

Annual Report
1950



THE BELL TELEPHONE COMPANY OF CANADA



Defly and swiftly completing calls across the street or across the continent, operators are part of our team of 19,000 competent women. People have come to expect telephone women to be friendly, helpful and considerate. Their willingness and good nature add extra value to efficient service.

Annual Report

OF THE
DIRECTORS

TO THE SHAREHOLDERS

OF

THE BELL TELEPHONE
COMPANY OF CANADA

1050 BEAVER HALL HILL
MONTREAL



FOR THE YEAR ENDED DECEMBER 31, 1950

More people used more telephones more often; the demand for new service was well maintained (Page 7)

- ▶ 131,000 new telephones brought the total in service to 1,726,000
- ▶ Local calls rose 10% over 1949 and long distance calls were 13% higher
- ▶ There were 78,000 applications for new service and 89,000 requests for higher grades of service unfilled at the year-end

Higher rates improved the Company's earnings (Page 9)

- ▶ The Board of Transport Commissioners granted a temporary increase in rates, effective from July 22, designed to increase revenue by 16%, thus halting the depletion of our surplus
- ▶ Net income was equal to \$1.53 per share; to meet dividends of \$2.00 per share \$3.2 million were withdrawn from surplus
- ▶ In its final judgment the Board granted our application for higher rates
- ▶ The new rates are effective from January 1, 1951

Revenues were up more than expenses (Page 9)

- ▶ Total revenue was 19% more than in 1949
- ▶ Operating expenses were 15% higher
- ▶ Federal and provincial income taxes came to almost \$6.9 million — 53% more than in 1949
- ▶ Total taxes paid by the Company were equivalent to \$1.73 per share
- ▶ These, plus taxes collected from customers, amounted to \$8.08 per telephone for the year compared to \$7.22 in 1949

We continued to expand and improve plant and facilities (Page 10)

- ▶ \$69 million were expended on new construction
- ▶ Plant investment now totals over \$522 million or an average of \$302 per telephone

Employment and pay roll reached new peaks (Page 18)

- ▶ The number of employees increased to 30,000
- ▶ The pay roll was up 12% to \$69 million

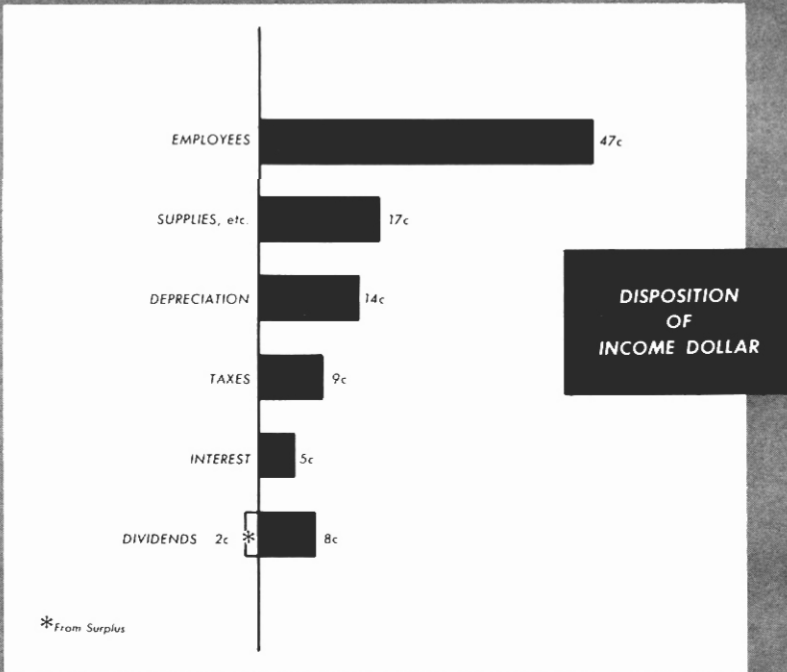
Investors showed confidence in the Company (Page 13)

- ▶ \$42 million new capital was raised through the largest stock issue ever offered to Canadian investors by a Canadian company
- ▶ Shareholders now number 78,000 — 31% more than last year — three times the total at the end of 1945
- ▶ 98% of shareholders, owning 87% of our stock, are Canadians
- ▶ Shareholder approval will be sought for issuance of a new series of first mortgage bonds, for a total face value of \$50 million

FINANCIAL SUMMARY

OPERATING REVENUES	\$128,308,201	
OTHER INCOME—NET	1,536,414	
TOTAL		\$129,844,615
OPERATING EXPENSES	\$101,608,805	
TAXES	11,721,000	
INTEREST	6,191,266	
TOTAL		119,521,071
NET INCOME AVAILABLE FOR DIVIDENDS .		\$ 10,323,544
DIVIDENDS		13,534,797
BALANCE CHARGED TO EARNED SURPLUS .		\$ 3,211,253

COMPARATIVE INCOME STATEMENT APPEARS ON PAGE 24



DIRECTORS

L. J. ADJUTOR AMYOT *Quebec*
WILLIAM F. ANGUS* *Montreal*
HENRY BORDEN, K.C. *Toronto*
J. HOLLIS BRACE *Montreal*
C. GORDON COCKSHUTT *Brantford*
CLEO F. CRAIG *New York*
HON. C. A. DUNNING, P.C.* *Montreal*
JAMES A. ECCLES* *Montreal*
C. EDOUARD GRAVEL* *Montreal*
FREDERICK JOHNSON* *Montreal*
ROBERT A. LAIDLAW *Toronto*
ROBERT V. MACAULAY* *Montreal*
HON. S. C. MEWBURN, P.C., K.C. *Hamilton*
CHARLES F. SISE* *Montreal*
PAUL F. SISE* *Montreal*
**Member of the Executive Committee*

THE BELL TELEPHONE COMPANY OF CANADA

OFFICERS

CHARLES F. SISE, *Chairman of the Board*
FREDERICK JOHNSON, *President*
ROBERT V. MACAULAY, *Executive Vice-President*
J. HOLLIS BRACE, *Vice-President*
THOMAS W. EADIE, *Vice-President*
SIMCOE C. SCADDING, *Secretary*
JACK R. LOGAN, *Treasurer*
JOHN CLEUGH, *Comptroller*
NORMAN A. MUNNOCH, K.C., *General Counsel*
R. HOLLEY KEEFLER, *Assistant to the President*
EDWARD A. ROLPH, *General Manager*
HAROLD G. YOUNG, *General Manager, Western Area*
DOUGLAS W. FERRIER, *General Manager, Eastern Area*

71st Annual Report

This report of the Board of Directors to the shareholders for the year 1950 is presented also for the information of the employees, who have invested their careers in the business, and for the information of the public, who have entrusted to The Bell Telephone Company of Canada the provision of an essential service.

NINETEEN FIFTY was another year of achievement for the Company. Again we extended our service to many thousands of new customers and in thus enlarging its scope we made it more valuable to everyone. We put through a record volume of calls, both local and long distance, and by constant effort made worthwhile gains in service improvement. To all this the men and women of the Company made a commendable contribution.

The year was marked by the successful conclusion of our application for increased rates. We continued to expand our plant through the expenditure of many millions of dollars, and again there was a large increase in the number of shareholders.

Many new circuits were added to our long distance facilities, and the capacity of our exchange plant was expanded in making service available to more people. In designing these facilities we made good use of modern devices and methods. By far the greater part of the telephones added during the year were connected to dial switching equipment.

