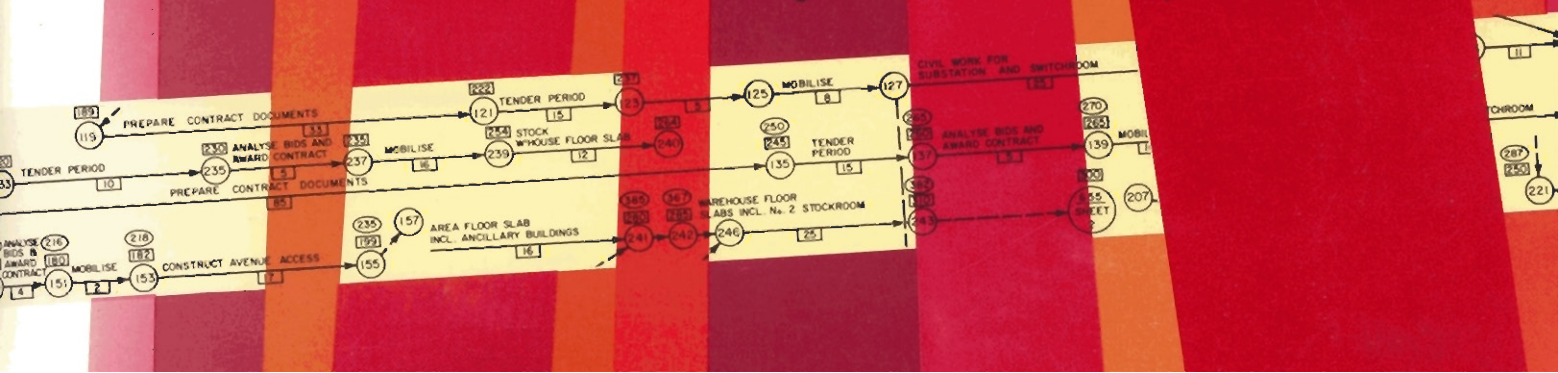
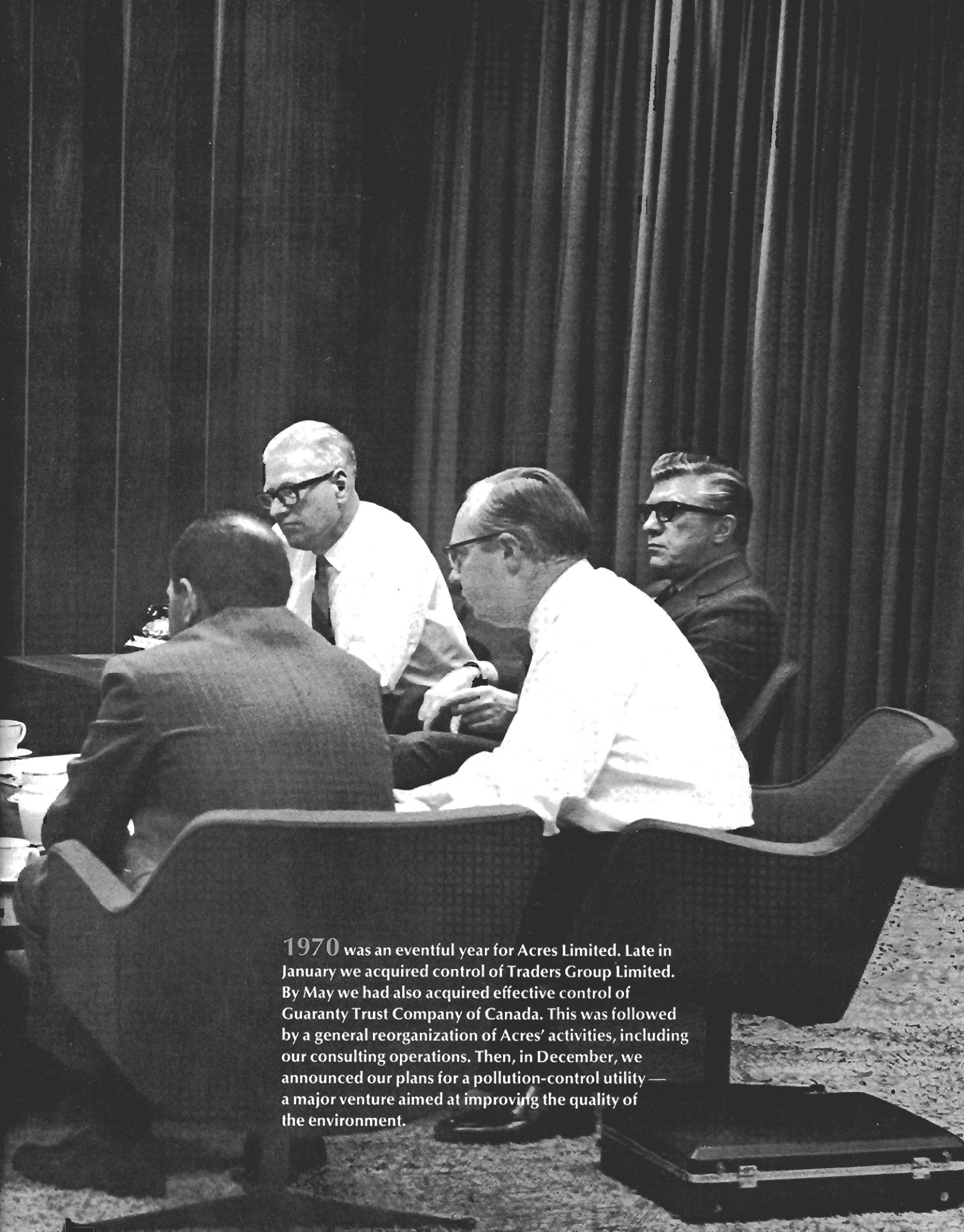


*Annual Report 1970*









**1970** was an eventful year for Acres Limited. Late in January we acquired control of Traders Group Limited. By May we had also acquired effective control of Guaranty Trust Company of Canada. This was followed by a general reorganization of Acres' activities, including our consulting operations. Then, in December, we announced our plans for a pollution-control utility — a major venture aimed at improving the quality of the environment.



Our work is directed toward solving problems. Through our expansions in 1970 we successfully solved a problem of our own, which had concerned us for some time — that of creating a steady source of income for your company, while giving it an even more vital national and international life.

At the same time the 1970 expansions broadened our range of challenges. Let's look at a few of them: What are the effective ways of dealing with air and water pollution? Can we produce economical energy from the powerful tides in the Bay of Fundy? How can we best help people to finance their growing leisure-time activities? Can we find a way to reduce the cost of auto insurance and provide more coverage at the same time?

To thrive, we must attack our challenges with enthusiasm. We must innovate. We must be bold and experiment. We will not succeed entirely with every try, but overall we will be strongly successful.

We are developing people who are committed to assuring our long-term success. New leaders are now firmly responsible for the operations of our consulting services, the finance company, the insurance group, and Guaranty Trust. Most of these new leaders are young — in their 30's or 40's — well attuned to today's vibrant spirit of the company.

In Acres we introduced a new pension fund which, when added to the medical insurance we already had, makes a solid security package. We continued our program of advanced education for staff members and this will be strongly extended to keep ahead of new technology and business methods.

Our taking control of Traders Group and Guaranty Trust more than doubled the book value of our shares, while stabilizing our earnings and creating for us a sustained source of income.

1970 was a turbulent, stimulating year. Many of the years in Acres' growth have been so, and will be in future. We faced and dealt with difficulties — the growth of the consulting services slackened because of Canada's economic conditions, the finance group contended with an extremely tight money situation in the early part of the year, the insurance group suffered substantial underwriting losses, and Frankel Steel continued its strong efforts to make its new formwork business profitable.

Last year's results reflect some of this. Profit was not as high as we would have liked it. But a year of such tremendous expansion had to be followed by a period of consolidation, the springboard of profit growth. We were building for the future and opportunities now emerging will prove how well we built. Our prospects are excellent.



President







## **SERVICES**

### **ACRES CONSULTING SERVICES LIMITED**

Agricultural resource studies.  
Agricultural economics.  
Architecture.  
Chemical engineering.  
Civil engineering.  
Construction management.  
Electrical engineering.  
Electronic engineering.  
Geological engineering.  
Environmental studies.  
General economic studies.  
General resource studies.  
Geographic studies and planning.  
Geotechnical engineering.  
Hydraulic engineering.  
Mechanical engineering.  
Meteorology.  
Mining engineering.  
Recreation studies.  
Systems analysis.  
Telecommunication engineering.  
Transportation engineering.  
Urban and regional planning.

### **TRADERS GROUP LIMITED**

Financing of industrial and commercial equipment and other durable goods.  
Financing of automobiles and trucks.  
Direct cash lending and installment sales contracts on furniture and appliances.

