

INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

March 31st, 1955

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.

Transfer and Registry Agents — The Eastern Trust Company, Montreal.

April 19th, 1955.

TO THE SHAREHOLDERS:

Your Directors present herewith the 26th 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, 1955, duly certified by the Auditors.

Net income for the year was \$177,347.18, equivalent to \$8.57 on the outstanding cumulative preferred shares and after allowing for the \$3.00 preferred dividend was \$1.64 on the common. This compares with \$178,521.37 for the previous year — \$8.63 on the preferred and \$1.66 on the common. Only dividends and interest actually earned have been considered as income. We may add that at the end of the fiscal year net earnings on the common shares were running at an estimated rate of \$1.74 per annum.

Regular dividends totalling \$3.00 were paid or declared on the 6 per cent, \$50.00 par cumulative preferred stock and dividends of \$1.50 were paid or declared on the common. Payment of these dividends required \$167,037.00. The balance \$10,310.18 was transferred to earned surplus, which now stands at \$260,804.23.

During the year, the common stock was placed on a quarterly dividend basis.

Individual shareholders residing in Canada were advised when computing their income tax for the year 1954 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.

Dividends on the Company's investments showed little change from the previous year. General and other expenses were but slightly higher.

Stock exchange quotations for the better class securities moved substantially higher during the year, but as yet there has been little change in dividend payments on our holdings.

While there has been a rise in unemployment during the year and certain industries are facing difficulties, nevertheless in general conditions are favorable and the future should be looked forward to with confidence.

On the basis of prices current at the close of business March 31st, 1955, the market value of your Company's holdings showed an appreciation of \$2,374,484.84 over book value. After deducting the convertible preferred shares at \$52.04 (convertible share for share into common) the liquidating value of the common was \$52.04 as against \$36.08 at the end of the previous year.

We again report that all of the Company's security holdings are listed and traded on the regular stock exchanges.

Operations over the fiscal years 1929-1955 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	\$3,050,000.00
1931-1954 — Preferred shares redeemed.....	19,321		966,050.00
March 31, 1955 — Capital outstanding.....	20,679	70,000	\$2,083,950.00
— Investment Reserve.....	—	—	60,702.00
— Surplus.....	—	—	260,804.00
March 31, 1929-55 — Gross income earned from dividends, interest, etc.....			\$3,602,430.00
— Total expenses including taxes.....			510,376.00
— Net income after expenses and taxes.....			\$3,092,054.00
— Dividends paid on Pfd. and Comm. Shares — 91.5% of net income.....			2,831,250.00
— Earned Surplus available for dividends.....			\$ 260,804.00
March 31, 1955 — Book Value of securities — less investment reserve.....			\$2,352,838.00
— Market value of securities.....			4,727,323.00
— Appreciation in market value over cost.....			\$2,374,485.00

Respectfully submitted on behalf of the Directors,
 A. S. FRASER,
 President.

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McGILL UNIVERSITY

INVESTMENT FOUNDATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED MARCH 31, 1955

REVENUE:		
Dividends.....		\$203,013.75
<i>Deduct:</i>		
General expenses, salaries, taxes, etc.....	\$23,377.69	
Directors' fees.....	2,150.00	
Bank interest.....	23.45	
United States tax on dividends, deducted at source.....	24.00	25,575.14
		<hr/>
Net revenue for the year before providing for income taxes.....		177,438.61
Provision for income taxes.....		91.43
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Net profit for the year.....		177,347.18
Earned surplus at March 31, 1954.....		250,494.05
		<hr/>
		427,841.23
<i>Deduct:</i>		
Dividends on preferred stock.....	62,037.00	
Dividends on common stock.....	105,000.00	167,037.00
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Earned surplus at March 31, 1955.....		<u>\$260,804.23</u>

INVESTMENT FOUNDATION LIMITED

BALANCE SHEET AT MARCH 31, 1955

ASSETS		LIABILITIES	
Cash in bank.....	\$36,686.09	Bank loan.....	\$25,000.00
Accrued income.....	6,317.50	Accounts payable.....	629.67
Account receivable.....	16,315.00	Income tax payable.....	97.50
		Preferred dividend payable April 15, 1955.....	15,509.25
Prepaid expense.....	83.40	Common dividend payable April 15, 1955.....	26,250.00
Investment securities.....	2,413,540.15		\$67,486.42
		Investment reserve.....	60,702.49
		CAPITAL:	
		6% Cumulative convertible redeemable preferred stock—par value \$50.00 each.	
		Authorized and issued... 40,000 shares	2,000,000.00
		Less:	
		Redeemed... 19,321 shares	966,050.00
		Outstanding... 20,679 shares	1,033,950.00
		Common stock — no par value	
		Authorized... 200,000 shares	
		Issued... 70,000 shares	1,050,000.00
			2,083,950.00
		Earned surplus — statement attached.....	260,804.23
			<u>\$2,472,943.14</u>
Furniture and fixtures at depreciated value.....	1.00		
	<u>\$2,472,943.14</u>		

NOTE:—The market value of securities owned by the Company at the close of the fiscal year was \$4,727,322.50 representing an appreciation from book value of \$2,374,484.84 after taking into consideration the amount at credit of the investment reserve.

Signed on behalf of the Board of Directors:

A. S. FRASER, *Director.*

A. K. CAMERON, *Director.*

This is the Balance Sheet referred to in our Report to the Shareholders dated April 12, 1955.

P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, QUE.

AUDITORS' REPORT TO THE SHAREHOLDERS

INVESTMENT FOUNDATION LIMITED,
MONTREAL, QUE.

We have examined the Balance Sheet of Investment Foundation Limited as at March 31, 1955 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 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, 1955 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

MONTREAL, April 12th, 1955.

P. S. ROSS & SONS,
Chartered Accountants.

**INVESTMENT FOUNDATION
LIMITED**

ANNUAL REPORT

For the Fiscal Year Ended March 31, 1955

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