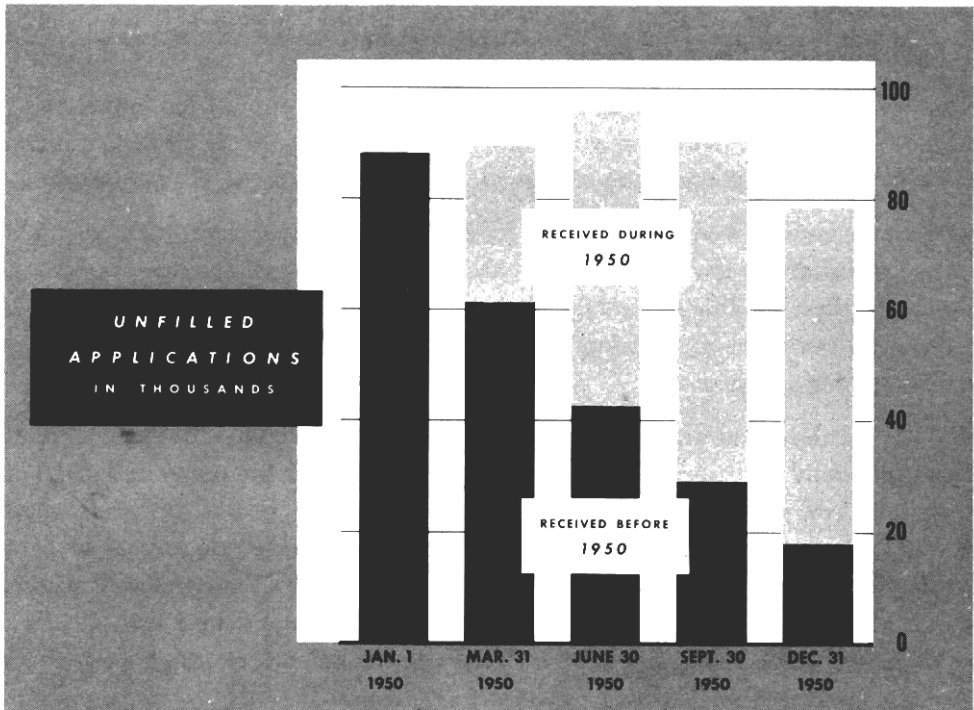
Cordial relations and active cooperation prevailed throughout the year, as they have for many years past, between this Company and numerous independent telephone companies also serving the people of Ontario and Quebec. Across Canada, the interchange of calls among the major telephone organizations comprising the Trans-Canada Telephone System provided a country-wide service capable of linking close to three million telephones. Connections with the lines of the Bell System continued to afford access to the millions of telephones serving

the United States, and through these connections or directly we were able to provide service with telephone systems in 91 overseas countries. The communication service which results from the interconnection of these telephone systems constitutes a national asset of great value.

THE HIGHER RATES NEEDED WERE AUTHORIZED

The Company's application for approval of revised tariffs was granted by The Board of Transport Commissioners for Canada by its final judgment of November 15. The new rates, effective January 1, 1951, are expected to result in an increase in revenue to the extent sought by the Company.

The Board recognized the urgency of the Company's need for additional revenue and authorized temporary rates to be effective from July 22 until superseded by the rates finally established. The interim rates, designed to increase revenue by about 16 per cent, were applied for the remaining portion of the year, thus bringing to a halt the depletion of surplus which had taken place in each month since December 1948.





More than 131,000 new telephones were added in 1950. The number added in the last ten years is greater than the total gained in the previous 60 years. Every new telephone adds to the value of those already in service. You can call more people, and more people can call you.

The final judgment of the Board followed 50 days of hearings during which evidence and argument were advanced by both the Company and those municipalities which participated in the proceedings. The judgment endorsed the Company's policies and practices on many vital matters. The increased revenue provided by the new rates should permit the Company to meet higher operating costs and to earn its normal dividend requirements during 1951. This will assist in obtaining the capital required to continue the construction of telephone plant still needed to meet the public's demand for service.

WE SUPPLIED MORE SERVICE TO MANY MORE PEOPLE

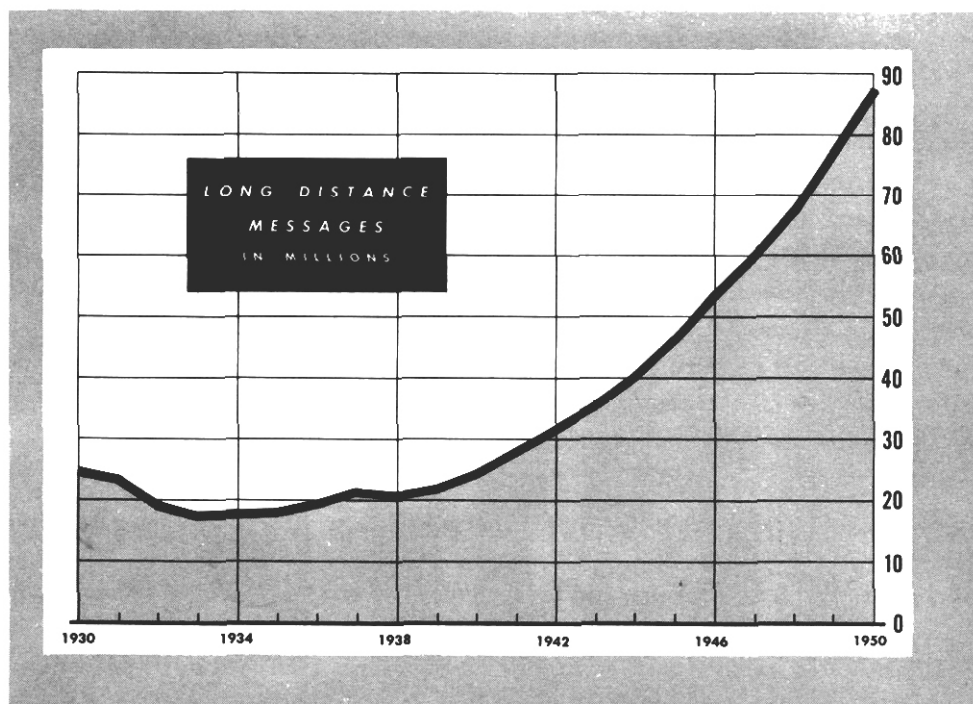
Demand for both new service and higher grades of service continued throughout the year. With the addition of 131,142 telephones, the number in service reached 1,726,326. This growth was accomplished by filling a large number of orders carried forward from the preceding year and by meeting many current requests in localities where facilities became available. Despite these efforts we were still

holding at the year-end 78,000 deferred orders for telephones. In addition to installing new telephones, we were able during the year to meet orders from 26,000 customers for higher grades of service but we had to defer 89,000 such orders, mainly for changes from two-party to one-party service.

Use of the service increased at an even higher rate than the growth in telephones. The daily average of local calls passed 11,000,000, an increase of 10 per cent, and the total number of long distance calls for the year increased by 13 per cent to 87,500,000.

This heavy volume of traffic was handled with dispatch through augmented central office facilities. Local service through both manual and dial equipment continued to be speedy, and was still more accurate. The speed of long distance service was maintained and its quality was further improved. More than 90 out of every 100 long distance calls completed were put through while the customer held the telephone, and the average time needed to complete a call was further reduced.

The proportion of Company telephones equipped with hand sets continued to increase, as did the proportion of dial telephones. More than three-quarters of our telephones are now hand sets and about the same proportion are served by dial equipment.

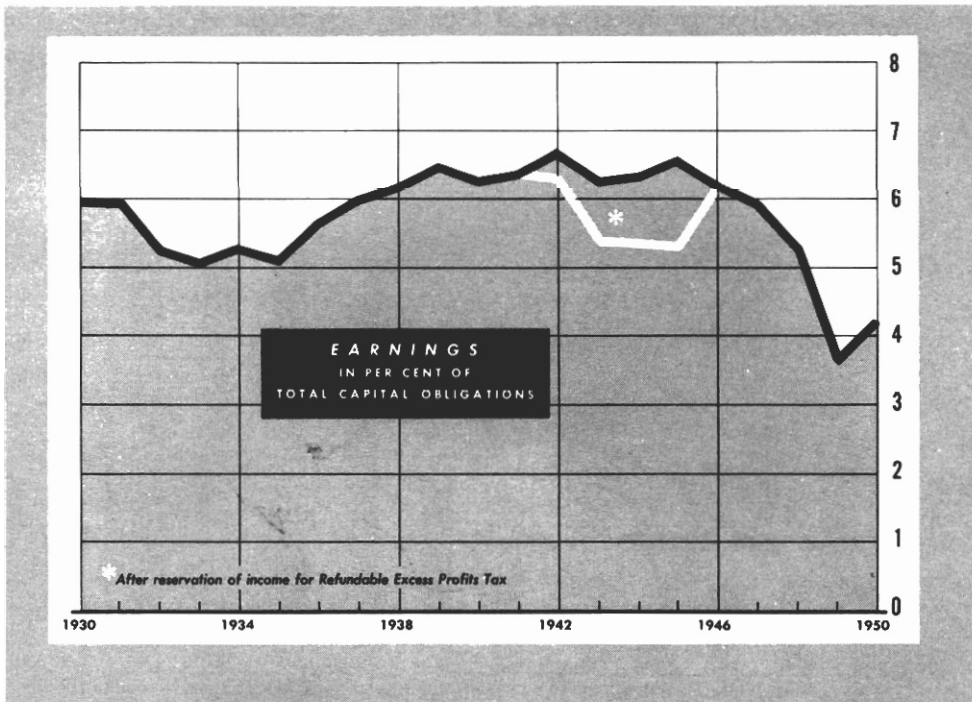


EARNINGS WERE IMPROVED WITH INTERIM RATE INCREASE

The increased rates authorized by the interim order of The Board of Transport Commissioners for Canada were effective from July 22 but the increased revenue received subsequent to that date was not enough to counterbalance the deficiencies in the preceding seven months. Net income available for dividends amounted to only \$10,323,544, or \$1.53 per share. However, the dividend was maintained at the regular rate of \$2.00 per share by drawing on surplus to the extent of \$3,211,253.