*List of services continues inside back cover.*



**CONSOLIDATED  
STATEMENT  
OF  
INCOME**

	(\$000 OMITTED)		
	FOURTEEN MONTHS ENDED DECEMBER 31, 1970	YEAR ENDED DECEMBER 31, 1970 (NOTE 2)	OCTOBER 31, 1969
<b>Revenues</b>			
Professional services	21,288	17,982	17,601
Share of net income of Traders Group Limited (Note 3)	2,296	2,296	—
	<b>23,584</b>	<b>20,278</b>	<b>17,601</b>
<b>Expenses</b>			
Operating and management expenses	21,117	18,121	15,431
Depreciation	263	226	171
Interest — long-term debt	120	112	49
— short-term debt	109	107	32
Income taxes (Note 4)	29	(131)	864
Minority interest in income of consolidated subsidiaries	95	118	—
	<b>21,733</b>	<b>18,553</b>	<b>16,547</b>
Income before extraordinary items	1,851	1,725	1,054
<b>Extraordinary items</b>			
Profit on disposal of investments	366	230	—
Provision for loss on investment held for sale (Note 5)	(751)	(751)	—
Net income for the period	<b>1,466</b>	<b>1,204</b>	<b>1,054</b>
Earnings per common share based on the weighted average number of shares outstanding during the period (Note 6)			
Before extraordinary items	54¢	44¢	92¢
For the period	32¢	16¢	92¢



**AUDITORS'  
REPORT**

**TO THE SHAREHOLDERS OF ACRES LIMITED:**

*We have examined the consolidated statement of financial position of Acres Limited and its consolidated subsidiaries as at December 31, 1970 and the consolidated statements of income, retained earnings and source and use of funds for the fourteen months and the twelve months then ended. 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 these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and use of their funds for the fourteen months and the twelve months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.*

*We have also examined the pro forma consolidated statement of financial position of Acres Limited and its consolidated subsidiaries as at December 31, 1970 and in our opinion it presents fairly the financial position of the companies as at that date after giving effect to the transactions set forth in note 14 to the financial statements.*

*The consolidated financial statements of Acres Limited and subsidiary companies for the year ended October 31, 1969 were examined by other independent public accountants.*

Toronto, Canada  
March 5th, 1971

**Price Waterhouse & Co.,  
Chartered Accountants.**

**CONSOLIDATED  
STATEMENT  
OF  
FINANCIAL  
POSITION**

	(\$000 OMITTED)		
	DECEMBER 31,		OCTOBER 31,
	1970	1969	1969
<b>ASSETS</b>			
	ACTUAL	PRO FORMA (NOTE 14)	
Cash and time deposits	113	673	92
Dividend receivable from Traders Group Limited	333	333	—
Investment held for sale (Note 5)	9,146	180	121
Accounts and notes receivable	2,790	2,790	2,574
Services rendered for clients -- unbilled	1,955	1,955	1,881
Other current assets	280	280	264
Current assets	<b>14,617</b>	<b>6,211</b>	<b>4,932</b>
Investment in joint venture operations at cost plus undistributed income	826	826	961
Investment in Traders Group Limited at cost plus undistributed income (Note 3)	35,320	35,320	—
Sundry investments, at cost	557	557	431
Fixed assets (Note 7)	1,940	1,940	2,200
Deferred expenses	469	469	333
Excess of carrying value of consolidated subsidiary companies over the depreciated cost of their net tangible assets	1,779	1,779	1,796
	<b>55,508</b>	<b>47,102</b>	<b>10,653</b>
<b>LIABILITIES</b>			
Current bank and other indebtedness since repaid (Note 14)	8,357	—	323
Dividends payable	314	314	—
Accounts payable and accruals	963	914	1,207
Income and other taxes currently payable	359	359	128
Current portion of long-term debt	1,066	1,066	—
Current liabilities exclusive of deferred income taxes	<b>11,059</b>	<b>2,653</b>	<b>1,658</b>
Deferred income taxes relating to current assets (Note 4)	1,871	1,871	1,998
Current liabilities including deferred income taxes relating to current assets	<b>12,930</b>	<b>4,524</b>	<b>3,656</b>
Deferred income taxes relating to non-current assets (Note 4)	685	685	669
Long-term debt (Note 8)	4,031	4,031	606
Minority interest in subsidiary (Note 9)	1,307	1,307	27
	<b>18,953</b>	<b>10,547</b>	<b>4,958</b>
Shareholders' equity			
Share capital (Note 10)	33,363	33,363	2,997
Retained earnings	3,192	3,192	2,698
	<b>36,555</b>	<b>36,555</b>	<b>5,695</b>
	<b>55,508</b>	<b>47,102</b>	<b>10,653</b>

On behalf of the Board:

Director



Director





**CONSOLIDATED  
STATEMENT  
OF  
RETAINED  
EARNINGS**

	(\$000 OMITTED)		
	FOURTEEN MONTHS ENDED DECEMBER 31, 1970	YEAR ENDED DECEMBER 31, 1970 (NOTE 2)	YEAR ENDED OCTOBER 31, 1969
Balance at beginning of period	2,698	2,960	1,930
Net income for the period	1,466	1,204	1,054
	<b>4,164</b>	<b>4,164</b>	<b>2,984</b>
Cash dividends on preference shares	972	972	48
Stock dividend on common shares	—	—	177
Other	—	—	61
	972	972	286
Balance at end of period	<b>3,192</b>	<b>3,192</b>	<b>2,698</b>

**CONSOLIDATED  
STATEMENT  
OF SOURCE  
AND USE  
OF FUNDS**

	Source of funds		
	Operations		
Net income	1,466	1,204	1,054
Deferred income taxes relating to non-current assets	16	(33)	434
Depreciation	263	226	171
Income of joint venture operations not yet distributed	11	133	(593)
Share of net income of Traders Group Limited in excess of dividends received (Note 3)	(1,193)	(1,193)	—
Funds from operations	<b>563</b>	<b>337</b>	<b>1,066</b>
Issue of share capital (Note 10)	30,366	30,355	2,890
Long-term debt obtained	6,026	6,026	—
Minority interest	1,307	1,307	—
<i>Sale of investments (after deduction of extraordinary gains or losses) —</i>			
Canadian Equity & Development Company Limited	3,561	3,561	—
Others	748	634	—
	<b>42,571</b>	<b>42,220</b>	<b>3,956</b>
	Use of funds		
Investment in Traders Group Limited (Note 3)	34,127	34,127	—
Investments obtained on acquisition of a subsidiary	3,775	3,775	—
Other investments	519	519	1,296
Redemption of preference shares	—	—	963
Increase (decrease) in fixed assets (net of disposals)	2	(19)	679
Repayment of long-term debt	2,601	2,592	65
Dividend on preference shares	972	972	48
Other	164	125	236
	<b>42,160</b>	<b>42,091</b>	<b>3,287</b>
Increase in working capital	<b>411</b>	<b>129</b>	<b>669</b>

## ACCOUNTING PRINCIPLES

### NOTE 1

The consolidated financial statements include the accounts of the company and its subsidiaries, except Traders Group Limited which is excluded because its operations are not in a related field. The Traders' shares were acquired by the company in the first quarter of 1970. The company's share of Traders' consolidated income from January 1, 1970 to December 31, 1970 (after an adjustment to allow for the portion of income earned prior to the acquisition date) of \$2,296,000 (Note 3) has been recorded on the equity accounting principle. This amount, less dividends received of \$1,103,000, has been added to the carrying value of the investment in the consolidated accounts. The company's share of the net profit of joint venture operations (on an after-tax basis when carried on as limited companies) is taken into income as it is earned by those companies.

Profit on contracts in process is recorded on the percentage of completion method.

## CHANGE OF FISCAL YEAR

### NOTE 2

Commencing in 1970, the fiscal year-end of the company was changed from October 31 to December 31 in order to coincide with that of Traders Group Limited and Guaranty Trust Company of Canada.

## INVESTMENT IN TRADERS GROUP LIMITED, AT COST PLUS UNDISTRIBUTED INCOME

### NOTE 3

Traders Group Limited		
		(\$000)
1,561,859 Class A common shares		
655,984 Class B common shares		
171 4 1/2% preferred shares, at cost		34,127
Share of income since acquisition —		
1970 income of Traders		2,063
Adjustments of profits and losses on disposal of		
investments included in Traders' accounts, arising from the		
net excess of the cost of these investments to Traders over		
their market value at the date of acquisition of Traders		
by the company		233
Balance included in 1970 income of the company		2,296
Deduct: dividends received		1,103
		<u>1,193</u>
		<u>35,320</u>

The company's investment represents 91.1% of the Class B (voting) shares and 49.9% of the total common share equity of Traders Group Limited.

The cost of the investment exceeds the company's share of the net book value of the assets of Traders by approximately \$5 million at the date of acquisition after restatement of investments having a quoted market value to current values (Note 5) and after giving effect to the retroactive adjustment to Traders' surplus as of December 31, 1969 caused by the change in accounting for deferred income taxes of Traders' insurance subsidiaries.

