

GREAT BRITAIN AND CANADA
INVESTMENT CORPORATION.

Annual Report

For Year ended 31st March, 1938.

OFFICERS.

President.

P. A. THOMSON

Vice-President.

J. B. WOODYATT

Secretary-Treasurer.

W. A. ARBUCKLE, C.A.

DIRECTORS.

COL. A. CHRISTIE,
C.M.G., D.S.O. LONDON, ENGLAND
HON. A. O. CRICHTON LONDON, ENGLAND
JAMES A. FALCONER LONDON, ENGLAND
S. KILPATRICK LONDON, ENGLAND
A. VARICK STOUT, JR. NEW YORK, N.Y.
M. A. THOMSON MONTREAL, QUE.
P. A. THOMSON MONTREAL, QUE.
G. M. TODD, C.B.E. MONTREAL, QUE.
J. B. WOODYATT MONTREAL, QUE.
R. M. YOUNGS NEW YORK, N.Y.

Auditors

P. S. ROSS & SONS, Montreal, Que.



GREAT BRITAIN AND CANADA INVESTMENT CORPORATION.
(INCORPORATED UNDER THE PROVINCE OF QUEBEC COMPANIES' ACT)

MONTREAL, 28th April, 1938.

To the Shareholders:

Your Directors present herewith the Ninth Annual Report of your Corporation for the year ended 31st March, 1938.

Gross Revenue.....	\$ 276,935.51
LESS:	
Expenses.....	\$ 12,895.08
Directors' Fees.....	5,000.00
Loss on Exchange.....	1,785.46
Income and Other Taxes.....	5,054.24
Interest on Debentures.....	180,000.00
	204,734.78
Net Profit for year.....	\$ 72,200.73
Balance at credit of Earned Surplus Account 31st March, 1937	\$ 240,560.46
ADD:	
Revenue received applicable to prior periods.....	18,380.50
Prior Year's Income Tax Adjustments.....	373.50
	259,314.46
Earned Surplus carried forward.....	\$ 331,515.19

Resulting from the cancellation in prior years of \$2,000,000 principal amount of this Corporation's 4½% Convertible Debentures and of the free stock warrants attached to these cancelled Debentures, there continue to be held by the Montreal Trust Company 20,000 Common Shares in all, formerly held by the Montreal Trust Company in trust for the holders of these free stock warrants, and which are available for cancellation or for such other disposition as your Directors may decide to be in the best interests of the Corporation.

It was deemed advisable to make certain changes in the investment holdings during the year under review, thereby incurring a net loss on realization of \$46,915.14 after deducting the balance of Capital Reserve, and this has been charged to Investment Realization Deficit as shown in the accompanying Balance Sheet.

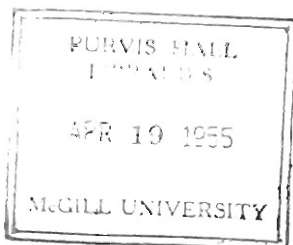
The net profit of the Corporation for the year, as shown above, amounted to \$72,200.73 as compared with \$60,475.84 for the year to 31st March, 1937.

Reflecting the general decline in security values experienced during the past year, the market value of the Corporation's investments as at 31st March, 1938, was \$3,697,200.00 compared with \$6,203,007.00 as at 31st March, 1937. Since then, however, there has been some recovery, and the market value of these investments is now approximately \$4,120,000.00.

The Books and Accounts of your Corporation have been audited by Messrs. P. S. Ross & Sons, Chartered Accountants, whose certificate is attached.

Respectfully submitted on behalf of the Board.

P. A. THOMSON,
President.



GREAT BRITAIN AND CANADA INVESTMENT CORPORATION.

(INCORPORATED UNDER THE PROVINCE OF QUEBEC COMPANIES' ACT)

Statement of Profit and Loss and Earned Surplus

For the Year ended 31st March, 1938.

Revenue from Investments.....		\$	275,431.57
Revenue from Stock Dividends.....			1,503.94
		\$	<u>276,935.51</u>
DEDUCT:			
Management Expenses - actual—as defined in By-Law XVI:			
Miscellaneous.....	\$	11,042.26	
Directors' Fees.....		5,000.00	
	\$	<u>16,042.26</u>	
Other Expenses.....		1,852.82	
Loss on Exchange.....		1,785.46	
Income and Other Taxes.....		5,054.24	
Interest on Debentures.....		180,000.00	
			<u>204,734.78</u>
Net Profit for Year.....	\$		72,200.73
Balance at credit of Earned Surplus Account at 31st March, 1937.	\$	240,560.46	
ADD:			
Revenue applicable to prior periods received in respect of arrears of interest and preferred dividends	\$	18,380.50	
Prior Year's Income Tax Adjustments.....		373.50	
		<u>18,754.00</u>	
			<u>259,314.46</u>
Earned Surplus carried forward, 31st March, 1938.....	\$		<u><u>331,515.19</u></u>

Auditors' Certificate.

