

C
Stack

ANGLO-CANADIAN TELEPHONE
COMPANY

*Fifteenth Annual
Report
1949*

231 ST. JAMES STREET, WEST
MONTREAL

PURCHASED
LIBRARY

MAR 1950

McGILL UNIVERSITY

ANGLO-CANADIAN TELEPHONE COMPANY

231 St. James Street, West

MONTREAL

21st March, 1950.

TO THE SHAREHOLDERS:

The Fifteenth Annual Report of the Anglo-Canadian Telephone Company, covering the calendar year 1949, is submitted herewith on behalf of the Board of Directors.

As in the past and because of our substantial interest in the British Columbia Telephone Company, we are enclosing that company's Annual Report for the year 1949, in which you will note reference is made to that company's application for an increase in exchange rentals and charges for services. Although the hearing in connection with the application of that company was concluded on January 21, 1950, no judgment has yet been rendered by the Board of Transport Commissioners for Canada.

In previous Annual Reports reference has been made to the claim filed with the United States Philippine War Damage Commission for loss or damage incurred to the property of the Philippine Long Distance Telephone Company, in which this Company owns or controls through a subsidiary 24,019 shares of a total issued capital of 70,571 shares. We are informed that early in 1950 the claim was finally adjudicated for a gross amount of approximately \$3,900,000 which represented about 52% of the amount claimed. The amount for which the claim was adjudicated compares favorably with the adjudications received by other utilities and private corporations in the Philippine Islands. Of this gross amount of \$3,900,000 only 75% is recoverable under the provisions of the War Damage Act, the remaining 25% being a general claim against the Japanese government. Recently a payment of 30% of the gross amount of the claim was received approximating \$1,176,000. It is expected that some small additional percentage may be received out of the existing funds available to the United States Philippine War Damage Commission. However, until further funds are appropriated by the Congress of the United States to the United States Philippine War Damage Commission, there will be insufficient funds to pay more than approximately one-half of the amount of the claim recoverable.

The funds received on the claim, under the provisions of the War Damage Act, must be used *primarily in the rehabilitation, improvement or extension of the properties of the Philippine Long Distance Telephone Company*, and out of the funds recently received most of the money will be used in payment of equipment and supplies previously obtained on a credit basis.

The rehabilitation of the properties of the Philippine Long Distance Telephone Company has been progressing satisfactorily. The company now has approximately 50% of the pre-war number of stations in service, or over 15,000 stations. The company is operating under a temporary rate increase which has doubled the pre-war rates for telephone service. The Philippine Long Distance Telephone Company is in arrears on the payment of interest on its outstanding First Mortgage Bonds, and although it is currently earning the annual interest requirements, it is unable to make full payment of interest currently due to the necessity of using available cash toward the rehabilitation of the properties. As far as the arrearage of interest is concerned, the moratorium with respect to the payment of interest and principal on its outstanding bonds is still in effect.

The ultimate outcome as respects this Company's direct and indirect investment in the Philippine Long Distance Telephone Company is not determinable at this time.

For the Board of Directors,

F. S. SPRING,

President.

TORONTO
HAMILTON
OTTAWA
WINNIPEG
CALGARY

RIDDELL, STEAD, GRAHAM & HUTCHISON

CHARTERED ACCOUNTANTS

ESTABLISHED 1869

CABLES RIDSTED MONTREAL

460 ST. JOHN STREET

P.O. BOX 2398 PLACE D'ARMES

MONTREAL 1

EDMONTON
VANCOUVER
LONDON, ENGL.
EDINBURGH, SCOT.

REPRESENTING
ARTHUR ANDERSEN & CO.
CHICAGO-NEW YORK
AND BRANCHES

John Peterson
H. D. Clapperton
C. Gordon Wallace
Gordon S. Small
Alan Fleming
J. Gordon Hutchison
John P. Kung'horn
H. C. D. MacLaggart
Alan E. Pierce
W. Dick Thomson
James W. McLeod
Allan B. Smith
A. Van Horne

TO THE SHAREHOLDERS,

ANGLO-CANADIAN TELEPHONE COMPANY:

We have made an examination of the Balance Sheet as at 31st December, 1949, 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, 1949.

