

INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

March 31st, 1961

DIRECTORS

A. S. FRASER, *President and Managing Director*
 W. H. CAMPBELL
 H. C. FLOOD
 SÉVÈRE GODIN

MOSTYN LEWIS
 D. S. PATTERSON, O.B.E.
 J. D. HOPKINS, *Secretary-Treasurer*

A. K. CAMERON, *Vice-President*
 Dr. C. S. THOMPSON, O.B.E.
 N. A. TIMMINS, JR.

The Preferred and Common Shares are listed and traded on the Canadian Stock Exchange, Montreal.
 Transfer and Registry Agents — The Eastern Trust Company, Montreal.

April 24th, 1961

TO THE SHAREHOLDERS:

Your Directors present herewith the 32nd Annual Report of your Company, together with a statement of Assets and Liabilities, Profit and Loss, and Surplus Account for the year ending March 31st, 1961, duly certified by the Auditors.

Income from dividends and interest for the year less general expenses, salaries, taxes and directors' fees was \$211,244. This compares with \$223,379. for the previous year. Only dividends and interest actually earned have been considered as investment income. Capital profits on Securities sold were \$26,190. These profits as in previous years were transferred to Investment Reserve which now stands at \$512,901.

Regular dividends totalling \$3.00 were paid or declared on the 6 per cent; \$50.00 par preferred stock and dividends of \$2.40 were paid or declared on the common. Payment of these dividends required \$228,210. The excess over net investment income earnings \$16,966. was deducted from earned surplus which now stands at \$301,471.

Canadian companies which sell and export their production abroad on the basis of U.S. dollars have labour and other production costs primarily in Canadian dollars and thus in recent years have suffered substantial exchange losses which resulted in reduced profits. In some cases this has necessitated lower dividend payments to shareholders and in a moderate way to your Company. In recent months the discount on the U.S. dollar has fallen close to 1% as against an average discount of close to 4% during 1960. On the other hand increased costs and taxes make it difficult for many Canadian companies to operate on a profitable basis.

Individual shareholders residing in Canada were advised when computing their income tax for the year 1960 that they are entitled to:

- (1) A depletion allowance equal to 10% of all preferred and common dividends received by them from this Company during the year,
and
- (2) A tax credit of 20% of the net amount of such dividends.

On the basis of prices at the close of business March 31st, 1961, the market value of your Company's holdings showed an appreciation of \$2,124,197. over book value. After deducting the \$50.00 preferred shares at par the liquidating value of the common was \$49.65 as against \$45.22 at the end of the previous year.

All of the Company's security holdings are listed and traded on the regular stock exchanges.

During the year 920 shares of the preferred stock were redeemed at an average cost of \$50.78 per share.

You will observe from the figures shown below that net earnings from dividends and interest for the 32 years were \$4,499,645. Dividends paid on the preferred and common shares aggregated \$4,198,174.

Operations over the fiscal years 1929—1961 will be of interest to our Shareholders.

	\$50.00 Par Pfd.	N.P.V. Com.	
March 31, 1929 — Capital subscribed and paid-up shares.....	40,000	70,000	\$3,050,000.
1931-1961 — Preferred shares redeemed.....	20,487		1,024,350.
March 31, 1961 — Capital outstanding.....	19,513	70,000	\$2,025,650.
— Investment Reserve.....			512,901.
— Surplus.....			301,471.
March 31, 1929-61 — Gross income earned from dividends, interest, etc.....			\$5,164,830.
— Total expenses including taxes.....			665,185.
— Net income after expenses and taxes.....			\$4,499,645.
— Dividends paid on Pfd. and Com. Shares — 93.3% of net income.....			4,198,174.
— Earned Surplus available for dividends.....			\$ 301,471.
March 31, 1961 — Book Value of securities — less investment reserve.....			\$2,291,071.
— Market value of securities.....			4,415,268.
— Appreciation in market value over cost.....			\$2,124,197.

Respectfully submitted on behalf of the Directors,

A. S. FRASER,
 President and Managing Director.

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INVESTMENT FOUNDATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED MARCH 31, 1961

REVENUE:		
Dividends.....	\$235,914.04	
Interest.....	376.70	\$236,290.74
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<i>Deduct:</i>		
General expenses, salaries, taxes, etc.....	22,865.44	
Directors' fees.....	1,975.00	
Bank interest.....	63.80	24,904.24
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Net revenue for the year before providing for income taxes.....		211,386.50
Provision for income taxes.....		142.47
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Net profit for the year.....		211,244.03
Earned surplus — March 31, 1960.....		318,437.80
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		529,681.83
<i>Deduct:</i>		
Dividends on preferred stock.....	60,210.00	
Dividends on common stock.....	168,000.00	228,210.00
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Earned surplus — March 31, 1961.....		\$301,471.83
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INVESTMENT FOUNDATION LIMITED

BALANCE SHEET AS AT MARCH 31, 1961

ASSETS		LIABILITIES	
Cash in bank.....	\$15,764.17	Accounts payable.....	\$13,075.81
Guaranteed demand deposit....	50,000.00	Income taxes payable.....	142.47
Accrued income.....	40,055.30	Preferred dividend payable April 15, 1961.....	14,634.75
	\$105,819.47	Common dividend payable April 15, 1961.....	42,000.00
Prepaid expense.....	83.40		\$69,853.03
Investment securities.....	2,803,972.78	CAPITAL:	
		6% cumulative convertible redeemable preferred stock—par value \$50.00 each.	
		Authorized and issued... 40,000 shares	2,000,000.00
		Less: Redeemed 20,487 shares	1,024,350.00
		Outstanding... 19,513 shares	975,650.00
		Common stock — no par value	
		Authorized... 200,000 shares	
		Issued..... 70,000 shares	1,050,000.00
			2,025,650.00
		Investment reserve.....	512,901.79
		Earned surplus — statement attached.....	301,471.83
			2,840,023.62
Furniture and fixtures at depreciated value.....	1.00		
	\$2,909,876.65		\$2,909,876.65

NOTE:—The market value of securities owned by the Company at the close of the fiscal year was \$4,415,268.75 representing an appreciation from the book value of \$2,124,197.76 after taking into consideration the amounts at credit of the investment reserve.

Signed on behalf of the Board of Directors:

A. S. FRASER, *Director.*

A. K. CAMERON, *Director.*

AUDITORS' REPORT TO THE SHAREHOLDERS

INVESTMENT FOUNDATION LIMITED,
MONTREAL, QUE.

We have examined the balance sheet of Investment Foundation Limited as at March 31, 1961 and the related statement of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. 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.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statement of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at March 31, 1961 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ROSS, TOUCHE & CO.

Chartered Accountants.

MONTREAL, QUE., April 10, 1961.

**INVESTMENT FOUNDATION
LIMITED**

ANNUAL REPORT

For the Fiscal Year Ended March 31, 1961