Revenues for the year totalled \$129,844,615, an increase over the previous year of \$20,337,772, or 19 per cent. Revenues from local service increased by 20 per cent to a total of \$75,327,113 and long distance revenues increased by 19 per cent to \$44,758,197. Miscellaneous operating revenues amounted to \$8,458,523, an increase of 12 per cent, but other income declined by 8 per cent to \$1,536,414.

Operating expenses at \$101,608,805 were higher than in the year before by \$13,485,200, or 15 per cent. Of the increase, \$7,283,527 was due to a higher expense pay roll resulting from the employment of more people and increased rates



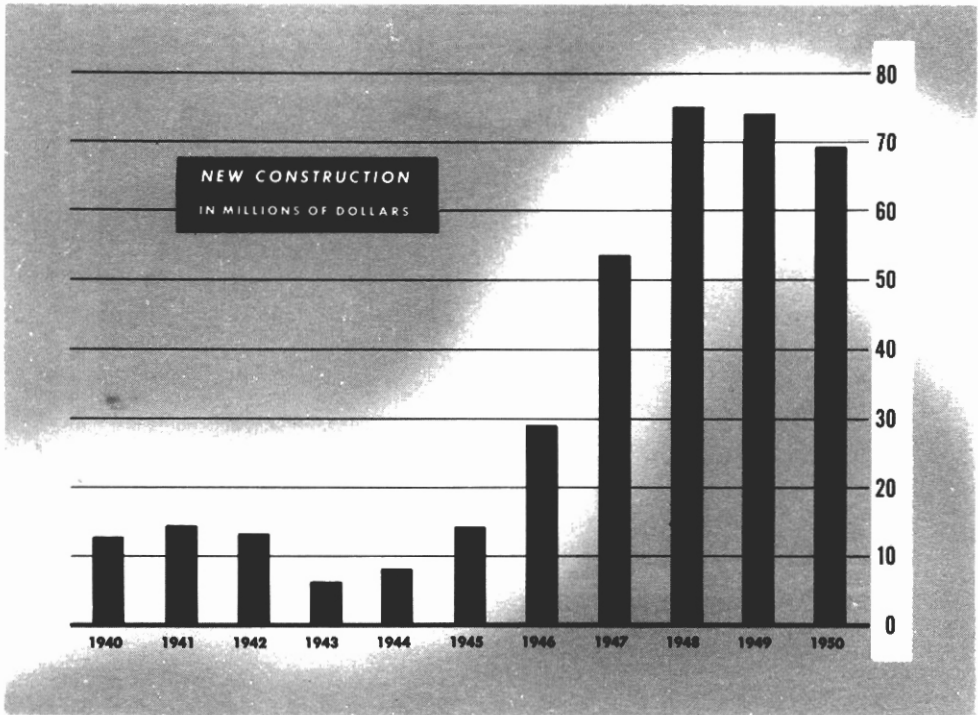
of pay, and \$2,391,716 was due to an increase in depreciation expense, resulting from increased investment in plant and equipment.

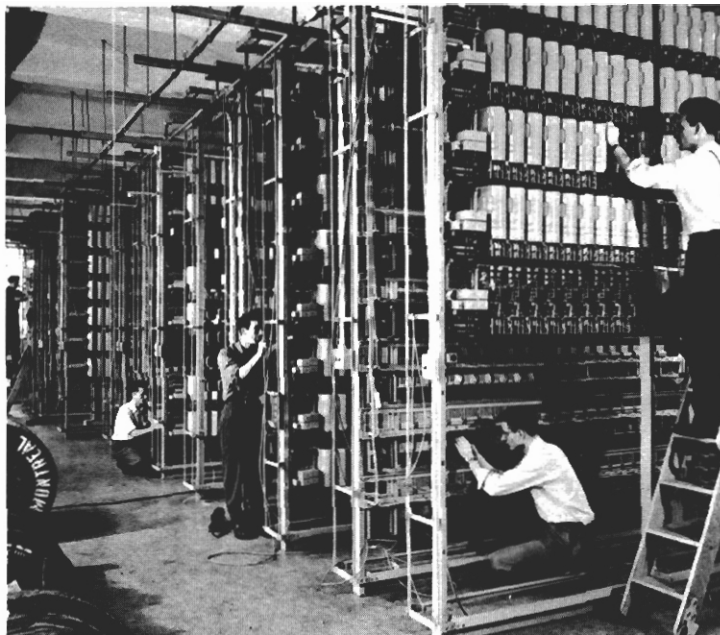
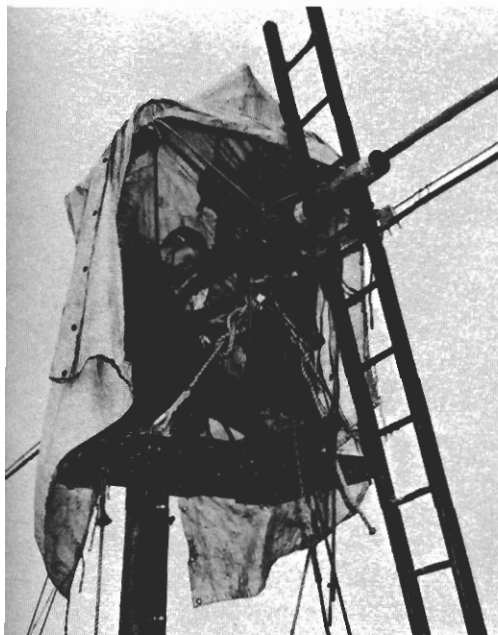
Interest charges totalled \$6,191,266, an increase of \$754,424 over the previous year caused by the greater amount of debt obligations outstanding.

Federal and provincial income taxes increased by \$2,391,000 to a total of \$6,891,000 because of a higher taxable income and an increase of 5 per cent in the federal rate effective September 1. Other taxes were higher by \$865,000, due principally to increased payments to municipalities. The total taxes borne by the Company, amounting to \$11,721,000, were equivalent to \$1.73 per share of stock. In addition to these taxes, the Company collected from its customers and remitted to the various governments direct taxes amounting to \$1,677,000 for the year. Taxes collected from customers plus those borne by the Company were equivalent to \$8.08 per telephone for the year as compared with \$7.22 the year before.

WE INVESTED MANY MILLIONS IN NEW PLANT

The expansion and improvement of our plant was continued and expenditures for new construction totalled \$69,300,000. After allowing for the original cost of plant removed from service, fixed capital increased by \$58,837,885 to \$522,086,474, equivalent to an average investment of \$302 for each telephone in service. The





Since 1945 we have added about 2¼ million miles of wire and installed enough dial equipment to serve 423,000 telephones. Today, three-quarters of our customers have dial service. Careful planning, research, engineering and technical skill go into building and installing complex telephone equipment.

sharply upward trend in this figure from \$236 in 1946 has been brought about by the necessary addition and replacement of large amounts of plant at cost levels much higher than the average cost of the older plant.

ALL TYPES OF PLANT WERE AUGMENTED

Greater capacity for local telephone service was provided at 148 central office locations. In many cases the need for extension was met by additions to existing switchboards and associated equipment. In other instances, where full capacity of equipment or premises had been exhausted, complete new central offices were installed. Such cases included the replacement of seven manual centres, serving 36,500 telephones, by dial offices of greater capacity.

Switchboards for long distance connections were added to, or replaced by larger boards, in 33 towns and cities. Other major installations of long distance equipment included 19 carrier systems; each of these is capable of transmitting 12 separate conversations simultaneously. A total of 959 telephone repeaters, necessary to maintain speech transmission at a satisfactory level over long distances, were installed at 23 points.

More than 850 new long distance circuits, including those provided by carrier systems, were completed and placed in service to augment the circuits already in use. Many thousands of new local circuits also were installed, linking subscribers to central offices and providing channels between the central offices in larger cities. In Toronto, the subway project required extensive work by the Company in temporarily relocating cables and in preparing for their replacement on other routes.

