.08	
		1,459,109.98
		15,271,647.90
<i>Dividend on:</i>		
5½% First Preferred Stock.....	187,610.00	
Common Stock.....	469,680.00	
		657,290.00
		\$14,614,357.90
BALANCE AT 31ST DECEMBER, 1954.....		\$14,614,357.90

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

INTERNATIONAL POWER COMPANY LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Capital Surplus
For the Year Ended 31st December, 1954

BALANCE AT 31ST DECEMBER, 1953.....	\$7,972,447.55
<i>Add:</i>	
Amount transferred per Statement of Earned Surplus.....	683,497.65
Adjustment of exchange provision made in prior years, less amount re- quired to convert U.S. Dollar balances at 31st December, 1954.....	69,568.88
	<hr/>
	8,725,514.08
<i>Deduct:</i>	
Exchange Loss applicable to Capital.....	81,853.80
	<hr/>
BALANCE AT 31ST DECEMBER, 1954, including \$4,400,000.00 segregated in respect to redemption of 5½% Cumulative Redeemable Preferred Stock..	<u>\$8,643,660.28</u>

Note: The accompanying notes to the consolidated statements should be read in conjunction with the above statement of Capital Surplus.

INTERNATIONAL POWER COMPANY LIMITED AND SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements

As at 31st December, 1954

1. FOREIGN EXCHANGE:

The general principles of exchange conversion followed in the year 1954 were the same as those of prior years. With the customary exception of the accounts of one subsidiary company which continue to be converted at Government official rates, all other accounts in foreign currencies have been converted, for purposes of consolidation, to dollars at the par of exchange prevailing at the date the accounts of each operating subsidiary company were first brought into the consolidation.

2. CAPITAL ASSETS:

Properties are valued at cost to subsidiary companies, converted to dollars in accordance with the exchange bases mentioned in Note 1. The properties of one subsidiary company have been converted at Government official rates as indicated in the said Note. 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 \$3,131,820.99. Adjustments arising on consolidation, deducted in prior years from Capital Assets, are now shown in the Consolidated Balance Sheet as Capital Reserve and, at 31st December, 1954, amount to \$3,115,729.74.

3. SURPLUS ACCOUNTS:

In the Balance Sheet of International Power Company Limited, capital profits less capital losses, relating to capital under The Income Tax Act, are included in the Capital Surplus Accounts. 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.

CREAK, CUSHING & HODGSON

CHARTERED ACCOUNTANTS

132 ST. JAMES STREET, WEST

MONTREAL

To the Shareholders,

**INTERNATIONAL POWER COMPANY LIMITED,
MONTREAL.**

We have examined the Balance Sheet of International Power Company Limited as at 31st December 1954, 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, 1954, 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 one Subsidiary Company, not consolidated, is reflected in Miscellaneous 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 the other Subsidiary Company, 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, 1954, 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 applied on a basis consistent with that of the preceding year 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, 24th May, 1955.

