

INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

For the Fiscal Year Ending 31st March, 1940

DIRECTORS

A. S. FRASER, *President and Managing Director.*

K. S. BARNES

W. L. BAYER

A. K. CAMERON

HON. T. A. CRERAR

H. C. FLOOD

SEVÈRE GODIN, JR.

OLIVER HALL

JAMES MACMURRAY

Secretary-Treasurer: R. M. BROWN

H. R. COCKFIELD, *Vice-President.*

ALLAN M. MITCHELL

D. H. TAYLOR

E. G. TENNYSON-D'EYNCOURT

R. A. TIMMINS

May 15th, 1940.

TO THE SHAREHOLDERS OF

INVESTMENT FOUNDATION LIMITED.

Your Directors present herewith the Eleventh 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, 1940, duly certified by the Auditors.

Capital profits on securities which have been entirely liquidated were \$7,034.63; capital losses were \$28,131.05. The net result reduced the Investment Reserve Account from \$170,390.38 to \$149,293.96.

Net income for the year after setting up reserves for increased Federal Income Taxes amounted to \$119,986.23 (\$4.09 on the \$50 par 6% Cumulative Preferred shares) as against \$120,277.00 for the previous year. At the end of the fiscal year, net income was running at a rate slightly less than \$4.00 on the outstanding Preferred shares. Only income received from dividends and actual interest earned has been considered as revenue.

Your Directors authorized dividends of \$5.25 on the Cumulative Preferred shares of which \$2.25 represented payments against dividends in arrears which now have been reduced to \$0.50.

In June, 1939, certain amendments were made to the Federal Income Tax laws retroactive insofar as your Company is concerned to the fiscal years ending March 31st, 1938 and 1939. The additional taxes your Company will be obliged to pay for 1938 and subsequent years have not yet been determined, but pending adjustment with the Income Tax authorities, it has been deemed advisable to set up reserves of \$5,099.87, which we believe will be sufficient to take care of this liability.

During the past year, your Directors authorized the purchase of 271 shares of the outstanding Cumulative Convertible Preferred stock at par. These shares have been redeemed and cancelled.

On a basis of current prices, the market value of your Company's security holdings improved \$138,545.49 during the past year.

At the close of the fiscal year, the liquidating value of the Cumulative Preferred shares was \$50.50 (\$50 par plus \$0.50 arrears of dividends); Common \$10.42.

All of the Company's investments in stocks are listed and traded on regular stock exchanges.

Respectfully submitted on behalf of the Directors,

A. S. FRASER,

President.

INVESTMENT FOUNDATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1940

REVENUE:	
Interest on Call Loans.....	\$ 546.84
Interest on Bonds.....	5,650.42
Dividends from Stocks.....	130,027.92
Premium on U. S. Funds.....	1,170.27
	<u>\$137,395.45</u>
DEDUCT:	
General Expenses, Salaries, Taxes, etc.....	15,641.44
Net Income for Period before providing for Income Taxes.....	<u>\$121,754.01</u>
DEDUCT:	
Reserve for Income Taxes for year ended 31st March, 1940.....	1,767.78
Balance of Net Income for year transferred to Surplus Account.....	<u><u>\$119,986.23</u></u>

SURPLUS ACCOUNT AS AT 31st MARCH, 1940

Balance at Credit 31st March, 1939.....	\$45,492.40
DEDUCT:	
Reserve for additional Federal Income Tax for years ended 31st March, 1937-1939 inclusive.....	3,392.97
	<u>\$42,099.43</u>
ADD:	
Balance of Net Income for year transferred from Profit and Loss Account.....	119,986.23
	<u>\$162,085.66</u>
DEDUCT:	
Dividends on Preferred Stock.....	154,093.50
Balance at Credit 31st March, 1940.....	<u><u>\$ 7,992.16</u></u>

INVESTMENT FOUNDATION LIMITED

BALANCE SHEET AS AT 31st MARCH, 1940

ASSETS	LIABILITIES
Cash at Bank..... \$ 13,169.81	Preferred Dividend Payable 15th April, 1940..... \$ 58,600.00
Accrued Interest and Dividends..... 12,821.70	Reserve for Taxes..... 5,553.38
\$ 25,991.51	Investment Reserve..... 149,293.96
Call Loan—Fully Secured..... 40,000.00	
Prepaid Expense..... 65.00	CAPITAL:
Investment Securities..... 2,670,293.39	6% Cumulative Convertible Re-
	deemable Preferred Stock:
	Authorized and Issued—
	40,000 Shares—\$50.00 Par Value.. \$2,000,000.00
	Less: Redeemed 10,700 Shares..... 535,000.00
	29,300 \$1,465,000.00
	Common Stock—No Par Value:
	Authorized—200,000 Shares....
	Issued — 70,000 Shares.... 1,050,000.00
	2,515,000.00
	Surplus..... 7,992.16
	NOTE—Dividends aggregating 50c per share on
	the above Preferred Stock were in arrears at
	31st March, 1940.
Furniture and Fixtures at Depreciated Value..... 89.60	
\$2,736,439.50	\$2,736,439.50

APPROVED ON BEHALF OF THE BOARD:

A. S. FRASER, *Director*.
H. R. COCKFIELD, *Director*.

Audited and Certified in accordance with our attached Certificate.

P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, 18th April, 1940.

AUDITORS' CERTIFICATE

INVESTMENT FOUNDATION LIMITED,
MONTREAL.

We have audited the books of account of Investment Foundation Limited for the year ended 31st March, 1940, and have obtained all the information and explanations required by us.

We certify that, in our opinion, the attached Balance Sheet and relative Profit and Loss and Surplus Accounts are properly drawn up so as to exhibit a true and correct view of the financial position of the Company as at 31st March, 1940, according to the information and explanations given to us and as shown by the books of the Company.

P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, 18th April, 1940.

**INVESTMENT FOUNDATION
LIMITED**

ANNUAL REPORT

For the Fiscal Year Ended 31st March, 1940