The construction of 16 new buildings and of 11 building extensions was completed during the year and work was in progress at the year-end on 25 other buildings. The new structures completed included two in large cities, each capable of housing more than one dial central office, seven in smaller cities for dial equipment, and three large work-centre-garages. Of the extensions to existing buildings, one provided for a large dial installation and another for new long distance equipment as well as dial equipment for local service.

Expansion on so large a scale required a sustained high level of output of telephone equipment and materials by the Northern Electric Company Limited. During the year they supplied us with 217,000 telephones, 354 switchboard operating positions, dial equipment capable of serving over 105,000 customers and telephone cables containing more than half a million miles of wire.

WE MADE TECHNICAL PROGRESS TO PROTECT AND IMPROVE SERVICE

The continuing search for more effective, more reliable and more economical means of giving telephone service led during the year to the adoption of many tested improvements. Portable, self-contained radio transmitter-receivers, designed to bridge temporary gaps in long distance facilities, were placed at certain strategic points. Additional diesel-powered standby generators were installed to supply electricity to central offices and thus maintain telephone service in the event of power failure. An entire new system of collecting and counting the coins deposited in public telephones, which will effect economies in these processes, was put in effect in Montreal and Toronto.

CAPITAL WAS AGAIN GREATLY INCREASED

The Company's needs for capital to finance the continued expansion of its plant were met through a combination of temporary and permanent financing.

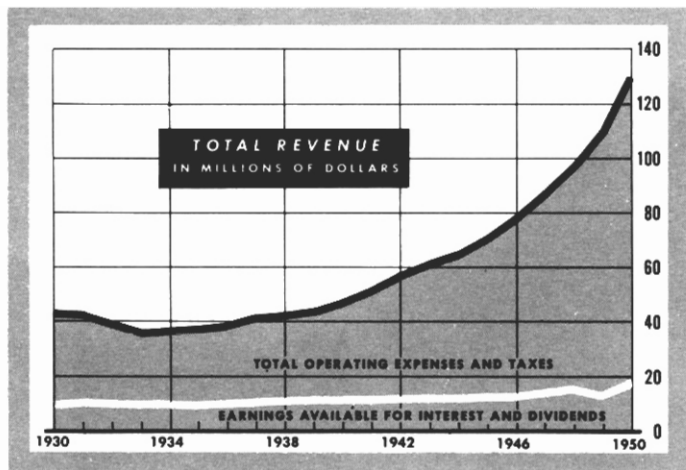


Long Distance operators put through 240,000 calls a day. They dial over 20 per cent of these calls straight through to the distant telephone. Calls go through faster, more accurately. This new method is being extended so that people can communicate with one another more quickly — so that telephone service will be still more useful.

Current requirements were met by the sale of short term $2\frac{3}{4}$ per cent registered notes. By October these totalled \$38,500,000, of which \$6,000,000 had been issued in the preceding year. All of these notes were redeemed by October 31 from the proceeds of the stock issue made in that month. Before the end of the year a further \$7,500,000 of similar notes were sold.

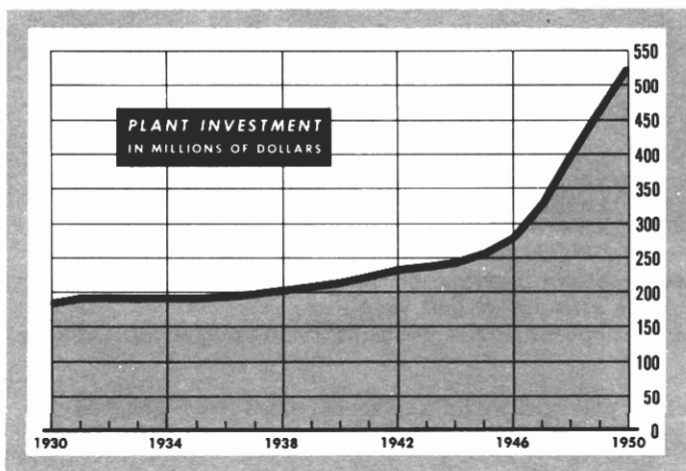
The stock issue in October set a record in permanent financing in that it was the largest offering of its kind ever made to Canadian investors by a Canadian company. With the approval of The Board of Transport Commissioners for Canada 1,292,805 shares, of a par value of \$25 each, were offered to shareholders of record on September 22 on the basis of one share for each five shares held. The price was set at \$33 per share. All but a fraction of one per cent were subscribed, providing the Company with over \$42,290,000 of new capital.

In addition, 140,000 shares of stock were issued during the year under the provisions of the Employees' Stock Plan.



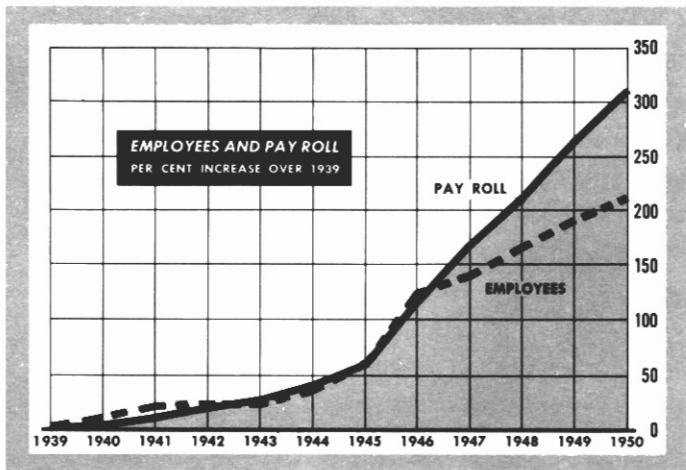
TOTAL REVENUE

Increased rates effective from July 22 raised total revenue; while total operating expenses and taxes also increased, earnings available for interest and dividends were higher.



PLANT INVESTMENT

Fixed capital continued the trend followed since 1946; the investment per telephone in service increased to an average of \$302.

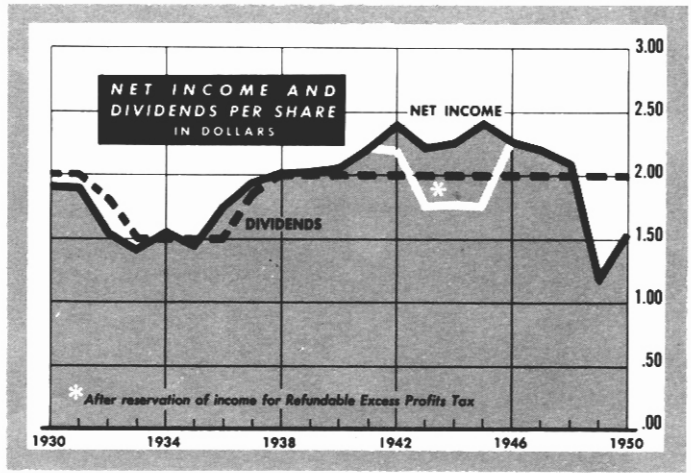


EMPLOYEES AND PAY ROLL

More telephones in service and greater usage required the employment of more people; this together with higher rates of pay increased the pay roll.

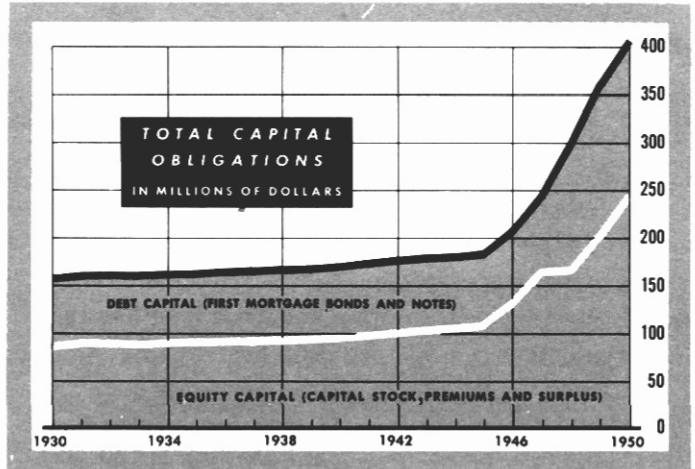
**NET INCOME
AND DIVIDENDS
PER SHARE**

Net income per share improved, but payment of dividends at the established rate required withdrawals from surplus.



