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ANGLO-CANADIAN TELEPHONE
COMPANY

*Sixteenth Annual
Report
1950*

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ANGLO-CANADIAN TELEPHONE COMPANY

901 Victoria Square

MONTREAL

20TH MARCH, 1951.

TO THE SHAREHOLDERS:

There is submitted herewith on behalf of the Board of Directors the Sixteenth Annual Report of the Anglo-Canadian Telephone Company, covering the calendar year 1950.

As in the past, and because of our substantial interest in the British Columbia Telephone Company, we are enclosing copy of that company's Annual Report for the year 1950 in which you will note a favourable judgment was received by them from the Board of Transport Commissioners for Canada on their application for an increase in exchange rentals and charges for services.

During the year 1950, the British Columbia Telephone Company arranged for additional financing to provide funds to enable that company to continue its large expansion program. Included in the new financing was an issue of 20,000 shares of Ordinary Stock, which shares were sold to the public, thus resulting in a total of 80,000 Ordinary shares now issued and outstanding, of which Anglo-Canadian Telephone Company owns 60,000 shares, or 75% thereof.

In former years, this Company's Investment Account included a long term account of Compania Dominicana de Telefonos, C. Por A., an affiliated company, amounting to U.S. \$1,170,000, as well as 1,000 shares of that company's Common Stock. During the past year, Anglo-Canadian Telephone Company accepted an offer made by the Dominicana company to settle the long term account by the issuance of additional Common Stock having a par value of 1,120,000 Dominican Republic pesos (one peso is equivalent to one United States dollar) and by a cash payment of U.S. \$50,000. Accordingly, this Company now owns 12,200 shares of the Common Stock of the Dominicana company having a par value of 100 Dominican Republic pesos per share, and which represents 100% of the issued and outstanding Common Stock of that company. Anglo-Canadian Telephone Company received dividends on these shares at the rate of \$9.00 per share in the year 1950, and expects to receive \$9.00 or more per share in 1951.

As pointed out in previous reports, this Company owns, or controls through a subsidiary, 24,019 shares of a total issued capital of 70,571 shares of the Philippine Long Distance Telephone Company. We are informed that continued progress was made by that company during the year 1950 with 19,763 stations now in service, which is approximately 67% of the pre-war total.

Reference has been made previously to the fact that 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 had been adjudicated for a gross amount of approximately \$3,900,000 and, further, that a payment of 30% of the amount adjudicated, or approximately \$1,176,000, had been received. In September 1950 an additional 22% of the adjudicated amount, or approximately \$882,000, was received, making a combined total thus far received of \$2,058,000. No further payments on the claim can be expected until the Congress of the United States appropriates additional funds for the purpose.

As pointed out in the 1949 Annual Report, the Philippine Long Distance Telephone Company is in arrears on the payment of interest on its outstanding First Mortgage Bonds. In connection with this we have been informed that the Philippine Long Distance Telephone Company has made an offer of exchange to the holders of its bonds whereby new bonds, with both principal and interest payable in lawful money of the Philippine Republic, will be exchanged in an amount equal to the presently outstanding bonds plus the accrued and unpaid interest thereon.

For the Board of Directors,

F. S. SPRING,

President.

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RIDDELL, STEAD, GRAHAM & HUTCHISON

CHARTERED ACCOUNTANTS

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ARTHUR ANDERSEN & CO.
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5TH MARCH, 1951.

TO THE SHAREHOLDERS,
ANGLO-CANADIAN TELEPHONE COMPANY:

We have made an examination of the balance sheet as at 31st December 1950 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 1950.

The Company owns, or controls through a 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 payments of approximately 52% of the award have 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.

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 the reports of subsidiary companies, the accompanying balance sheet as at 31st December 1950 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.

ANGLO-CANADIAN TELEPHONE COMPANY

(An Investment Company)

BALANCE SHEET

As at 31st December, 1950.

ASSETS

INVESTMENTS:

Subsidiary and affiliated companies.....	\$13,710,668.14	
Other investments.....	75,000.00	
		\$13,785,668.14

CURRENT ASSETS:

Cash.....	\$ 848,169.52	
Due from subsidiary companies.....	168,870.25	1,017,039.77
		\$14,802,707.91

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.....	\$ 2,637.30	
Accrued taxes (including provision for income taxes)	83,698.01	
Due to subsidiary company.....	5,000.00	
Dividends accrued (subsequently declared).....	46,875.00	
		138,210.31
RESERVE FOR EMPLOYEES' BENEFITS.....		27,560.00

SURPLUS:

Reserved for general contingencies.....	\$ 150,000.00	
Unappropriated surplus.....	1,365,937.60	
		1,515,937.60
		\$14,802,707.91

Approved on Behalf of the Board of Directors:

THEODORE 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, 5TH March, 1951.

ANGLO-CANADIAN TELEPHONE COMPANY
(An Investment Company)

STATEMENT OF INCOME AND SURPLUS
For the Year ended 31st December, 1950.

INCOME ACCOUNT

INCOME:

Subsidiary and affiliated companies (dividends*, interest and other income).....	\$ 931,973.71
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EXPENSES:

General and administrative expenses.....	\$105,879.73
Provision for Income taxes.....	85,463.22
Other taxes.....	1,880.95
	193,223.90

Net Income.....	\$ 738,749.81
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APPROPRIATION FROM INCOME:

To reserve for general contingencies.....	25,000.00
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Balance of Income.....	\$ <u>713,749.81</u>
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SURPLUS ACCOUNT

BALANCE AS AT 31ST DECEMBER, 1949.....	\$1,294,407.79
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ADD:

Balance of Income for the year ended 31st December, 1950.....	713,749.81
	\$2,008,157.60

DEDUCT:

Dividends paid or provided for:	
4½% Cumulative Preferred Stock.....	\$281,250.00
Class "A" Stock.....	340,970.00
Deferred Stock.....	20,000.00
	642,220.00

Balance as at 31st December, 1950.....	\$ <u>1,365,937.60</u>
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* Including 5,800 shares of Telephone Securities, Limited Capital Stock received as a dividend in kind from a wholly owned subsidiary company and recorded at the nominal value of \$1.00.

DIRECTORS

A. F. ADAMS
R. L. BENSON
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JAMES A. CODE, JR.
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GORDON FARRELL
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G. L. GRAWOLS

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WALTER BEDELL SMITH
F. S. SPRING
EMMETT SWANSON
A. S. TORREY
F. H. WOODS, JR.

T. C. WOODS

OFFICERS

A. F. ADAMS	-	-	-	-	-	-	-	-	-	-	<i>Chairman</i>
F. S. SPRING	-	-	-	-	-	-	-	-	-	-	<i>President</i>
V. E. CHANEY	-	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
JAMES A. CODE, JR.	-	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
GORDON FARRELL	-	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
THEODORE S. GARY	-	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
CAMERON HOUGH	-	-	-	-	-	-	-	-	-	-	<i>Secretary and Treasurer</i>

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