## INCOME TAXES

### NOTE 4

Certain of the subsidiary companies, with the approval of the income tax authorities, report their income for Federal and Ontario tax purposes on a cash basis, thus deferring taxes charged against income which would otherwise be payable. Taxes are also deferred to future periods because of timing differences in the recording for taxation and for accounting purposes of depreciation and certain other items of revenue and expense. Under both existing income tax law and that proposed by the Federal Government in the White Paper on Taxation, no material reduction in deferred income taxes is likely to take place if operations continue at present or increased levels.

The company and its subsidiaries are involved in diverse and international activities and the related income tax interpretations, regulations and legislation are subject to change. The companies have made what they believe are adequate provisions for income taxes and have losses available for potential carry forward up to 1975 under





the provisions of the Income Tax Act amounting to approximately \$800,000. None of these potential recoveries have been recorded in the company's accounts. The current income tax provision has been decreased as a result of deferred income taxes by \$111,000 for the fourteen month and by \$270,000 for the twelve-month periods ended December 31, 1970.

### INVESTMENT HELD FOR SALE

#### NOTE 5

In late April and May the company and its subsidiary, Canadian General Securities Limited, acquired 742,842 shares of Guaranty Trust Company of Canada. These shares, together with those held by Traders Group Limited, brought the overall holdings of the Acres/Traders Group to 37.3% of the outstanding shares of Guaranty Trust.

On January 5, 1971 the Guaranty Trust shares owned by Acres and Canadian General Securities were transferred to Traders in exchange for 1,519,943 common shares of Cadillac Development Corporation Limited and \$180,000 principal amount of 8½% Debentures of Cadillac. Subsequently, the Cadillac shares were sold to outsiders. The overall consolidated loss in the amount of \$751,000 suffered by Acres on the foregoing transactions, represented by underwriting charges and interest expense, less dividends received, has been provided for as an extraordinary item in the statement of income.

In arriving at the net book value of assets acquired, investments of Traders having a quoted market value were restated to current market value by the company at the time of its acquisition of Traders (Note 3). The value of the Cadillac shares was so restated and thus no portion of Traders' extraordinary gain on the disposal of these shares in early 1971 will be reflected in the company's accounts.

### DILUTED EARNINGS PER SHARE

#### NOTE 6

Dilution of the company's equity in Traders Group Limited's earnings would have been insignificant if all the conversion rights and share purchase warrants of Traders had been exercised and imputed earnings were calculated on the proceeds therefrom at the average rate of return on actual outstanding equity of Traders.

Also, no significant dilution in the earnings per share would have resulted if all the share purchase warrants and stock options outstanding in Acres Limited were exercised and earnings were imputed on the basis of the proceeds therefrom being used to purchase the company's preference shares on the open market.

### FIXED ASSETS

#### NOTE 7

		1970		1969
		(\$000)		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
Land	62	—	62	62
Buildings	1,426	420	1,006	1,040
Equipment	973	564	409	658
Leasehold improvements	683	220	463	440
	<u>3,144</u>	<u>1,204</u>	<u>1,940</u>	<u>2,200</u>

### LONG-TERM DEBT

#### NOTE 8

	(\$000)
Term bank loan repayable 1971-1975	4,500
7% mortgage maturing 1979	570
Other	27
	<u>5,097</u>
Less current portion	1,066
	<u>4,031</u>

The term bank loan is repayable in annual instalments of \$1,000,000 commencing July 15, 1971 but is subject to recall or renegotiation by the bank in January 1972. The loan was secured by 388,800 shares of Guaranty Trust and 861,038 shares of Traders at December 31, 1970. This security has since been changed to 1,081,038 shares of Traders and 167,137 B shares of Canadian General Securities.

The mortgage is secured by the company's land and office building at Niagara Falls, Ontario, and is repayable by monthly instalments of \$7,146 for principal and interest.



**NOTE 9****MINORITY INTEREST IN SUBSIDIARY**

	(\$000)
Preference shares	585
Common share equity	722
	<u><u>1,307</u></u>

**NOTE 10****SHARE CAPITAL**

	NO. OF SHARES	VALUE ATTRIBUTED (\$000)
<b>Preference shares</b>		
<i>Authorized</i> — 1,000,000 preference shares, par value \$50 each, issuable in series, of which 350,000 have been designated 7.20% cumulative redeemable Series A		
<i>Issued since October 31, 1969</i> —		
341,203 Series A — as partial consideration in exchange for Class A and Class B shares of Traders and Class A shares of Canadian General Securities	<u>341,203</u>	<u>17,060</u>
<b>Common shares</b>		
<i>Authorized</i> — 3,500,000		
<i>Outstanding</i> — October 31, 1969	1,172,200	2,997
<i>Issued during the period</i> —		
As partial consideration in exchange for Class A and Class B shares of Traders and Class A and Class B shares of Canadian General Securities; valued at \$17 per share	633,708.5	10,773
Cash at \$17 per share	145,000	2,465
Cash on exercise of employee stock options	6,850	68
	<u><u>1,957,758.5</u></u>	<u><u>16,303</u></u>
Total share capital outstanding December 31, 1970		<u><u>33,363</u></u>

341,203 common shares are reserved for exercise of warrants issued since October 31, 1969 in connection with the exchange for Class A and Class B shares of Traders and Class A shares of Canadian General Securities. These share purchase warrants are exercisable at a price of \$19 per share until April 1, 1973 and thereafter at \$21 per share until April 1, 1975.

Employees and officers of the company have been granted options to purchase common shares. At December 31, 1970 the following options were outstanding:

37,850 shares at \$ 9.90 expiring January 22, 1974
1,400 shares at \$15.30 expiring July 29, 1974
17,400 shares at \$17.10 expiring December 14, 1974
6,500 shares at \$13.28 expiring March 18, 1975
23,500 shares at \$ 9.90 expiring July 2, 1975

**CONTINGENT LIABILITIES****NOTE 11**

Canadian General Securities Limited, a consolidated subsidiary, has jointly and severally guaranteed, together with Comp Investments Ltd. and Cadillac Development Corporation Limited, repayments of notes issued to acquire shares of Canadian Equity & Development Company Limited in 1968; shares owned by Canadian General Securities Limited were sold during the year. At December 31, 1970 the aggregate amount of notes guaranteed is \$12,400,000 and these are secured by the deposit in escrow of 1,773,927 shares of Canadian Equity & Development which had an indicated market value of \$13,500,000 at that date.

The company and its consolidated subsidiaries have leases on real property and equipment for varying terms up to a maximum of 11 years. Subsequent to the year-end the company agreed to purchase certain equipment, now leased, at varying dates in the next two years for an aggregate consideration of \$150,000. Excluding these items, rental expense for the 14 months ended December 31, 1970 aggregated \$760,000. The minimum rental for the succeeding 5 years will aggregate \$2,150,000.



## PENSION PLAN

**NOTE 12** *Acres Consulting Services Limited, a consolidated subsidiary, initiated a new pension plan for its employees on January 1, 1971. The unfunded liability of the pension plan for past service obligations has been estimated by independent actuaries at \$700,000. This obligation will be amortized by charges to earnings over a period of up to 20 years.*

*Contributions for current services are to be made and charged to operations in amounts estimated by actuarial valuation.*

## STATUTORY INFORMATION

**NOTE 13** *The total remuneration of directors and senior officers of the company for the fourteen months ended December 31, 1970 was \$689,681 from the company and consolidated subsidiaries and \$49,870 from unconsolidated subsidiaries.*

## PRO FORMA STATEMENT OF FINANCIAL POSITION

**NOTE 14** *The pro forma statement of financial position gives effect to the following transactions completed after December 31, 1970.*

*The exchange with Traders Group Limited of 742,842 shares of Guaranty Trust Company of Canada for 1,519,943 shares of Cadillac Development Corporation Limited, plus a \$180,000 debenture of that company, which took place on January 5, 1971.*

*The disposal of 1,519,943 shares of Cadillac Development Corporation Limited for approximately \$8,966,000 in January and February, 1971.*

*The payment on February 5, 1971 of \$2,567,000 non-interest bearing notes.*

*The repayment in January and February of \$5,790,000 current bank loans outstanding and \$49,000 accrued interest thereon.*

*The balance of \$560,000 was added to cash and time deposits.*



OPERATING  
AND  
FINANCIAL  
REVIEW



Earnings per common share for the 14 months ended December 31, 1970 were 54 cents before extraordinary items and 32 cents after extraordinary items. For the 12 months ended October 31, 1969, earnings were 92 cents per share. The net income before preference dividends more than doubled during the period—however, due to preference dividends and the increased number of shares outstanding, the income per share declined.

Our transactions in 1970 greatly strengthened our balance sheet position. The book value per common share increased from \$4.86 to \$9.96. This puts us in a good position to expand our activities when the time is appropriate. We have included a pro forma balance sheet in order to indicate our position after the year end, when we disposed of our shares of Cadillac Development Corporation and paid the balance due on our acquisition, a year ago, of the shares of Canadian General Securities Limited.