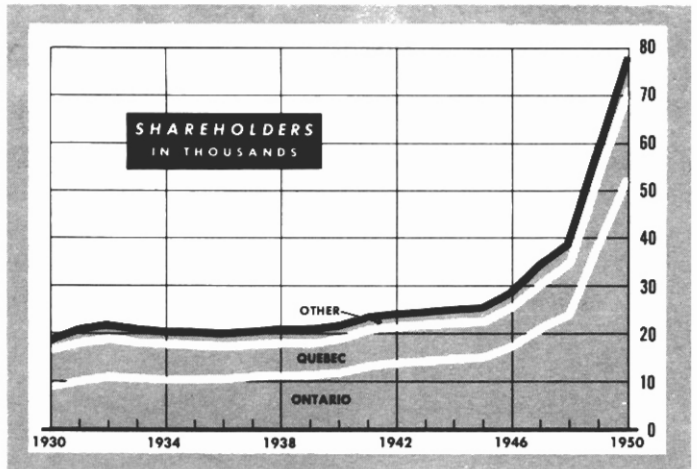
**TOTAL
CAPITAL
OBLIGATIONS**

To provide the money for expansion and improvement, additional shares were sold; the ratio of equity to total capital improved.



SHAREHOLDERS

The number of shareholders increased by over 18,000; Bell ownership is shared by more Canadians than that of any other Canadian company.



A substantial saving in interest payments and of United States funds will result over the next ten years from the sale on May 1 of \$8,000,000 Series H bonds bearing interest at the rate of 2½ per cent. These bonds, payable as to principal and interest in United States funds, mature on May 1, 1960, and are callable by the Company at any prior date. The United States funds from this issue were used to redeem, at 105 per cent, all of the \$7,500,000 outstanding bonds of Series C, due May 1, 1960, which bore interest at the rate of 5 per cent and were payable in Canadian or United States funds at the holder's option.

In order that additional new capital may be sought in such manner and amounts and at such times as may best serve the interests of the Company, the directors will ask the shareholders for authority to create and issue a new series of first mortgage bonds to an aggregate principal amount of \$50,000,000. The directors will also seek authority to increase from \$10,000,000 to \$20,000,000 the amount of obligations ranking junior to the first mortgage bonds which they may issue.

MANY MORE PEOPLE BECAME SHAREHOLDERS

The number of shareholders increased during the year by more than 18,000. The total at the end of the year was 77,965, over three times the number at the end of 1945. Canadian shareholders numbering 76,203, or 97.7 per cent of the total number, own 87 per cent of the Company's stock. Of the Canadian shareholders 70,762, or over 90 per cent of the total, reside in Ontario and Quebec where the Company operates and own nearly 81 per cent of the outstanding shares. Shareholders resident in other countries hold less than 13 per cent of the shares; this figure includes 9.7 per cent held by the American Telephone and Telegraph Company. Women investors constitute over 58 per cent of the total number of shareholders and own 35 per cent of the outstanding shares. Employees and pensioners of the Company who are shareholders now number 9,758 and hold 663,530 shares or 8.5 per cent of the total outstanding.

The average number of shares now held by all shareholders is 100, compared with 106 a year ago and the equivalent of 137 shares of the present par value in 1945. Approximately 39 per cent of all holders own 25 shares or less, and 78 per cent own less than 100 shares.

RELATIONS WITH OTHER COMPANIES WERE CORDIAL

The Company continued to improve its relations with the many smaller telephone systems which connect with its system at numerous points in Ontario and Quebec. As well as providing training courses and technical assistance, the Company last year issued a manual covering all aspects of the operation of small telephone systems.



Good telephone service depends on close attention to a multitude of essential details. By making the Company a good place to work we attract capable people whose efficiency helps provide consistently good telephone service.

In order to provide for more uniform and economical operation we amalgamated with our own system the plant of three smaller telephone companies already owned or controlled by the Company. These were the Southern Ontario Telephone Company, serving a number of communities in Ontario near the town of Simcoe, the Farmers' Telephone Company in the vicinity of Ormstown, Quebec, and Le Téléphone Labelle Limitée, operating in the region of l'Annonciation, Quebec. These transactions involved a total of 10,500 telephones.

Further improvement was made in the country-wide long distance service over the Trans-Canada Telephone System, largely as a result of the addition of 27,000 miles of circuits which provided more adequate facilities. Calls over the System increased by about 17 per cent and revenue by about 18 per cent.

HARMONY MARKED EMPLOYEE RELATIONS

Relations with employees continued to be harmonious through the year. New collective agreements involving increases in wages were negotiated with the Traffic Employees' Association, representing telephone operators and dining

service employees, and with the Canadian Telephone Employees' Association, representing employees in plant craft and plant services occupations and in clerical and equipment sales occupations.

The number of employees again increased. The total is now 30,054, of whom 19,057 are women — a slightly higher proportion of the total than in the preceding year. Total pay roll for the year amounted to \$69,015,903, having increased by 12 per cent.

EMPLOYEE HEALTH AND SECURITY PLANS WERE BROADENED

Services for the improvement of health and the prevention of sickness were extended to greater numbers of employees during the year. Some services of the kinds provided through the Company's health centres in six large cities were also made available to employees in five additional cities. A new general health course for women was introduced, extending the benefits of health counsel to many more employees than those who have occasion to visit the health centres. Progress was made in a program to improve rehabilitation after sickness or injury by close cooperation between the Company's medical department and the physicians of individual employees.

PLAN FOR EMPLOYEES' PENSIONS, DISABILITY BENEFITS AND DEATH BENEFITS

	<i>No. of Cases</i>	<i>Amount</i>
PENSIONS		
Service (paid from pension trust fund)	1,035	\$ 784,760.11
Disability	134	57,888.98
BENEFITS		
Accident (including expenses)	721	35,962.94
Sickness	4,302	758,124.96
Death	223	186,979.30
Total	6,415	\$1,823,716.29

Over \$6,700,000 was expended during the year for such purposes as accruals to the Company's Pension Trust Fund, payments to employees absent because of sickness or accident, and death benefits to dependents of deceased employees and pensioners. These payments in total were equivalent to 9.7 per cent of the pay roll for the year as compared with 7.9 per cent in the previous year. The increase is mainly the result of meeting the requirements of the latest periodic actuarial evaluation of the Pension Trust Fund.

Deductions from employees' pay on their individual authorizations amounting in the year to \$7,225,000 comprised payments of premiums on life insurance and Government Annuity contracts, instalments towards the purchase of Company stock and Canada Savings Bonds and subscriptions under the Blue Cross hospital service plan. Insurance in force under the Employees' Life Insurance Plan totalled \$25,868,000; this included an increase of \$1,207,000 during the year. Over 16,500 employees, or 63 per cent of those eligible, were subscribing at the end of the year under the Employees' Stock Plan. In addition, the Company arranged to make pay roll deductions for employees participating in a new group insurance plan made available to its members by the Canadian Telephone Employees' Association and for employees in Ontario joining the newly-formed Ontario Telephone Employees' Credit Union.

OUR PEOPLE SERVED WITH DISTINCTION AS EMPLOYEES AND CITIZENS

Employees of all ranks and occupations worked willingly and effectively to make the year's results possible. We can be confident that they will approach with equal zest and spirit the tasks that lie ahead.

As good citizens, a number of employees distinguished themselves and the Company by acting with courage and resourcefulness in the public interest. One such act of great courage, which is deserving of the highest commendation, cost the life of George Arthur Roy of Montreal, splicer's helper, who died in an attempt to rescue a youth from a burning building. Charles Chalmers of Montreal, cable splicer, and Yvon Cloutier of Ste. Agathe, lineman, were awarded citations for acts which, in both cases, resulted in saving boys in danger of drowning. James B. Graham, Albert A. Lowin, Leo Morrissette and Rupert A. Taylor, central office men, and Allan J. Leigh, test centre foreman, all of Montreal, were awarded citations recognizing their courageous act in together subduing a dangerous fire in one of the Company's buildings.

Twenty-eight other employees were commended for prompt, effective actions which prevented the injury or lessened the suffering of persons involved in highway and other accidents. In most of these instances the skill and knowledge employed had been acquired through first aid courses regularly conducted by the Company for its employees.