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, 1949.

The Company owns, or controls through its subsidiary, 24,019 shares of 100 Pesos each of Philippine Long Distance Telephone Company (Incorporated in the Philippine Islands) out of a total issued capital of 70,571 shares. The physical assets of Philippine Long Distance Telephone Company are situated in the Philippine Islands. We are informed that the war damage claims filed by that Company with the United States Philippine War Damage Commission have now been adjudicated, and that a payment of 30% of the award has been received by the Philippine Long Distance Telephone Company. The remaining amount which may eventually be recovered on war damage claims cannot be definitely ascertained at this time. No provision has been made for possible capital losses in connection with the foregoing.

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, 1949 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, 9TH MARCH, 1950.

ANGLO-CANADIAN TELEPHONE COMPANY

(An Investment Company)

BALANCE SHEET

As at 31st December, 1949.

ASSETS

INVESTMENTS:

Subsidiary and affiliated companies.....	\$13,743,389.14	
Other investments.....	75,000.00	
		\$13,818,389.14

CURRENT ASSETS:

Cash.....	670,479.89	
Due from subsidiary companies.....	150,842.49	821,322.38
		\$14,639,711.52

LIABILITIES

CAPITAL STOCK:

CUMULATIVE PREFERRED—par value \$50.00 per share —authorized 250,000 shares, issued and outstanding 125,000 shares of 4½% Preferred.....	\$ 6,250,000.00	
CLASS A—par value \$10.00 per share—authorized 850,000 shares, issued and outstanding 487,100 shares.....	4,871,000.00	
DEFERRED—par value \$10.00 per share—authorized 200,000 shares, issued and outstanding 200,000 shares.....	2,000,000.00	
		\$13,121,000.00

CURRENT LIABILITIES:

Accounts payable.....	\$ 7,762.89	
Accrued taxes (including provision for income taxes)	12,625.84	
Due to subsidiary company.....	5,000.00	
Dividends accrued (subsequently declared).....	46,875.00	
		72,263.73
RESERVE FOR EMPLOYEES' BENEFITS.....		27,040.00

SURPLUS:

Reserved for general contingencies.....	\$ 125,000.00	
Unappropriated surplus.....	1,294,407.79	
		1,419,407.79
		\$14,639,711.52

Approved on Behalf of the Board of Directors:

T. S. GARY, *Director*

F. S. SPRING, *Director*

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

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Chartered Accountants,

Auditors.

MONTREAL, 9TH March, 1950.

ANGLO-CANADIAN TELEPHONE COMPANY
(An Investment Company)

STATEMENT OF INCOME AND SURPLUS
For the Year ended 31st December, 1949.

INCOME ACCOUNT

INCOME:

Subsidiary and affiliated companies (dividends*, interest and other income).....	\$822,959.16	
Other companies.....	43.61	
	\$ 823,002.77	

EXPENSES:

General and administrative expenses.....	\$ 99,903.86	
Provision for Income taxes.....	3,556.06	
Other taxes.....	1,764.99	
	105,224.91	

Net Income..... **\$ 717,777.86**

APPROPRIATION FROM INCOME:

To reserve for general contingencies.....	25,000.00	
	\$ 692,777.86	

SURPLUS ACCOUNT

BALANCE AS AT 31ST DECEMBER, 1948..... \$ 987,536.97

ADD:

Transfer from investment reserve.....	187,602.96	
Balance of Income for the year ended 31st December, 1949.....	692,777.86	
	\$1,867,917.79	

DEDUCT:

Dividends paid or provided for:		
4½% Cumulative Preferred Stock.....	\$281,250.00	
Class A Stock.....	292,260.00	
	573,510.00	

Balance as at 31st December, 1949..... **\$1,294,407.79**

* Including 36,220 shares of Telephone Securities, Limited Capital Stock received as a dividend in kind and recorded at the nominal value of \$1.00.

