

INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

March 31st, 1954

DIRECTORS

A. S. FRASER, *President and Managing Director*
 W. H. CAMPBELL
 H. C. FLOOD
 SEVERE 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 20th, 1954.

TO THE SHAREHOLDERS:

Your Directors present herewith the 25th 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, 1954, duly certified by the Auditors.

Net income for the year was \$178,521.37, equivalent to \$8.63 on the outstanding cumulative preferred shares and after allowing for the \$3.00 preferred dividend was \$1.66 on the common. This compares with \$185,648.13 for the previous year — \$8.97 on the preferred and \$1.76 on the common. Only dividends and interest actually earned have been considered as income.

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 \$11,484.37 was transferred to earned surplus, which now stands at \$250,494.05.

Individual shareholders residing in Canada were advised when computing their income tax for the year 1953 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 were moderately lower than for the previous year. General and other expenses showed little change but were slightly higher than in the previous year.

Stock exchange quotations for the better class securities moved irregularly during the year, but generally the trend was downward.

The inflationary trend, a disturbing factor following the World War which accelerated sharply after the outbreak of hostilities in Korea, has levelled off to some degree, although certain industries engaged in a competitive class of business are finding it difficult to operate profitably in the face of higher wage and operating costs. However, 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, 1954, the market value of your Company's holdings showed an appreciation of \$1,225,564.52 over book value. After deducting the preferred shares at par, the liquidating value of the common was \$36.08 as against \$36.71 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.

Your Company commenced operations twenty-five years ago and during that period it has experienced a Stock Market Boom, a Depression, a World War and, after the Korean War, Inflation, the consequences of which are only now becoming apparent to investors and those on fixed income.

The result of operations over the years 1929-1954 will, we feel sure, be of interest to the 1,233 shareholders of whom the majority are original investors.

	\$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
1931-1953 — Preferred shares redeemed.....	19,321		966,050.00
March 31, 1954 — Capital outstanding.....	20,679	70,000	\$2,083,950.00
— Investment Reserve.....	—	—	55,127.00
— Surplus.....	—	—	250,494.00
March 31, 1929-54 — Gross income earned from dividends, interest, etc.....			\$3,399,416.00
— Total expenses including taxes.....			484,709.00
— Net income after expenses and taxes.....			\$2,914,707.00
— Dividends paid on Pfd. and Com. Shares — 91.4% of net income.....			2,664,213.00
— Earned Surplus available for dividends.....			\$ 250,494.00
March 31, 1954 — Book Value of securities — less investment reserve.....			\$2,322,311.00
— Market value of securities.....			3,547,875.00
— Appreciation in market value over cost.....			\$1,225,564.00

Respectfully submitted on behalf of the Directors,

A. S. FRASER,
President.

PURVIS HALL
 LIBRARIES

APR 30 1954

McGILL UNIVERSITY

INVESTMENT FOUNDATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED 31st MARCH, 1954

REVENUE:		
Dividends.....	\$203,098.13	
Interest on loans.....	69.85	
	<u> </u>	\$203,167.98
<i>Deduct:</i>		
General expenses, salaries, taxes, etc.....	22,450.40	
Directors' fees.....	1,900.00	
Bank interest.....	173.85	
United States tax on dividends, deducted at source.....	24.00	
	<u> </u>	24,548.25
Net revenue for the year before providing for income taxes		178,619.73
Provision for income taxes.....		98.36
Net profit for the year.....		<u>178,521.37</u>
Earned surplus at March 31, 1953.....		239,009.68
		<u>417,531.05</u>
<i>Deduct:</i>		
Dividends on preferred stock.....	62,037.00	
Dividends on common stock.....	105,000.00	
	<u> </u>	167,037.00
Earned Surplus at March 31, 1954.....		<u><u>\$250,494.05</u></u>

INVESTMENT FOUNDATION LIMITED

BALANCE SHEET AS AT 31st MARCH, 1954

ASSETS	LIABILITIES
Cash in bank..... \$74,412.96	Accounts payable..... \$ 508.92
Accrued income..... 6,132.50	Income taxes payable..... 103.20
\$ 80,545.46	Preferred dividend payable April 15, 1954..... 15,509.25
Prepaid expense..... 208.48	Common dividend payable April 15, 1954..... 52,500.00
Investment securities..... 2,377,437.50	\$ 68,621.37
	Investment reserve..... 55,127.02
	CAPITAL:
	6% Cumulative convertible redeemable preferred stock— par value \$50.00 each.
	Authorized and issued..... 40,000 shares 2,000,000.00
	<i>Less:</i>
	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..... 250,494.05
	<u>\$2,458,192.44</u>
Furniture and fixtures at depreciated value..... 1.00	
<u>\$2,458,192.44</u>	

NOTE:—The market value of securities owned by the Company at the close of the fiscal year was \$3,547,875.00 representing an appreciation from book value of \$1,225,564.52 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 attached Report to the Shareholders dated April 12, 1954.

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, 1954, 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, 1954, 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, 1954.

P. S. ROSS & SONS,
Chartered Accountants.

**INVESTMENT FOUNDATION
LIMITED**

ANNUAL REPORT

For the Fiscal Year Ended 31st March, 1954

154