WE GO STEADILY FORWARD

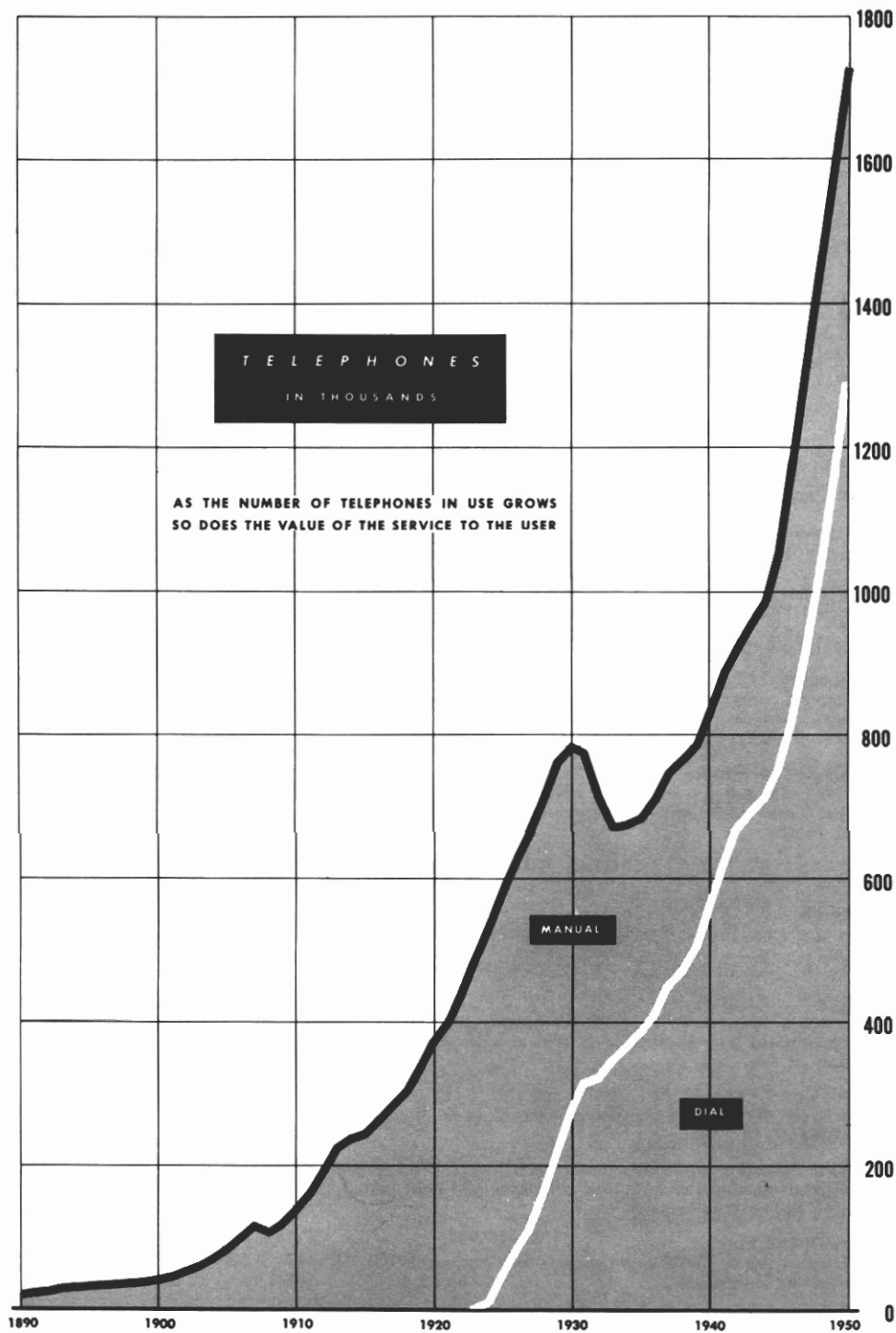
The year was one of marked progress. The quality of service provided to our customers was improved and, in fact, surpassed the highest standards attained in recent years. We cannot yet furnish service on demand to all who wish to have it, but we are making progress in reducing the number of those who are waiting. Plans providing for the further expansion of our facilities will continue to be carried out as speedily as the availability of labour and materials will permit. We can look forward to steady progress in giving our customers the best possible telephone service, at the lowest cost that will enable us to continue to pay fair wages to our employees and a reasonable and regular return to those who invest their money in the business.

For the BOARD OF DIRECTORS,

A handwritten signature in cursive script, appearing to read "J. Johnson".

MONTREAL, FEBRUARY 5, 1951.

President.



COMPARATIVE

BALANCE SHEET

	ASSETS	
	Dec. 31, 1950	Dec. 31, 1949
FIXED CAPITAL (at cost)		
LAND AND BUILDINGS	\$ 50,427,736.25	\$ 45,530,172.08
TELEPHONE PLANT Central office equipment, right-of-way, poles, underground conduit, cable, wire, and telephone equipment on customers' premises.	453,966,603.81	401,706,553.19
GENERAL EQUIPMENT Storeroom and garage equipment, motor vehicles, tools and office furniture and equipment.	17,692,133.77	16,011,863.51
TOTAL FIXED CAPITAL	\$522,086,473.83	\$463,248,588.78
INVESTMENT SECURITIES (at cost)		
SUBSIDIARY COMPANIES	\$ 10,155,665.15	\$ 10,300,292.67
OTHER INVESTMENT SECURITIES Market values (book values where market values are not available) exceed the cost.	9,089,680.54	8,793,522.39
TOTAL INVESTMENT SECURITIES	\$ 19,245,345.69	\$ 19,093,815.06
CURRENT ASSETS		
CASH	\$ 851,837.59	\$ 930,377.13
TEMPORARY CASH INVESTMENTS	—	1,000.00
MATERIAL AND SUPPLIES Principally for construction and maintenance purposes, held at cost, less a reserve of \$99,745.94 at December 31, 1950. Physical inventories were taken during September and October, 1950.	10,134,294.84	10,227,269.12
NOTES RECEIVABLE FROM SUBSIDIARY COMPANIES	1,590,000.00	910,000.00
ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS SUBSIDIARY COMPANIES \$ 294,318.40 CUSTOMERS AND OTHERS AND OTHER CURRENT ASSETS 13,504,934.02	13,799,252.42	9,826,045.41
Amounts due for service (less reserve for uncollectible accounts), interest, dividends, rents, etc., and cash held by employees as working funds.		
TOTAL CURRENT ASSETS	\$ 26,375,384.85	\$ 21,894,691.66
OTHER ASSETS	\$ 2,352,931.32	\$ 4,103,384.22
Portion of Excess Profits Tax Refundable March 31, 1951.		
DEFERRED DEBITS		
PREPAYMENTS Rents, taxes, insurance, cost of directories and other expenses prepaid and applicable to period subsequent to December 31.	\$ 3,392,442.40	\$ 3,390,326.89
DISCOUNT ON LONG TERM DEBT Unamortized discount and expense pertaining to bonds outstanding.	332,814.87	377,422.67
DISCOUNT AND PREMIUM ON BONDS REDEEMED Unamortized discount, redemption premium and expense pertaining to bonds redeemed.	2,233,153.92	2,151,805.68
OTHER DEFERRED DEBITS Miscellaneous items, the disposition of which had not been determined at December 31.	557,911.78	477,072.68
TOTAL DEFERRED DEBITS	\$ 6,516,322.97	\$ 6,396,627.92
TOTAL ASSETS	\$576,576,458.66	\$514,737,107.64

Signed on behalf of the Board of Directors:

W. F. ANGUS, *Director*.
C. E. GRAVEL, *Director*.

	LIABILITIES	
	Dec. 31, 1950	Dec. 31, 1949
CAPITAL STOCK		
COMMON STOCK—par value \$25. per share. Authorized: by charter—20,000,000 shares, by shareholders—12,000,000 shares. Outstanding at December 31, 1950—7,761,043 fully paid shares.	\$194,026,075.00	\$158,484,750.00
LONG TERM DEBT		
BONDS—FIRST MORTGAGE		
SERIES C—Maturing May 1, 1960—5%	\$ —	\$ 7,500,000.00
SERIES D—Maturing Aug. 1, 1964—3¼%	25,000,000.00	25,000,000.00
SERIES E—Maturing Mar. 1, 1977—3%	35,000,000.00	35,000,000.00
SERIES F—Maturing Feb. 15, 1973—3¼%	35,000,000.00	35,000,000.00
SERIES G—Maturing June 1, 1975—3¾%	40,000,000.00	40,000,000.00
SERIES H—Maturing May 1, 1960—2½%	8,000,000.00	—
NOTES—Maturing Dec. 1, 1951—2¾%	7,500,000.00	6,000,000.00
NOTES—Maturing Feb. 1, 1952—2½% to 2¾%	3,000,000.00	3,000,000.00
NOTE SOLD TO TRUSTEE OF PENSION FUND—4%	8,374,779.71	9,159,539.82
TOTAL LONG TERM DEBT	\$161,874,779.71	\$160,659,539.82
CURRENT LIABILITIES		
NOTES PAYABLE TO SUBSIDIARY COMPANIES	\$ 121,662.21	\$ 116,098.09
ADVANCE BILLING AND PAYMENTS FOR SERVICE	3,366,418.71	2,614,964.86
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES SUBSIDIARY COMPANIES \$6,540,271.33 OTHER ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES 4,170,820.95 Amounts owing for supplies, pay rolls and other items.	10,711,092.28	9,107,215.39
TOTAL CURRENT LIABILITIES	\$ 14,199,173.20	\$ 11,838,278.34
ACCRUED LIABILITIES NOT DUE		
TAXES	\$ 4,847,811.46	\$ 2,443,937.03
OTHER Federal, Provincial and Municipal taxes, interest, dividends and rents applicable to period ended December 31 but not due until after that date.	5,321,784.53	4,629,566.47
TOTAL ACCRUED LIABILITIES NOT DUE	\$ 10,169,595.99	\$ 7,073,503.50
DEFERRED CREDITS		
EMPLOYEES' STOCK PLAN Instalments paid by employees subscribing for capital stock, with interest thereon.	\$ 6,068,175.21	\$ 5,997,517.47
PREMIUM ON LONG TERM DEBT Unamortized premium less expense on bonds outstanding.	1,310,571.57	1,224,339.89
OTHER DEFERRED CREDITS Miscellaneous items, the disposition of which had not been determined at December 31.	13,797.59	21,063.89
TOTAL DEFERRED CREDITS	\$ 7,392,544.37	\$ 7,242,921.25
DEPRECIATION RESERVE	\$139,903,074.45	\$128,407,107.87
Provision to meet loss of investment in telephone property upon its ultimate retirement from service.		
PREMIUMS ON CAPITAL STOCK Amount received in excess of par value.	\$ 44,450,985.37	\$ 33,360,471.87
SURPLUS		
RESERVED SURPLUS Portion of Excess Profits Tax refundable March 31, 1951.	\$ 2,352,931.32	\$ 4,103,384.22
UNAPPROPRIATED SURPLUS		
CAPITAL SURPLUS	2,508,258.68	2,409,304.28
Miscellaneous additions (net) 1950	\$98,954.40	
EARNED SURPLUS—(Deficit at Dec. 31, 1950)	300,959.43	1,157,846.49
Balance charged for year 1950	\$3,211,252.66	
Excess Profits Tax refunded—1950	1,750,452.90	
Miscellaneous additions (net) 1950	1,993.84	
TOTAL SURPLUS	\$ 4,560,230.57	\$ 7,670,534.99
TOTAL LIABILITIES	\$576,576,458.66	\$514,737,107.64

Submitted with our accompanying report dated January 26, 1951
(Signed) P. S. Ross & Sons, *Chartered Accountants*.

J. CLEUGH, *Comptroller*.

COMPARATIVE INCOME STATEMENT

	Year 1950	Year 1949
OPERATING REVENUES	\$128,543,832.35	\$108,027,341.26
Revenues from local and long distance service, directory advertising and miscellaneous telephone operations.		
Less: UNCOLLECTIBLE OPERATING REVENUES	235,631.58	189,286.84
Total Operating Revenues	<u>\$128,308,200.77</u>	<u>\$107,838,054.42</u>
OPERATING EXPENSES	\$ 53,696,928.01	\$ 46,254,568.94
OPERATION EXPENSES		
Cost of operating the telephone property, including expense of handling telephone calls, billing and collecting customers' accounts, directories, rents and provision for pensions. (1950—salaries paid to Executive Officers \$218,850.34; salaries and fees paid to the Counsel, Solicitors and other legal advisors of the Company \$241,925.04; and fees paid to Directors and members of the Executive Committee \$27,500.00, of which \$8,000.00 was paid and accounted for by subsidiary companies.)		
CURRENT MAINTENANCE	29,998,490.73	26,347,365.89
Cost of inspection, repairs and rearrangements required to keep the telephone property in good operating condition.		
DEPRECIATION	17,913,386.00	15,521,670.00
Provision to meet the loss of investment when depreciable property is retired from service, based on rates designed to spread this loss uniformly over the life of the property.		
Total Operating Expenses	<u>\$101,608,804.74</u>	<u>\$ 88,123,604.83</u>
NET OPERATING REVENUES	<u>\$ 26,699,396.03</u>	<u>\$ 19,714,449.59</u>
OPERATING TAXES		
INCOME TAXES	\$ 6,891,000.00	\$ 4,500,000.00
OTHER TAXES	4,830,000.00	3,965,000.00
Federal, Provincial and Municipal.		
Total Operating Taxes	<u>\$ 11,721,000.00</u>	<u>\$ 8,465,000.00</u>
NET OPERATING INCOME	<u>\$ 14,978,396.03</u>	<u>\$ 11,249,449.59</u>
OTHER INCOME		
INCOME FROM INVESTMENT SECURITIES	\$ 981,168.65	\$ 898,920.73
Dividends and interest from investment securities.		
MISCELLANEOUS INCOME (NET)	555,245.16	769,867.30
Interest on plant under construction and other miscellaneous income (net).		
Total Other Income	<u>\$ 1,536,413.81</u>	<u>\$ 1,668,788.03</u>
INCOME AVAILABLE FOR FIXED CHARGES	<u>\$ 16,514,809.84</u>	<u>\$ 12,918,237.62</u>
FIXED CHARGES		
BOND AND NOTE INTEREST	\$ 5,556,264.00	\$ 4,625,851.20
Interest charges on bonds and long term notes outstanding.		
OTHER INTEREST	296,794.03	477,120.49
Interest charges on current obligations.		
AMORTIZATION OF DISCOUNT AND PREMIUM ON LONG TERM DEBT—Cr.	47,555.89	26,982.13
Proportion of discount, premium and expense applicable to the year relating to bonds outstanding.		
AMORTIZATION OF DISCOUNT AND PREMIUM ON BONDS REDEEMED.	365,454.15	335,768.09
Proportion of discount, redemption premium and expense applicable to the year relating to bonds redeemed.		
OTHER CHARGES	20,309.57	25,083.86
Premium on United States Funds required for bond interest payments.		
Total Fixed Charges	<u>\$ 6,191,265.86</u>	<u>\$ 5,436,841.51</u>
NET INCOME AVAILABLE FOR DIVIDENDS	<u>\$ 10,323,543.98</u>	<u>\$ 7,481,396.11</u>
DIVIDENDS	13,534,796.64	12,484,824.69
Dividends to owners of outstanding common stock.		
BALANCE CHARGED TO EARNED SURPLUS	<u>\$ 3,211,252.66</u>	<u>\$ 5,003,428.58</u>

J. CLEUGH, Comptroller.

AUDITORS' REPORT

MONTREAL, QUE.,

January 26, 1951.

TO THE SHAREHOLDERS OF

THE BELL TELEPHONE COMPANY OF CANADA,

MONTREAL, QUE.

We have examined the balance sheet of The Bell Telephone Company of Canada as at December 31, 1950, and the related income statement for the year then ended and have obtained all the information and explanations we have required. Our examination included such tests of the accounting records and such other auditing procedures as we considered necessary.

We report that the profits earned by subsidiary companies for the year ended December 31, 1950, have been included in the accompanying statement of income only to the extent of the dividends received or receivable by the Company. The operations of the subsidiary companies for the year ended December 31, 1950, resulted in an aggregate net profit.

In our opinion, the accompanying balance sheet and income statement are drawn up in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year so as to exhibit a true and correct view of the financial position of The Bell Telephone Company of Canada at December 31, 1950, and the result from operations for the year then ended, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

(Signed) P. S. ROSS & SONS,
Chartered Accountants.