Our operating results are shown in detail in the statement which follows. However, it should be noted that costs in 1970 include operating losses on discontinued operations and abnormal costs incurred in the process of absorbing subsidiary companies into a consolidated organization of increased complexity. These costs have been curtailed and some are non-recurring. We anticipate, therefore, that corporate costs will be substantially reduced in 1971.

ACRES LIMITED			
Consolidated Statement of Net Income by Segments of Operations			
	14 MONTHS ENDED DECEMBER 31 1970 (\$000)	12 MONTHS ENDED DECEMBER 31 1970 (\$000)	OCTOBER 31 1969 (\$000)
Consulting operations:			
Revenues	20,774	17,535	17,461
Costs	19,604	16,765	15,071
	1,170	770	2,390
Income from Traders Group	2,296	2,296	—
	3,466	3,066	2,390
Less corporate costs	566	451	344
Profit before the under-noted items	2,900	2,615	2,046
Discontinued costs — losses on discontinued operations and corporate costs	925	903	128
Income taxes	29	(131)	864
Minority interest	95	118	—
	1,049	890	992
Income before extraordinary items	1,851	1,725	1,054
Less extraordinary items	385	521	—
Net income after extraordinary items	1,466	1,204	1,054

ACRES CONSULTING SERVICES LIMITED

Fees from consulting operations in 1970 were slightly higher than in 1969. But since operations in 1969 expanded, whereas in 1970 they contracted, profits suffered. Costs have been cut accordingly, with some staff reduction, but all capacity needed to handle the increased operations indicated for 1971 has been retained.

We experienced some reduction in mark-up on our 1970 revenues, due partly to a larger proportion of our work being field operations rather than design work carried on in our own offices. Although field work is performed at a lower mark-up, its lower overhead cost makes it a profitable operation, but an unusually large volume of it does reduce overall margins.

The full benefit of our cost cutting will show in 1971, adding to the effect of an increased volume of business, as indicated by new assignments. While we reduced some staff in 1970, we retained all of our key people in the engineering-consulting business, and added some people in new scientific disciplines



to contribute to our expanding work in all forms of pollution control. We are well equipped to take on major new projects.

The future operations of our consulting services will benefit significantly from our regrouping of all regional and international companies under a single corporate entity, Acres Consulting Services Limited. It will have a single Board of Directors and group of senior officers. The newly-appointed Board, headed by President Hugh Rynard, includes: John Gardiner, Ralph Hedlin, Frits Jonker, Ray Pillman, Norman Simpson, Gray Thomson, Sami Tibshirani and Gavin Warnock.

There were a number of engineering achievements during the past year. In Labrador, on the 5,225,000-kw Churchill Falls Power Project, all under-ground excavation was completed and delivery and installation of generating equipment proceeded on schedule. In Scarborough, Ontario, the new float-glass plant for Pilkington Brothers was completed as programmed.

In Laos, Thailand, Pakistan and Colombia, construction advanced steadily on four different power projects. In Brazil, a major study was completed of that nation's airport needs for the next twenty years.

In the United States we undertook work for major electric power utilities on EHV transmission lines and on advanced designs of pollution-control facilities. Niagara Mohawk and American Electric Power Service Corporation were among our clients. During 1970 our office expanded in the United States to handle our increasing American business.

Our international operations increased substantially in 1970, and the current amount of overseas work in hand indicates that this trend will continue. Our assignment as General Consultants to the East Pakistan Water and Power Development Authority has been extended for a further two years of service. Among other projects, we have assignments to study airports in Malaysia, a shipyard in Korea, forests in Sabah (North Borneo), feed grain supply in Niger, telecommunications in Uruguay, and a hydroelectric project and river dredging work in Argentina.

TRADERS GROUP LIMITED

The acquisition of control of Traders Group was an event of great importance in Acres' financial history. The annual report of Traders Group Limited is being sent to all shareholders with this report, but some additional information may help to put your company's new relationships into perspective.

When we acquired control of Canadian General Securities, and thus Traders, the activities and resources of Traders were considerably diversified. After a thorough study of Traders' operations, it was decided to emphasize the finance business and gradually reduce, in an appropriate manner, certain of Traders' investments in other assets. Accordingly, we sold the shares of Canadian Equity and Development Company and Cadillac Development Corporation Limited (the latter shortly after the year-end). We will continue to put increasing emphasis on the development of Traders' financial resources.

In 1970 Traders' finance group had the best year in its history. It is headed up by a newly-appointed energetic management team under the new President of Traders, Henry Dynes, and includes Wally Flanagan and Vic Steele, who were promoted from within the group, and three senior newcomers to the company, Lloyd Wright, Noel Crawford, and Clark Brain.

The Insurance Group, however, experienced extremely poor results and ended the year with a substantial loss. This was due partly to problems affecting the insurance industry as a whole; however, as a positive step, Andrew Sarlos, Vice-President-Finance of Acres Limited, was appointed Chairman of the Executive Committee of the Board of the Insurance Group to reorganize its management and return the business to a profitable basis.



## GUARANTY TRUST COMPANY OF CANADA

Our acquisition of effective control of Guaranty Trust was another major event of 1970. The association of Canada's fifth-largest trust company with Traders Group, Canada's second-largest finance company — with combined assets of over \$1½ billion — creates many opportunities for favourable co-operation and long-term profitability.

Acres acquired the controlling shares of Guaranty Trust by purchasing them on the open market with money secured from Canadian and international banking institutions. Those shares were then sold to Traders Group at cost, in exchange for shares of Cadillac Development Corporation Limited. The Cadillac shares were, in turn, sold shortly after the year-end, thus discharging all of your company's current obligations in that transaction and in the acquisition of Traders Group a year ago.

Guaranty Trust experienced reduced profits in 1970, but the lowering of interest rates promises improved results for 1971. Gordon Sharwood is now devoting virtually all of his time to Guaranty Trust, in his new positions as Vice Chairman of the Board and Vice President of that company.

## OTHER MATTERS OF INTEREST

Our involvement with Traders Group and Guaranty Trust brought about a re-evaluation of the continuing usefulness of some of our other activities which were not in themselves profitable. Hence we sold our interest in L + W Data Systems Limited and International Capital Corporation Limited and cut back the activities of Acres Management Services Limited.

In all, we experienced a year of immense growth against a background of adverse economic conditions. With improving conditions we look forward to significant new achievements.

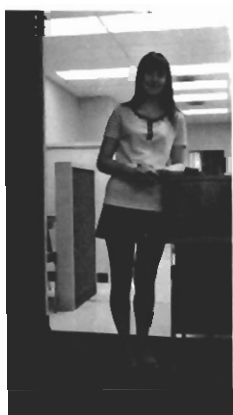
## COMPARATIVE FINANCIAL STATISTICS

	DECEMBER 31		(000)			
	1970		OCTOBER 31			
	(a)	(b)	1969	1968	1967	1966
Preference shares	\$17,060	17,060	—	786	710	779
Common shares and retained earnings	\$19,495	19,495	5,695	2,037	1,659	1,244
Common shares outstanding at year end	1,958	1,958	1,172	930	900	900
Equity per common share	\$ 9.96	9.96	4.86	2.19	1.84	1.38
Revenues from professional services	\$21,288	17,982	17,601	13,964	10,120	8,435
Net income before extraordinary items	\$ 1,851	1,725	1,054	639	460	260
Net income after extraordinary items	\$ 1,466	1,204	1,054	639	460	260
Earnings per common share before extraordinary items	54¢	44¢	92¢	65¢	51¢	29¢
Earnings per common share after extraordinary items	32¢	16¢	92¢	65¢	51¢	29¢

(a) 14 months ended December 31, 1970.

