

ANGLO-CANADIAN TELEPHONE
COMPANY

*Eighth Annual
Report
1942*

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ANGLO-CANADIAN TELEPHONE COMPANY
231 St. James Street, West
MONTREAL

23rd March, 1943.

TO THE SHAREHOLDERS:

There is submitted herewith on behalf of the Board of Directors, the Eighth Annual Report of the Anglo-Canadian Telephone Company covering the calendar year 1942.

Reference was made in our report for the year 1941 to the interest of your Company in the Philippine Long Distance Telephone Company and the reduction in the income of your Company and its subsidiary through the discontinuance of the payment of dividends by the Philippine company. This situation remains unchanged and it is still impossible to obtain any information as to what damage has been done to the property. However, it is the understanding of your directors that the War Damage Corporation of the United States of America purported to provide war damage insurance which extended to the Philippine Islands as to damage incurred up to June 30, 1942 but not as to damage incurred subsequent to that date. In the final analysis, the question of determining what basis of settlement will be used for properties located in enemy-occupied areas, such as that of the Philippine Long Distance Telephone Company, will probably be determined by the appropriate United States Government officials or agencies. The officers of the Philippine Long Distance Telephone Company in the United States have taken all steps that they and counsel deem desirable at this time to make claim for war damage insurance.

As in former years, the annual report of the British Columbia Telephone Company for the year 1942 is enclosed.

Submitted on behalf of the Board,

F. S. SPRING,
President.

TORONTO
HAMILTON
OTTAWA
WINNIPEG
CALGARY

RIDDELL, STEAD, GRAHAM & HUTCHISON

CHARTERED ACCOUNTANTS

ESTABLISHED 1869

CABLES RIPOSTED MONTREAL

EDMONTON
VANCOUVER
LONDON, ENGL.
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AND REPRESENTING
ARTHUR ANDERSEN & CO.
CHICAGO - NEW YORK
AND BRANCHES

John Peterson, C.A.
Alexander A. Gowen, C.A.
H.D. Clapperton, C.A.
C.G. Wallace, C.A.
Gordon S. Small, C.A.
Malcolm J. McLeod, C.A.

460 ST. FRANCOIS XAVIER ST.

P.O. BOX 2398 PLACE D'ARMES

MONTREAL

TO THE SHAREHOLDERS

ANGLO-CANADIAN TELEPHONE COMPANY:

We have made an examination of the Balance Sheet as at 31st December, 1942, of Anglo-Canadian Telephone Company. In connection therewith, while we did not make a detailed audit of the transactions, we examined or tested accounting records of the Company and other supporting evidence and also made a general review of its accounting methods for the year ended 31st December, 1942.

We have not examined the accounts of all of the Company's subsidiary companies but have received and examined reports rendered by other independent auditors on the accounts of such companies not examined by us for the year ended 31st December, 1942.

The Company owns, or controls through its subsidiary, 24,019 shares of 100 Pesos each of Philippine Long Distance Telephone Company (Incorporated in the Philippines) out of a total issued capital of 70,571 shares. The physical assets of that company are situated in the Philippine Islands which are, for the time being, occupied by the enemy and no provision has been made for possible capital losses. Audited accounts of that company are not available.

Subject to the above, we report that we have obtained all the information and explanations we have required and that, in our opinion, based upon the examination referred to above and reports of subsidiary companies rendered by other independent auditors, the accompanying Balance Sheet as at 31st December, 1942 is drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Auditors.

MONTREAL, 25TH FEBRUARY, 1943.

