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INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

For the Fiscal Year Ending March 31st, 1950

DIRECTORS

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

SEVERE GODIN
MOSTYN LEWIS

J. D. HOPKINS, *Secretary-Treasurer*

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

April 28th, 1950.

TO THE SHAREHOLDERS:

Your Directors present herewith the 21st Annual Report of your Company, together with a statement of Assets and Liabilities, Profit and Loss, and Surplus Account for the year ended March 31st, 1950, duly certified by the Auditors.

Net income for the year was \$139,168.15 equivalent to \$6.07 on the outstanding cumulative preferred shares and after allowing for the \$3.00 preferred dividend was \$0.99 on the common. This compares with \$130,524.52 for the previous year—\$5.52 on the preferred and \$0.83 on the common. Only dividends and premium on U.S. Funds actually earned have been considered as revenue.

Regular dividends totalling \$3.00 were paid or declared on the 6 percent, \$50.00 par cumulative preferred stock and interim dividends of \$0.60 were paid or declared on the common. Payment of these dividends required \$111,816.00. The balance \$27,352.15 was transferred to earned surplus which now stands at \$170,665.03.

Under legislation passed by Parliament, provision is made whereby Canadian investment companies otherwise qualifying for exemption from taxation under the Dominion of Canada Income Tax act may elect to be taxed as corporations in respect of each taxation year, and thereby entitle their individual shareholders resident in Canada to a tax credit of 10% of the dividends paid by them in any such year. Your company after due consideration has elected to be taxed for the year ending March 31st, 1949, and subsequent years, so that until further notice, all preferred and common dividends paid to shareholders resident in Canada will be eligible for the 10% income tax credit. Advice to this effect was sent to shareholders on January 16th, 1950.

Shareholders were also advised that pursuant to Section eleven (2) of the Canadian Income Tax Act and to regulation 1300 (a), shareholders of this company when preparing their income tax returns are entitled to deduct as depletion 10% of all preferred and common dividends received by them from the company in 1949. This depletion deduction is not to be confused with the 10% deductible from income tax on preferred and common dividends as outlined in the preceding paragraph.

During the past year Directors authorized purchase of 698 shares of outstanding preferred stock. These shares bought at an average price of \$50.23 have been redeemed and cancelled. This left outstanding 22,925 of the original 40,000 shares.

Income on the Company's Investments showed a satisfactory increase with expenses moderately higher. Stock exchange quotations for securities during the year fluctuated to some extent, but the general trend since June was upward.

On the basis of prices current as at the close of business March 31st, 1950, the market value of your Company's holdings showed an appreciation of \$3,518.94 over book value. After deducting the preferred shares at par, the liquidating value of the common was \$17.48. At the end of the previous year it was \$14.32.

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

Your Directors record with deep regret the sudden passing on March 18th, 1950, of **JAMES MACMURRAY** who had been a director of your company since its inception. His deep interest in its affairs and his advice had been most helpful to your Board and Management.

Respectfully submitted on behalf of the Directors,

A. S. FRASER,
President.

APR 27 1950

McGILL UNIVERSITY

INVESTMENT FOUNDATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED 31st MARCH, 1950

REVENUE:		
Dividends.....	\$161,937.25	
Premium on U.S. Funds.....	741.72	
		<u>\$162,678.97</u>
Deduct:		
General Expenses, Salaries, Taxes, etc.....	20,663.54	
Directors' Fees.....	1,440.00	
Bank Interest.....	775.55	
United States Tax on Dividends, deducted at source.....	555.00	
		<u>23,434.09</u>
Net Revenue for the year before providing for Income Taxes.....		<u>139,244.88</u>
Provision for Federal Income Tax.....	6.83	
Provision for Provincial Income Tax.....	69.90	
		<u>76.73</u>
Net Income for the year transferred to Surplus.....		<u>139,168.15</u>
Earned Surplus at March 31, 1949.....	143,699.51	
Less:		
Additional Federal Income Taxes prior years.....	386.63	
		<u>143,312.88</u>
		<u>282,481.03</u>
Deduct:		
Dividends on Preferred Stock.....	69,816.00	
Dividends on Common Stock.....	42,000.00	
		<u>111,816.00</u>
Earned Surplus at March 31, 1950.....		<u><u>\$170,665.03</u></u>

INVESTMENT FOUNDATION LIMITED

BALANCE SHEET AS AT 31st MARCH, 1950

ASSETS	LIABILITIES
Cash at Bank..... \$31,954.08	Accounts Payable..... \$ 643.60
Accrued Dividends..... 13,950.00	Reserve for Taxes..... 169.73
\$ 45,904.08	Preferred Dividend payable April 15, 1950..... 17,199.00
Prepaid Expense..... 331.22	Common Dividend payable April 15, 1950..... 28,000.00
Investment Securities..... 2,371,647.39	\$ 46,012.33
NOTE:—The market value of securities owned by the Company at the close of the fiscal year was \$2,370,210.00 representing an appreciation from book value of \$3,518.94 after taking into consideration the amount at credit of investment reserve.	Investment Reserve..... 4,956.33
	CAPITAL:
	6% Cumulative Convertible Redeemable Preferred Stock—Par Value \$50.00:
	Authorized and issued—40,000 shares.... 2,000,000.00
	<i>Less:</i>
	Redeemed—17,075 shares.... 853,750.00
	22,925 shares.... 1,146,250.00
	Common Stock—No par value:
	Authorized—200,000 shares
	Issued 70,000 shares... 1,050,000.00
	2,196,250.00
Furniture and Fixtures at depreciated value..... 1.00	Earned Surplus..... 170,665.03
<u>\$2,417,883.69</u>	<u>\$2,417,883.69</u>

Submitted with our accompanying report dated April 13, 1950.

Signed on behalf of the Board:

A. S. FRASER, *Director.*
A. K. CAMERON, *Director.*

P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, QUE.

AUDITORS' REPORT TO THE SHAREHOLDERS

INVESTMENT FOUNDATION LIMITED,
MONTREAL.

We have made an examination of the books and accounts of Investment Foundation Limited for the year ended March 31, 1950, and have obtained all of the information and explanations which we have required.

We report that, 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 affairs of the company at March 31, 1950, and the result of its operations for the year ended that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, 13th April, 1950.

**INVESTMENT FOUNDATION
LIMITED**

ANNUAL REPORT
For the Fiscal Year Ended 31st March, 1950