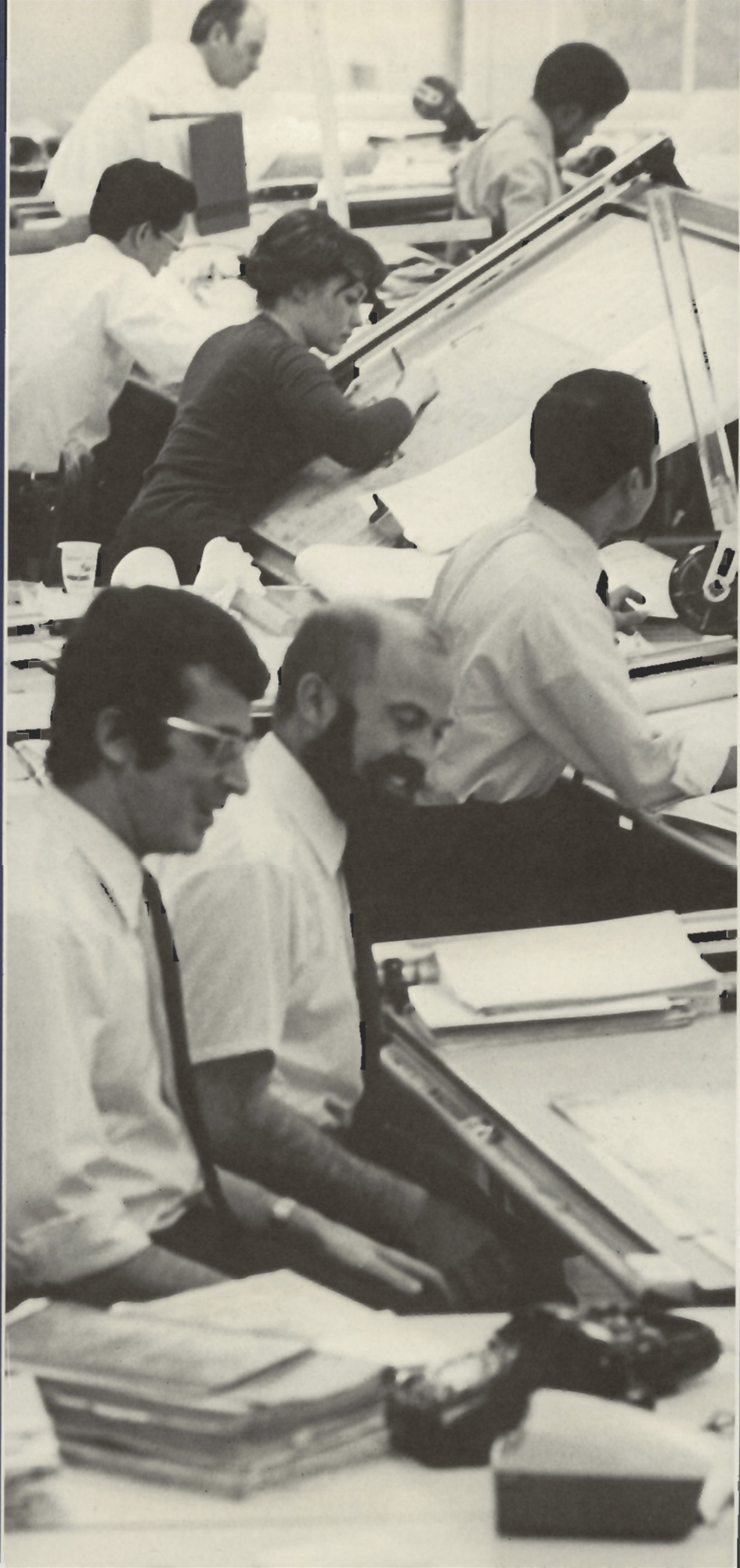
(b) 12 months ended December 31, 1970.

\* Based on the average number of shares outstanding during the year.



10/11/71







# CHURCHILL FALLS POWER DEVELOPMENT



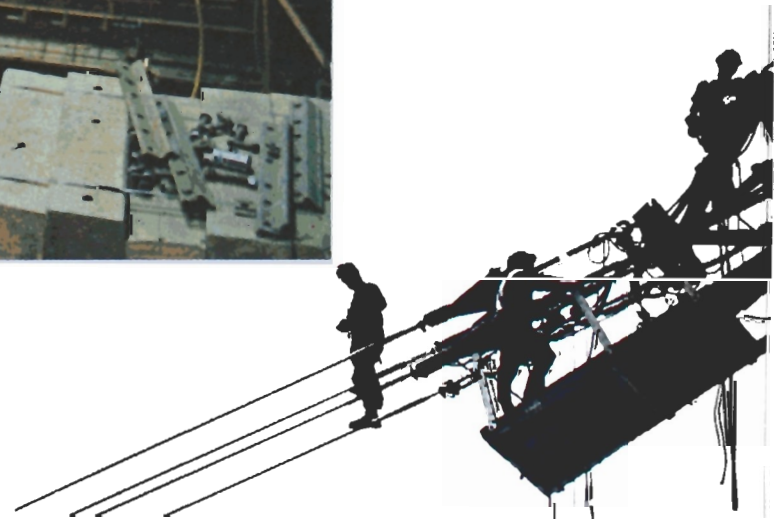
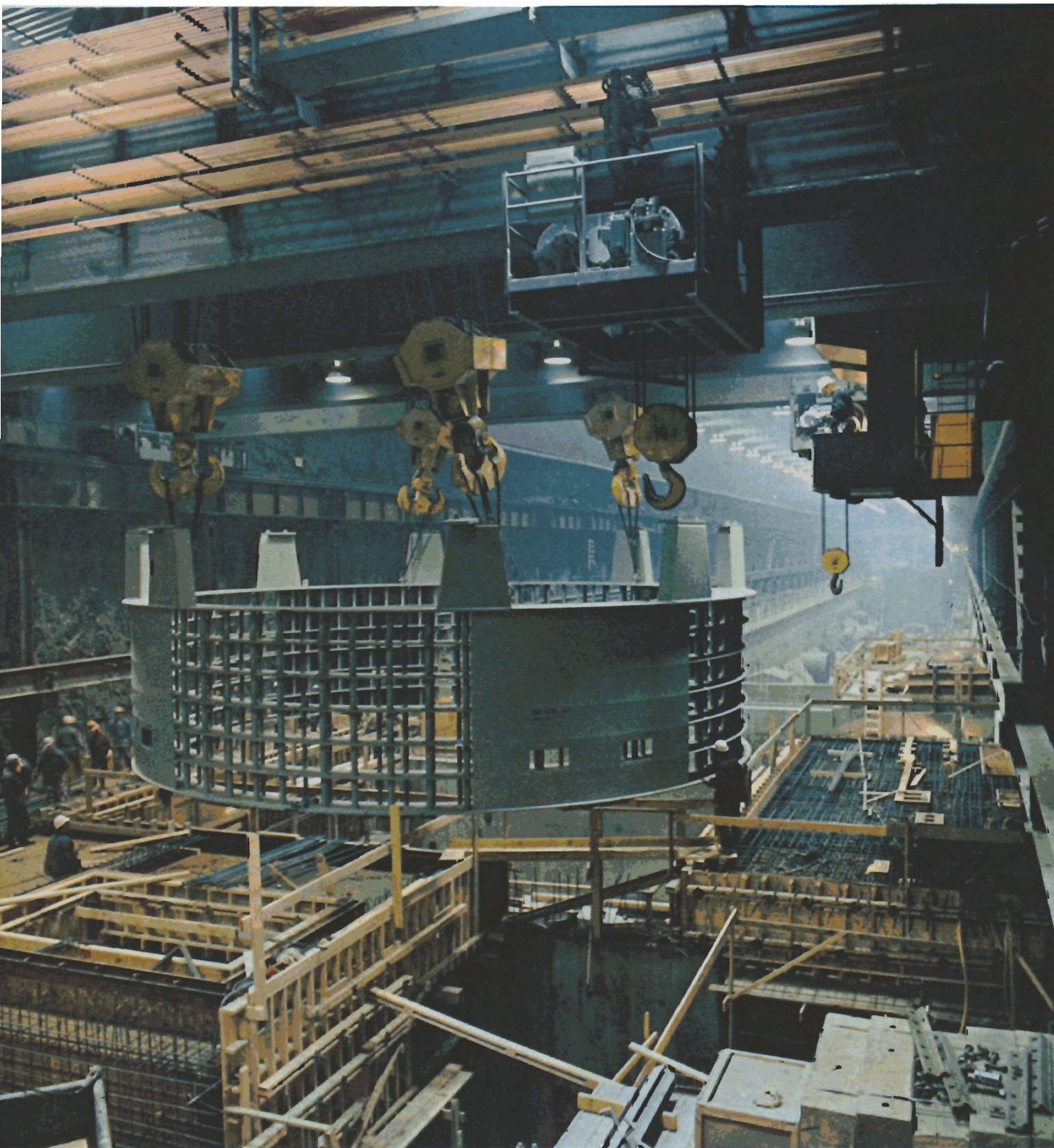


**It is to be the world's largest underground power plant**, with an installed capacity of 5,225,000 kilowatts. Its annual energy production will be 34.5 billion kilowatt hours — roughly a fifth of what all Canada used in 1968. Most of the energy it will produce is already sold, with delivery to run well into the next century.

The engineering and management of construction is being provided by Acres Canadian Bechtel of Churchill Falls — a joint venture of Acres and Canadian Bechtel Limited. Churchill Falls (Labrador)

Corporation Limited — a Brinco Company — has financed this \$1,000,000,000 project with which Acres has been involved since 1963.

In 1970, work on this immense project passed the halfway mark. Underground excavation was completed and the installation of generating facilities advanced. Almost unique among today's power projects, the Churchill Falls Power Development is on schedule and within budget estimate. It will be completed in 1976.