ANGLO-CANADIAN TELEPHONE COMPANY
(An Investment Company)

BALANCE SHEET

As at 31st December, 1942

ASSETS

INVESTMENTS AND LONG TERM ACCOUNT LESS RESERVE **\$11,466,769.34**

CURRENT ASSETS

Cash on hand and in banks.....	\$450,641.74	
Accounts receivable:		
Subsidiary companies.....	\$10,688.22	
Other.....	2,000.00	
	12,688.22	
Notes receivable.....	1,319.44	
Dividends receivable.....	104,392.48	
Accrued interest.....	2,981.57	
	572,023.45	
		\$12,038,792.79

LIABILITIES

CAPITAL STOCK

CUMULATIVE PREFERRED

Authorized—

150,000 shares—par value..... **\$7,500,000.00**

Issued and outstanding—

82,600 5½% Cumulative Preferred shares..... **\$4,130,000.00**

CLASS A

Authorized—

850,000 shares—par value..... **\$8,500,000.00**

Issued and outstanding—

487,100 shares..... 4,871,000.00

DEFERRED

Authorized—

200,000 shares—par value..... **\$2,000,000.00**

Issued and outstanding—

200,000 shares..... 2,000,000.00

\$11,001,000.00

CURRENT LIABILITIES

Accounts Payable:

Subsidiary companies..... \$5,000.00

Other..... 2,951.32

\$7,951.32

Accrued Taxes (including provision for Dominion

Taxes)..... 5,039.96

Dividends accrued (subsequently declared)..... 37,858.33

50,849.61

EMPLOYEES' BENEFIT FUND RESERVE..... 11,036.10

SURPLUS RESERVED

Amount reserved for general contingencies..... 130,000.00

SURPLUS (as per attached statement)..... 845,907.08

\$12,038,792.79

Approved on Behalf of the Board of Directors:

G. L. GRAWOLS, *Director*

THEODORE S. GARY, *Director*

This is the Balance Sheet referred to in our Report of this date.

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Chartered Accountants,

Auditors.

MONTREAL, 25TH FEBRUARY, 1943.

ANGLO-CANADIAN TELEPHONE COMPANY
(An Investment Company)

INCOME AND EXPENSE STATEMENT
For the Year Ended 31st December, 1942

INCOME		
Dividends, Interest and Other Income.....		\$630,707.91
GENERAL AND ADMINISTRATIVE EXPENSE		
Salaries, Directors' Fees, Legal and Miscellaneous Expenses.....	\$67,925.45	
Taxes.....	460.38	
	68,385.83	
NET INCOME.....		\$562,322.08
 APPROPRIATIONS FROM NET INCOME:		
To reserve for general contingencies.....	\$5,000.00	
To employees' benefit fund reserve	5,000.00	
	10,000.00	
BALANCE OF INCOME.....		\$552,322.08

STATEMENT OF SURPLUS

For the Year Ended 31st December, 1942

BALANCE AS AT 1ST JANUARY, 1942.....		\$812,995.00
ADD:		
Balance of Income (as per Income and Expense Statement).....		552,322.08
		\$1,365,317.08
DEDUCT:		
Dividends paid or provided for:		
5½% Cumulative Preferred.....	\$227,150.00	
Class A.....	292,260.00	
	519,410.00	
BALANCE AS AT 31ST DECEMBER, 1942.....		\$845,907.08

DIRECTORS

A. F. ADAMS	VISCOUNT HINCHINGBROOKE
R. L. BENSON	MARTIN LINDSAY
M. A. COLEFAX	HUGH MACKAY
ERNEST E. EVANS	J. C. NEWMAN
PERCY W. EVANS	SIR ALEXANDER ROGER
GORDON FARRELL	F. S. SPRING
HUNTER L. GARY	EMMETT SWANSON
THEODORE S. GARY	A. S. TORREY
G. L. GRAWOLS	F. H. WOODS

F. H. WOODS, Jr.

OFFICERS

A. F. ADAMS	-----	<i>Chairman</i>
F. S. SPRING	-----	<i>President</i>
HUNTER L. GARY	-----	<i>Vice-President</i>
GORDON FARRELL	-----	<i>Vice-President</i>
MARTIN LINDSAY	-----	<i>Vice-President</i>
CAMERON HOUGH	-----	<i>Secretary and Treasurer</i>