THE BELL TELEPHONE COMPANY OF CANADA

December 31	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
NUMBER OF TELEPHONES										
Business	308,845	319,898	333,314	348,396	368,354	407,034	447,084	487,765	526,714	561,437
Residence	579,503	605,516	622,799	639,134	681,759	770,890	859,891	968,191	1,068,470	1,164,889
Total Company Owned Telephones	888,348	925,414	956,113	987,530	1,050,113	1,177,924	1,306,975	1,455,956	1,595,184	1,726,326
Per cent Residence of Total .	65.2	65.4	65.1	64.7	64.9	65.4	65.8	66.5	67.0	67.5
Per cent Dial of Total	70.1	72.3	72.2	71.9	71.2	69.3	70.1	70.7	72.9	74.7
Other Telephone Systems (Ontario and Quebec)	888	922	926	922	917	911	893	877	873	858
Connecting and Miscellaneous Telephones	156,916	161,243	169,801	180,440	187,349	207,247	220,102	236,681	256,014	262,931
NUMBER OF CENTRAL OFFICES .	413	415	419	420	422	425	430	438	458	486
NUMBER OF OWNED BUILDINGS	150	159	165	167	169	180	198	214	228	251
MILES OF POLE LINES	23,003	22,989	22,858	22,884	23,277	23,860	24,232	25,055	25,721	27,283
MILES OF WIRE	3,916,118	4,006,237	4,022,404	4,065,267	4,261,350	4,597,063	4,966,432	5,434,888	5,996,693	6,504,865
Per cent Underground Cable .	69.8	69.9	69.9	69.8	70.6	71.2	71.3	71.5	71.6	71.6
AVERAGE DAILY CONNECTIONS*										
Local	6,486,000	6,432,000	6,219,000	6,271,000	6,833,000	7,772,000	8,497,000	9,214,000	10,149,000	11,180,000
Long Distance	77,000	87,000	98,000	110,000	127,000	148,000	165,000	185,000	213,000	240,000
TELEPHONE MOVEMENT*										
Connected	243,530	185,981	134,059	138,708	187,444	258,501	276,072	330,346	361,650	407,575
Disconnected	179,879	148,915	103,360	107,291	124,861	130,690	147,021	181,365	222,422	276,433
TOTAL PLANT AND EQUIPMENT .	\$220,755,163	\$229,923,475	\$234,255,473	\$240,793,980	\$252,649,926	\$278,472,884	\$327,159,393	\$396,579,562	\$463,248,589	\$522,086,474
OPERATING REVENUES*	\$ 50,710,575	\$ 55,736,382	\$ 59,594,842	\$ 63,454,259	\$ 69,424,946	\$ 77,272,966	\$ 85,388,107	\$ 95,845,981	\$107,838,055	\$128,308,201
NUMBER OF EMPLOYEES										
Men	5,506	4,914	4,579	4,871	6,083	8,171	9,218	9,972	10,552	10,997
Women	6,259	6,819	7,336	8,231	9,766	13,630	14,117	15,749	17,642	19,057
Total Employees	11,765	11,733	11,915	13,102	15,849	21,801	23,335	25,721	28,194	30,054
TOTAL PAY ROLL*	\$ 18,529,581	\$ 20,369,030	\$ 21,340,257	\$ 23,773,155	\$ 27,044,391	\$ 36,519,267	\$ 45,015,767	\$ 52,262,347	\$ 61,578,785	\$ 69,015,903
NUMBER OF SHAREHOLDERS										
In Canada	22,062	22,728	23,288	23,685	23,976	27,472	33,013	37,387	58,032	76,203
Elsewhere	1,214	1,229	1,203	1,337	1,344	1,368	1,426	1,502	1,559	1,762
Total Shareholders	23,276	23,957	24,491	25,022	25,320	28,840	34,439	38,889	59,591	77,965

* For the year ending December 31.

**STATISTICS
1941 - 1950**



PENSION TRUST FUND

TRUSTEE'S REPORT OF PENSION TRUST FUND ESTABLISHED
BY THE BELL TELEPHONE COMPANY OF CANADA

BALANCE IN FUND—December 31, 1949	\$31,688,078.20
Additions to Fund during 1950—	
Payments into Fund by Company	\$4,986,019.74
Investment Income (including amortization of premium and discount and gain or loss on investments disposed of).	1,059,453.04
<i>Total Additions</i>	\$6,045,472.78
Disbursements for Pensions during 1950	784,760.11
<i>Net Increase in Fund</i>	5,260,712.67
BALANCE IN FUND—December 31, 1950	\$36,948,790.87

Comprised of—

4% two-year Note of The Bell Telephone Company of Canada	\$ 8,374,779.71
Government of Canada direct and guaranteed Securities	12,595,454.28
Provincial Government direct and guaranteed Securities	12,272,672.95
Municipal and School Board Securities	1,273,587.14
Bonds of The Bell Telephone Company of Canada	404,767.29
Public Utility Bonds	250,796.51
Other Investments	309,625.60
Cash and accrued interest not due	1,467,107.39
Total	\$36,948,790.87

Note—Securities are shown on amortized basis.

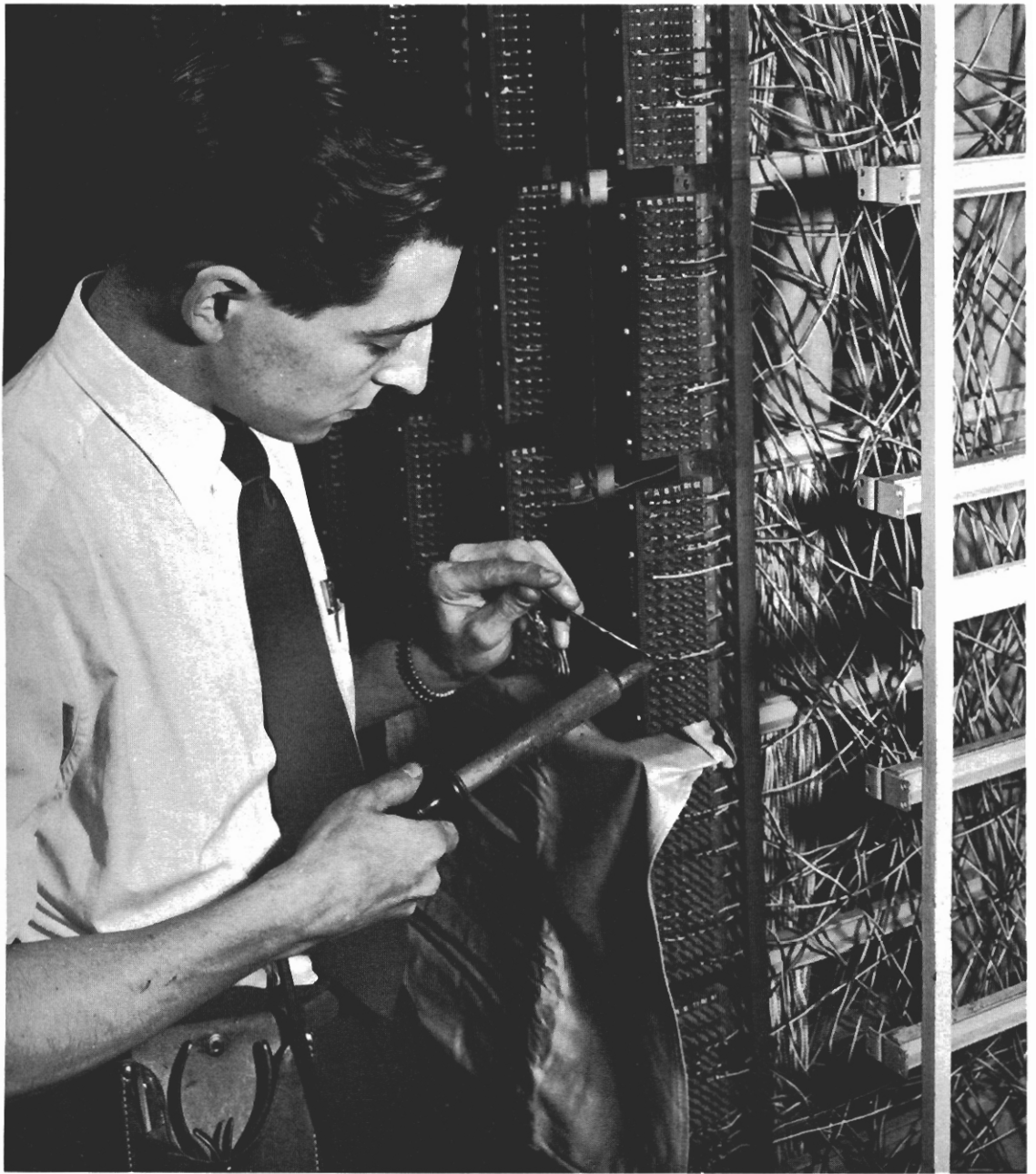
We certify that the above statement of the balance in the Pension Trust Fund established by The Bell Telephone Company of Canada, for which Fund this Company is Trustee, is correct.

THE ROYAL TRUST COMPANY, *Trustee.*

By M. A. JAMIESON,
Assistant Manager.

JAS. A. ELLIS,
Assistant Secretary.

MONTREAL, 24th January, 1951.



Skilled craftsmen – 8,000 of them – construct, install and maintain telephone equipment. Another 3,000 telephone men are engaged in other phases of the Company's affairs. They work together to help provide efficient telephone service.