## ALTO ANCHICAYA PROJECT

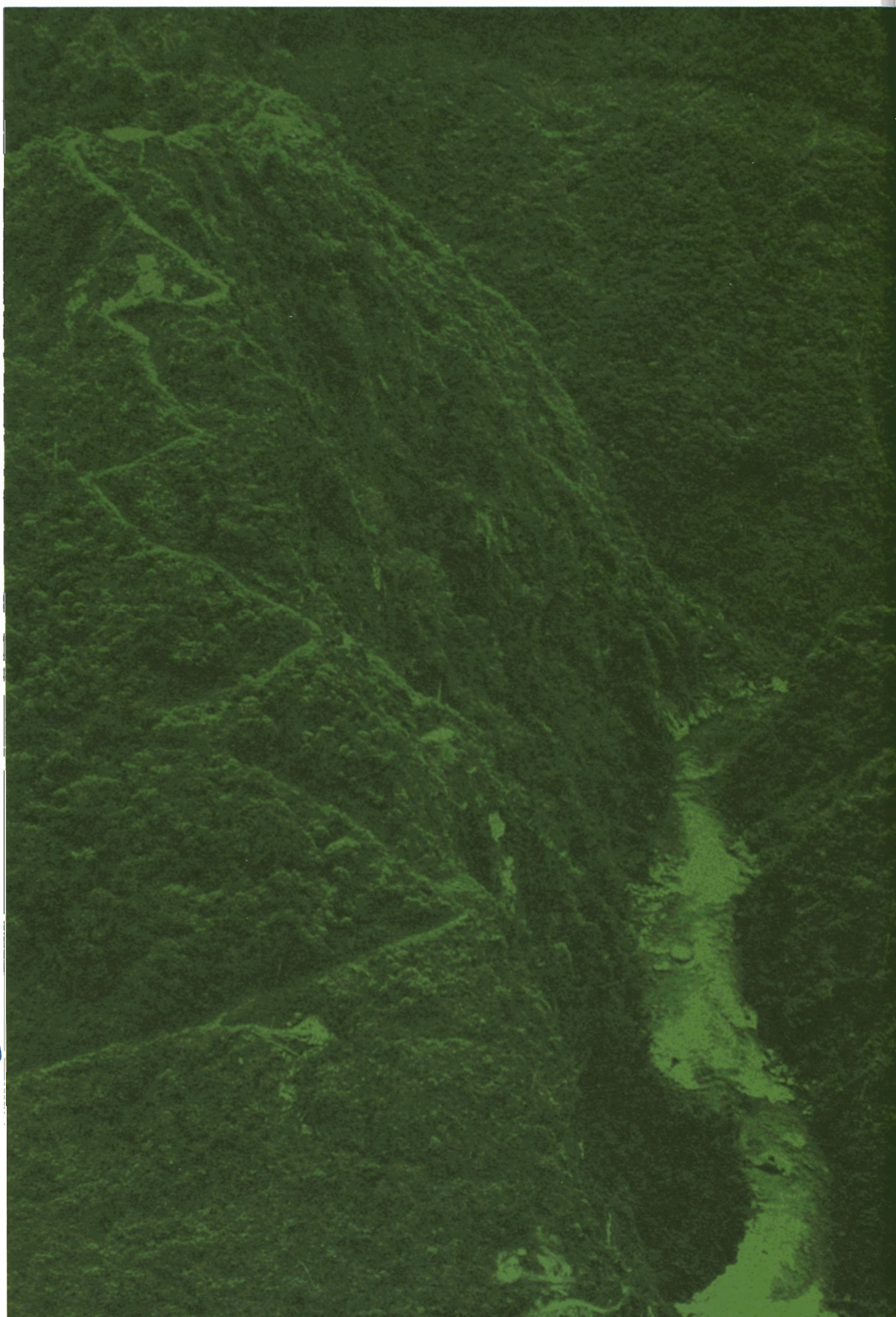
**Alto Anchicaya**, a 340,000 kilowatt hydro-electric development in Colombia, is located high in the Andes Mountains in the midst of some of the roughest terrain in South America. When completed, **it will** have the highest rockfill, fully concrete-faced dam in the world.

The project will cost a total of \$100 million. Its feasibility was first determined in collaboration with the World Bank, but actual financing of the foreign currency required was undertaken by the Inter-American Development Bank. Colombia is providing the local currency needed for labour and other local services, which amounts to about 40% of the total cost. Canada is providing \$16½ million of the foreign currency assembled by the Inter-American Development Bank, and the rest is being provided by other countries.

Acres is providing extensive engineering and project management services for the Alto Anchicaya Project. The generating station will be Colombia's largest. It is to begin supplying energy late in 1973.

*Above right, artist's conception of Alto Anchicaya dam and generating station.*

*Anchicaya River near damsite.*







## NAM NGUM PROJECT

An enormous water-control system of dams, hydroelectric generating stations, transmission lines and irrigation programs has been envisioned for the Lower Mekong Basin, but to complete all the proposed developments will require decades, billions of dollars and massive support from many nations. Yet a start has been made. On some of the tributaries of the Mekong a few developments of the Lower Mekong Basin system are under way. One of them is the Nam Ngum reservoir and hydroelectric project in Laos.

In the midst of a war-torn part of the world, the project site is an oasis of peaceful international cooperation. Acres acts as Managing Engineers for the Nam Ngum project. The client is the Laotian National Mekong Committee, which receives funds for the project from the International Bank for Reconstruction and Development — the World Bank — which in turn administers the funds for the nations which have pledged them: Australia, Canada, Denmark, France, Japan, Laos, The Netherlands, New Zealand, Thailand and the United States.

The Nam Ngum generating station will have a final installed capacity of 135,000 kilowatts, of which the first 30,000 kw is now being installed. The project has been running on schedule, and if this is maintained it should be generating electricity in a year's time.



*Nam Ngum dam and generating station under construction.*



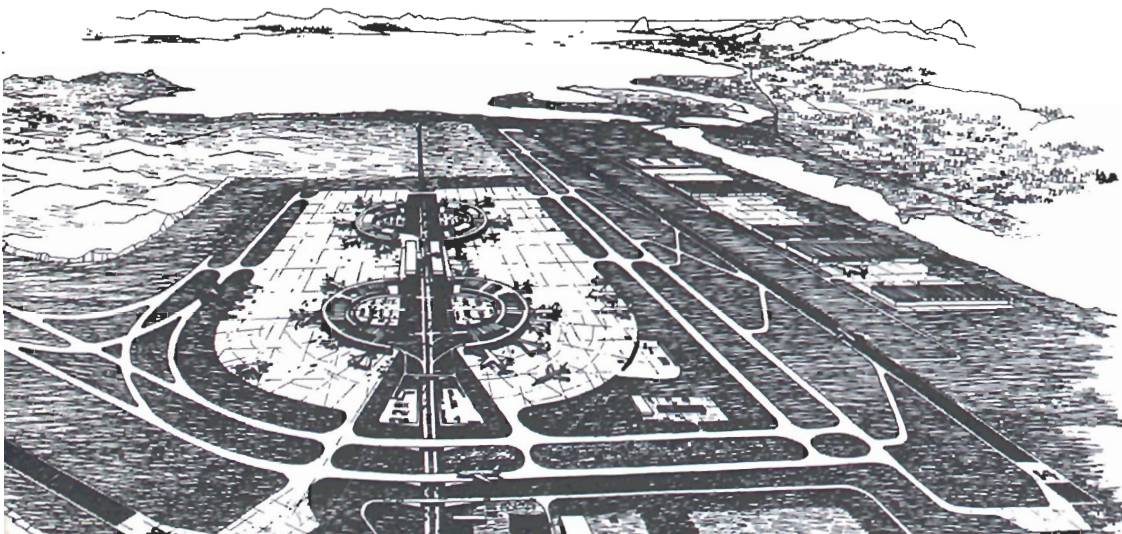
## BRAZIL AIRPORT DEVELOPMENT PROJECT

Looking far into the future, Brazil commissioned an extensive feasibility study and master plan to meet its foreseeable air traffic needs ahead to the next century.

