

# FOREIGN POWER SECURITIES CORPORATION, LIMITED

355 ST. JAMES STREET WEST

MONTREAL

January 5th, 1939.

To the Shareholders:

Your Directors submit herewith the Annual Report for the year ended October 31st, 1938.

Economic conditions in France continued unsettled during the year. A slight increase in both steam and hydro-electric power output over the previous year was recorded.

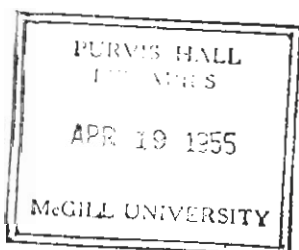
Reflecting the unsettled conditions in France, the value of the franc again declined during the fiscal year, the price falling from 3.40¢ to 2.68¢, which had the effect of reducing the value of your Company's securities as transferred into Canadian dollars and also the revenue of your Company in changing from francs to Canadian currency, resulting in the bond interest being not fully earned, as will be seen by the auditors' report.

The market value of your Company's holdings, based on Canadian currency, with exchange rates as of October 31st, was \$1,760,438 (compared with \$2,613,730 a year ago) against a book value of \$9,014,062. The market value of these securities plus the cash held by the Montreal Trust Company, all hypothecated to the Trustees as security for the Company's bond issue, is therefore somewhat below the 125% of bonds issued and outstanding as stipulated in the Trust Deed.

During the year, your Company purchased \$152,500 of its bonds, which were cancelled, thus reducing the issue outstanding to \$1,983,000. Discount on bonds purchased for redemption during the year, amounting to \$69,478.75 less a deficit of \$32,193.06 on the year's operations, was carried forward to Earned Surplus Account.

Respectfully submitted on behalf of the Board.

  
President.



# FOREIGN POWER SECURITIES CORPORATION, LIMITED

## *Statement of Revenue and Expense and Earned Surplus*

*For the year ending October 31st, 1938*

Dividends and Interest on Investments.....		\$112,087.54
DEDUCT:		
Interest on Bonds (including premium on exchange of \$2,361.23)	\$125,502.35	
Directors' Fees.....	1,260.00	
Executive Salaries.....	3,600.00	
Legal Fees.....	203.00	
Expenses.....	13,715.25	144,280.60
Excess of expenditure over revenue for the year ending October 31, 1938.....		\$ 32,193.06
Discount on Company's Bonds (purchased for redemption).....		69,478.75
		<u>\$37,285.69</u>
Earned Surplus, Balance at October 31, 1937.....		708,751.29
Earned Surplus, Balance at October 31, 1938.....		<u><u>\$746,036.98</u></u>

### *Auditors' Report to the Shareholders*

We have made an examination of the books and accounts of Foreign Power Securities Corporation, Limited, for the year ending October 31, 1938, and have received all the information and explanations which we have required. We have verified the securities by inspection or by certificates from the depositaries, and we report that the Balance Sheet at October 31, 1938, in our opinion, shows the true financial position of Foreign Power Securities Corporation, Limited, at that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

(Signed) PRICE, WATERHOUSE & CO.,

*Auditors.*

MONTREAL, December 5th, 1938.

# FOREIGN POWER SECURITIES CORPORATION, LIMITED

(Incorporated under the Dominion of Canada Companies' Act)

## *Balance Sheet* as at October 31st, 1938

### ASSETS

	1938	1937
Investments at Book Value.....	\$9,014,062.07	\$9,722,419.51
NOTE:—Based on quoted market prices (and including \$393,478.50 cost value of unquoted foreign securities) Investments at October 31, 1938, had, in Canadian Currency at exchange rates of that date, a value of \$1,760,438.32.		
Cash held by Montreal Trust Company .....	340,354.47	
	<u>\$9,354,416.54</u>	<u>\$9,722,419.51</u>
Cash and Call Loan .....	165,733.02	210,071.38
Accrued Dividends and other Accounts Receivable.....	333.33	31,862.81
Prepaid Accounts.....	1,818.06	2,066.59
	<u>\$9,522,300.95</u>	<u>\$9,966,420.29</u>

### LIABILITIES

	1938	1937
<b>TO THE PUBLIC:</b>		
First Collateral Trust 6% Bonds, Series "A", due 1949—		
Authorized \$50,000,000.00 of which \$5,000,000.00 were issued	\$1,983,000.00	\$2,135,500.00
Bond Interest Accrued*.....	49,575.00	53,387.50
Accounts Payable and Accrued Liabilities.....	3,010.32	3,346.97
Reserve for Dominion and Provincial Income Taxes.....		4,026.77
Investment Reserve—being Profit on Sale of Securities (net).....	240,678.65	415,891.51
<b>TO THE SHAREHOLDERS:</b>		
6% Cumulative Participating Preferred Stock**		
Authorized—50,000 shares of \$100.00 each		
Issued — 5,000 shares of \$100.00 each.....	5,000,000.00	5,000,000.00
NOTE:—Dividends in arrear \$39.00 per share.		
Common Stock (of No Par Value):		
Authorized—250,000 Shares of which 125,000 Shares are issued and outstanding at a stated value of.....	1,500,000.00	1,500,000.00
Distributable Surplus:		
being the balance of \$1,160,000.00 set aside at October 18, 1931, from the proceeds of Common Shares after applying \$145,516.25 towards losses on investments realized during the year.....		145,516.25
Earned Surplus:		
Balance as per statement attached.....	746,036.98	708,751.29
*Payable in Canada, London or New York at holder's option.		
**Redeemable at the option of the Company on any dividend date, after 30 days' notice, in whole or in part, at \$105.00 per share plus accrued dividends.		
	<u>\$9,522,300.95</u>	<u>\$9,966,420.29</u>

Approved on behalf of the Board:

A. J. NESBITT }  
JAS. B. WOODYATT } Directors.

FOREIGN POWER SECURITIES  
CORPORATION, LIMITED

*Annual Report*  
*For the Year ending October 31st, 1938*

OFFICERS

*President*

A. J. NESBITT, Montreal

*Vice-President*

JAS. B. WOODYATT, Montreal

*Directors*

A. J. NESBITT.....Montreal  
L. C. HASKELL.....Montreal  
E. R. PARKINS, K.C.....Montreal  
P. A. THOMSON.....Montreal  
GUY M. TODD.....Montreal  
JAS. B. WOODYATT.....Montreal  
ROBERT DESPRES.....Paris, France

*Secretary*

L. C. HASKELL

*Treasurer*

CHAS. JOHNSTONE

*Assistant-Secretary*

V. J. NIXON

*Assistant-Treasurer*

T. IRVING

*Fiscal Agents*

NESBITT, THOMSON & COMPANY, LIMITED

*Auditors*

PRICE, WATERHOUSE & COMPANY

*Head Office*

355 ST. JAMES STREET WEST  
MONTREAL  
CANADA