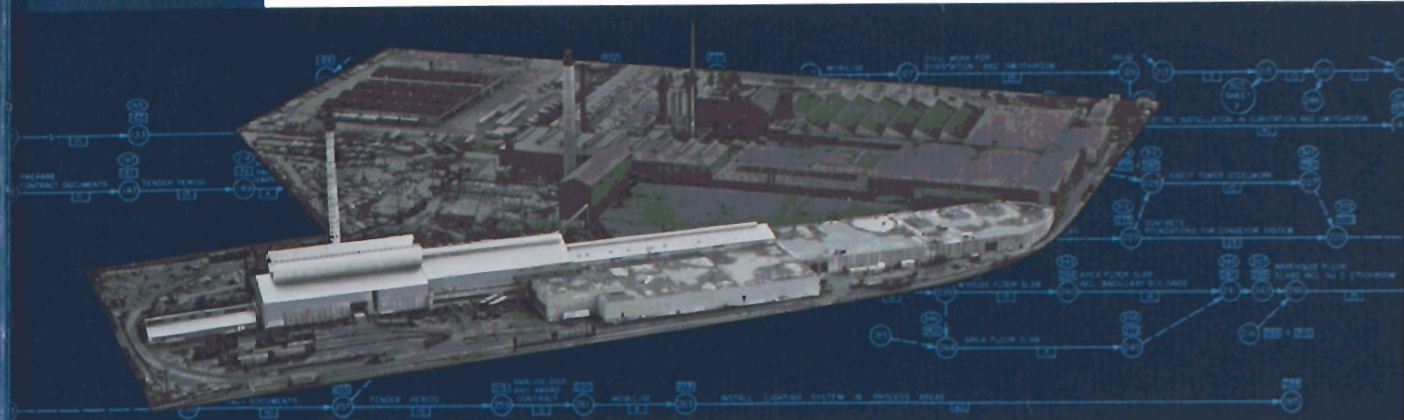
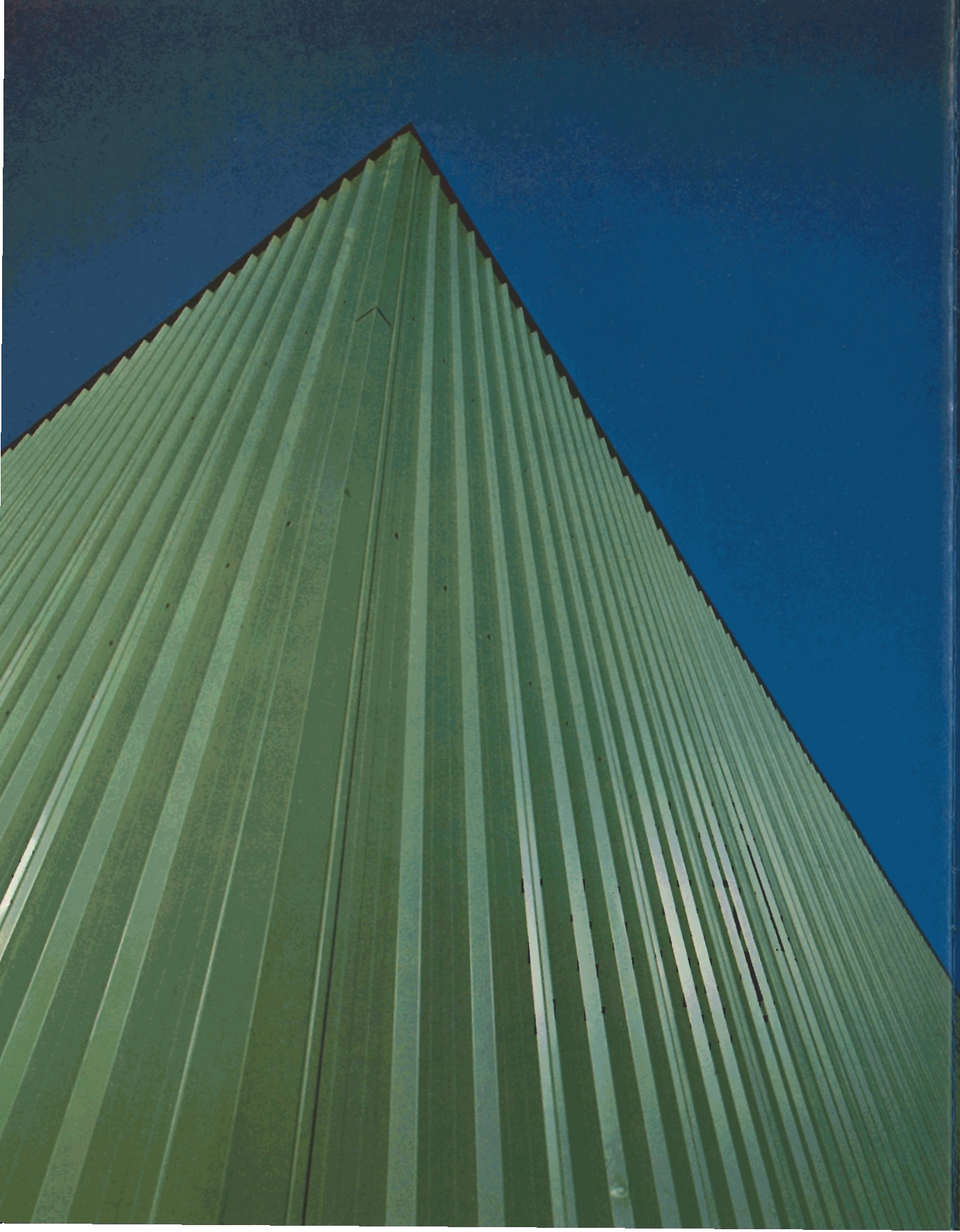
The feasibility study probed deeply into economic and social factors affecting the whole of Brazil, and accommodated them in its technical solutions. The master plan laid out a \$390 million, 20-year airport development program, with the first major international airport complex to be constructed at Rio de Janeiro, and the second at Sao Paulo.

*Design of new International Airport complex at Rio de Janeiro.*

Acres, working with the Canadian firm of Parkin Associates Limited and with the Hidroservice-Engenharia de Projectos of Brazil, prepared the feasibility study, concepts and comprehensive master plan.





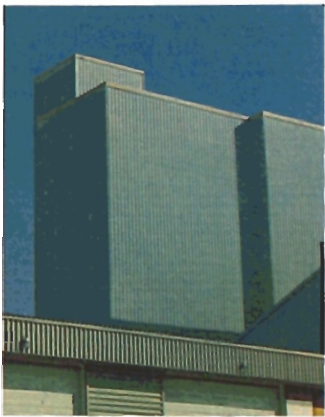


Portion of Pilkington project Critical Path plan.

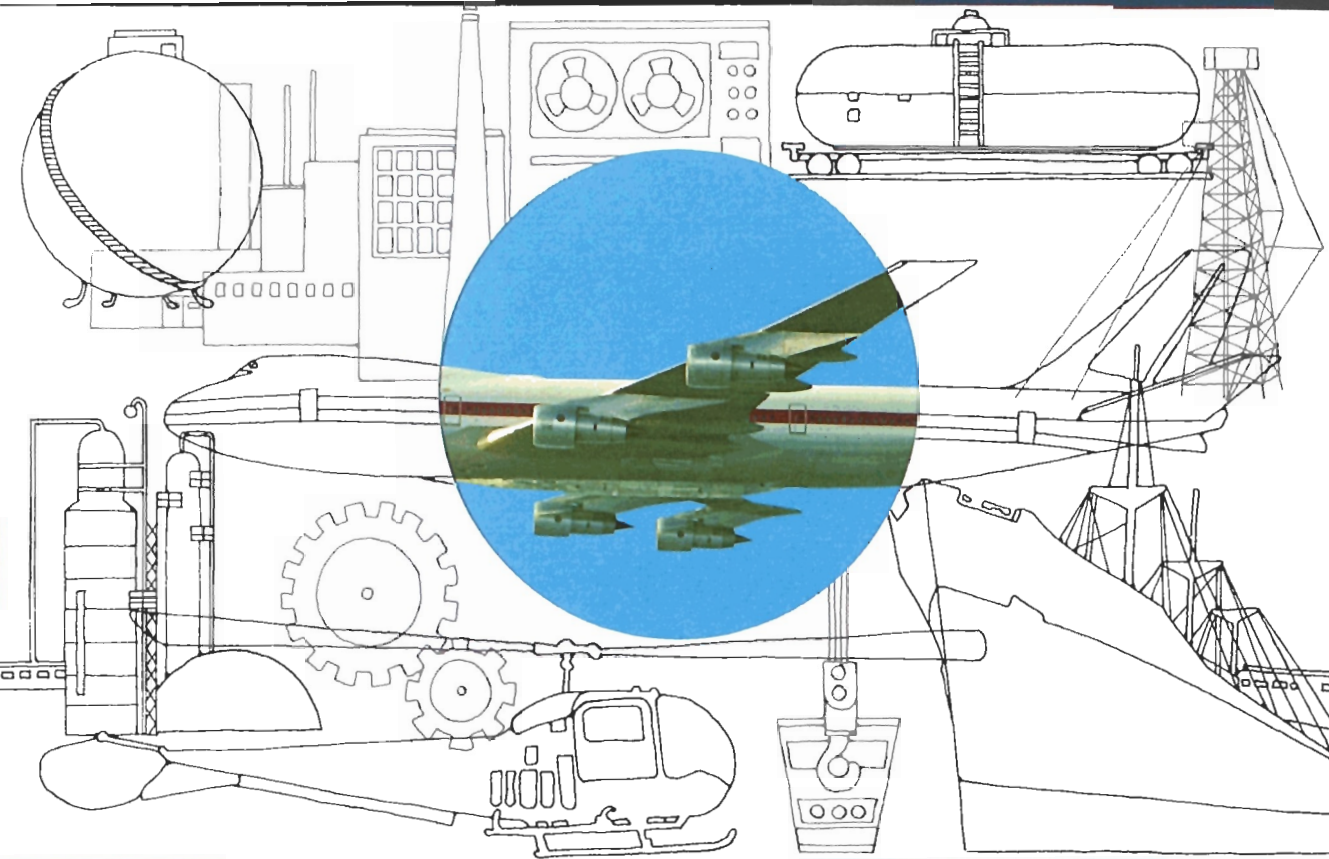
# PILKINGTON FLOAT GLASS PROJECT

The new \$32 million float glass plant for Pilkington Brothers Canada Limited, located in Scarborough, Ontario, has a capacity of some 3,500 tons of float glass per week. The float glass process was developed by Pilkington and produces plate glass of excellent optical quality, either clear or tinted, without the need of any grinding or polishing.

Project management for the new plant, provided by Acres, included responsibility for engineering design coordination, equipment procurement, and construction management. Previously, in 1967, Acres was responsible for the engineering for Pilkington's first Canadian float glass plant. The new plant was started early in 1969 and completed in December 1970, on schedule and within budget. It exemplifies what good overall project management can achieve in full cooperation with the client.







### LEASING

As a result of the 1970 in-depth study by Acres of the financial and management resources of Traders Group Limited, the new management team of Traders has added leasing to Traders' major finance operations.

The leasing operation will permit companies to lease medium and large scale capital assets, such as manufacturing facilities ranging from an individual production line to a turn-key plant, and transportation facilities from railway rolling stock to corporate and commercial jet aircraft.

Leasing makes available financing terms which cannot generally be obtained through conventional short or long term debt markets.

*List  
of services  
continued*

Short-term financing, secured by realty mortgages and debentures.

Home improvement financing.

Mortgage loans.

Mortgages principally for leisure homes and residential homes outside major metropolitan centers.

Financing of accounts receivable and inventories of manufacturers and distributors.

Purchasing of land for development and resale.

General casualty insurance on automobiles and properties.

Steel fabrication and its installation.

Concrete forming.

### GUARANTY TRUST COMPANY OF CANADA

Savings and deposit facilities.

Mortgage loans.

Personal and consumer loans.

Investors fund.

Safety deposit boxes.

Money orders and traveller's cheques.

Administration of estates.

Pension trusts.

Registered retirement savings plan.

Investment management.

Stock transfers.

Real estate sales, appraisals, and property management.

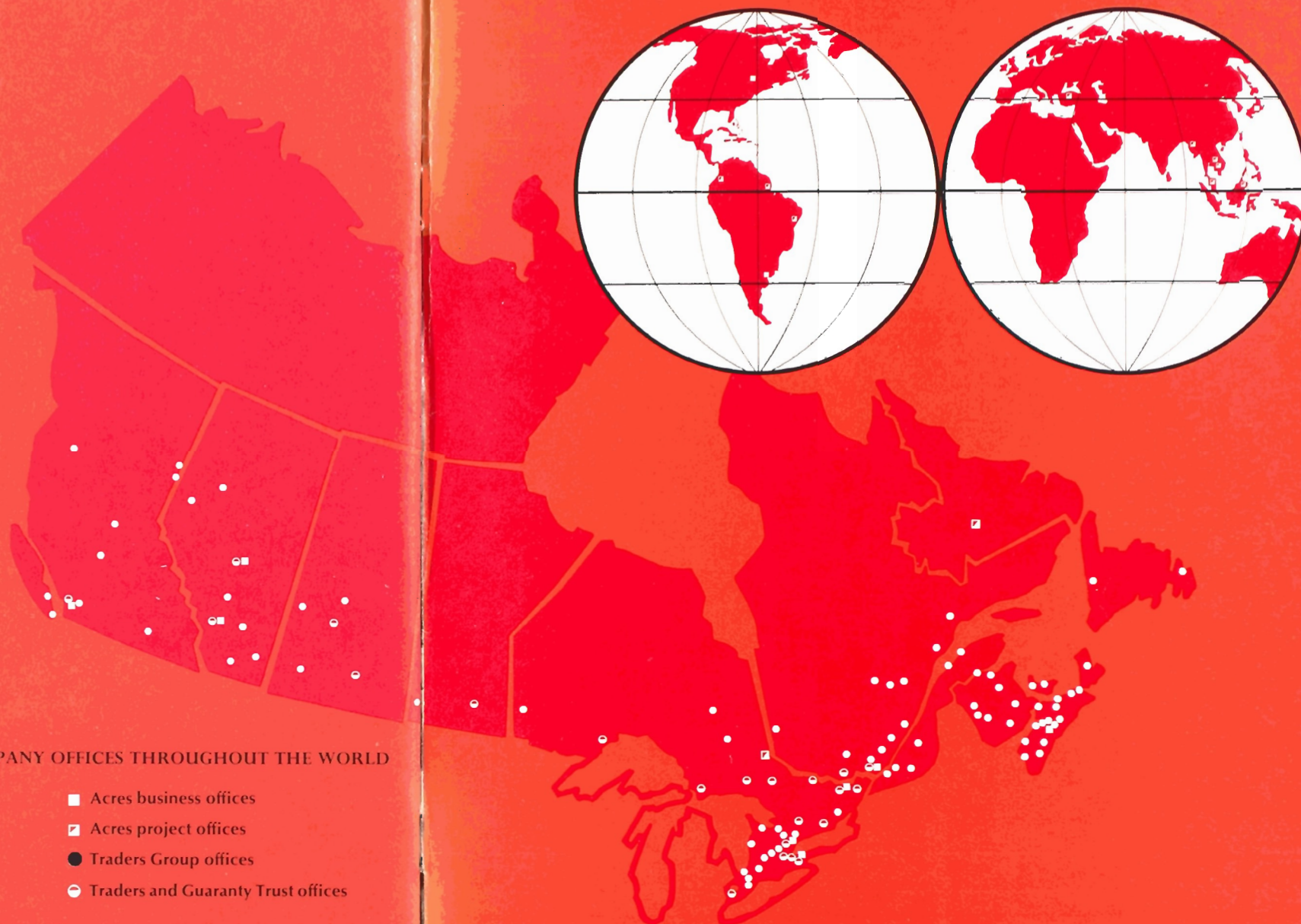
Trustee for bondholders, Bankruptcy Act, business insurance trusts, endowment funds.

Liquidator, Curator of incompetents.

Safe-keeping service.

Guardianship.





# COMPANY OFFICES THROUGHOUT THE WORLD

- Acres business offices
- ▣ Acres project offices
- Traders Group offices
- ◐ Traders and Guaranty Trust offices

## Total Locations:

Acres: business offices — 12  
project offices — 12

Traders: Consumer Division — 76  
Personal Loan Division — 129  
Industrial Financing Division — 11  
Homeplan Division — 20

Guaranty Trust: Banking — 44  
Real Estate — 21



## **ACRES LIMITED**

Head Office: 20 Victoria Street, Toronto, Ontario

### **BOARD OF DIRECTORS**

<i>C. Norman Simpson</i>	LL.D., B.Sc., P.ENG.
<i>Ronald L. Clinch</i>	B.Sc., P.ENG.
<i>Donald H. MacDonald</i>	B.A.Sc., Ph.D., P.ENG.
<i>Ian W. McCaig</i>	B.Sc., P.ENG.
<i>Frederick W. Patterson</i>	B.A.Sc., P.ENG.
<i>Raymond A. Pillman</i>	B.A.Sc., P.ENG.
<i>Hugh C. Rynard</i>	B.A.Sc., P.ENG.

### **CORPORATE OFFICERS**

<i>C. Norman Simpson</i>	PRESIDENT
<i>Ronald L. Clinch</i>	VICE PRESIDENT
<i>Hugh C. Rynard</i>	VICE PRESIDENT
<i>Andrew Sarlos</i>	VICE PRESIDENT AND SECRETARY-TREASURER
<i>Gordon R. Sharwood</i>	VICE PRESIDENT
<i>J. Gavin Warnock</i>	VICE PRESIDENT
<i>Michael F. K. Carter</i>	ASSISTANT SECRETARY-TREASURER
<i>Mary MacGirr</i>	ASSISTANT SECRETARY

### **AUDITORS**

*Price Watethouse & Co.*

### **GENERAL COUNSEL**

*Lash, Johnston, Sheard & Pringle*  
*Foster, Leggat, Colby & Rioux*

### **BANKERS**

*The Royal Bank of Canada*  
*Banque Canadienne Nationale*

### **TRANSFER AGENT AND REGISTRAR**

*Common Shares: Canada Permanent Trust Company*  
*Preference Shares: The Royal Trust Company*

### **LISTING**

*The Toronto Stock Exchange*  
*The Montreal Stock Exchange*  
*The Vancouver Stock Exchange*