GREAT BRITAIN AND CANADA INVESTMENT CORPORATION,
355 ST. JAMES STREET WEST,
MONTREAL, QUE.

We have audited the books of account of Great Britain and Canada Investment Corporation for the year ended 31st March, 1938, and have received all the information and explanations required. The verification of the investments has been made by certificates received direct from the several depositaries.

In our opinion, the attached Balance Sheet and relative Profit and Loss and Earned Surplus Statement set forth correctly the financial position of the Corporation at 31st March, 1938, and the result of its operations for the year ended that date, according to the information and explanations given to us, and as shown by the books of the Corporation.

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

MONTREAL, Que., 27th April, 1938.

GREAT BRITAIN AND CANADA INVESTMENT CORPORATION.

(INCORPORATED UNDER THE PROVINCE OF QUEBEC COMPANIES' ACT)

Balance Sheet

as at 31st March, 1938.

ASSETS.

Cash in Banks.....	\$ 145,175.48
Account Receivable.....	3,153.62
(*) Investment Securities, at or under cost.....	7,179,274.35
Accrued Revenue from Investments.....	49,274.72
Prepaid Charges.....	382.50
Investment Realization Deficit.....	46,915.14
(*) NOTE—The aggregate value of these investments based on available Stock Exchange prices or estimated fair values at 31st March, 1938, was \$3,697,200.00.	
	\$7,424,175.81

LIABILITIES.

Accrued Expenses.....	\$ 194.74
Accrued Debenture Interest due 1st April, 1938..... (Including provision for estimated loss on exchange)	92,465.88
4½% 30-Year Convertible Debentures, due 1st April, 1959:	
Authorized and Issued.....	\$6,000,000.00
Less: Redeemed and Cancelled.....	2,000,000.00
	4,000,000.00

CAPITAL STOCK:

\$5.00 Cumulative Convertible Preferred Shares:

Authorized and Issued—40,000 Shares of \$50.00 each..... (Entitled to repayment at \$105.00 per share in the event of winding-up or dissolution of the Corporation. Dividend in arrears since 1st October, 1931. \$1,300,000.00)	2,000,000.00
---	--------------

Common Shares of no par value:

Authorized—550,000 Shares (of which 160,000 Shares are reserved for the conversion of Debentures and Preferred Stock).	
Issued—350,000 Shares..... (of which 80,000 Shares are held in escrow to cover warrants issued with Debentures and Preferred Stock, and 20,000 Shares are held in Treasury).	1,000,000.00

Earned Surplus.....	331,515.19
	\$7,424,175.81

Approved on behalf of the Board:

P. A. THOMSON }
R. M. YOUNGS } Directors.

Great Britain and Canada Investment Corporation.

355 ST. JAMES STREET WEST, MONTREAL.

MONTREAL, 28th April, 1938.

TO THE PREFERRED AND COMMON SHAREHOLDERS.

Dear Sir or Madam:

Enclosed herewith you will find Notice of the Ninth Annual General Meeting of the Shareholders to be held at the above address in Montreal on 30th May, 1938.

Also enclosed is Notice of a Special General Meeting of the Preferred and Common Shareholders to be held on the same day for the purpose of considering and, if deemed advisable, ratifying, confirming and approving the action of the Directors in passing By-Law "D", so amending the conditions attaching to the Preferred shares as to confer upon the Corporation the requisite authority to purchase for redemption and cancellation the whole or any part of its Preferred shares out of the funds represented by the Earned Surplus Account.

It will be recalled that the Preferred Stock of this Corporation is entitled to repayment at \$105 per share in the event of winding up or dissolution, whether voluntary or involuntary, or for reorganization or otherwise, or for any distribution of capital, but that otherwise no provision for the redemption of the Preferred Stock is contained in the Charter or By-Laws of the Corporation. Your Directors are of opinion that it would be advantageous from time to time to utilize the funds represented by the Earned Surplus Account in purchasing for redemption and cancellation, in the open market or by private contract, the \$5 Cumulative Preferred shares of the Corporation in view of the substantial discount from par at which these shares are now selling.

The Corporation is not now empowered to purchase its own Preferred shares for redemption and cancellation. Your Directors are advised, however, that the Corporation may modify the conditions respecting the Preferred shares by By-Law of the Corporation, confirmed by the votes of holders of not less than three-quarters in value of the Preferred shares represented in person or by proxy at a meeting called for the purpose of considering such modification, and also confirmed by such votes of holders of other shares of the Corporation then outstanding as may be prescribed by law, whereupon application may be made to the Lieutenant-Governor of the Province of Quebec for the issue of Supplementary Letters Patent confirming such By-Law, which will then be binding upon the Corporation and the holders of its Preferred and Common Stock. Accordingly your Directors have enacted By-Law "D", copy of which is printed on the reverse side of this letter, and have decided to convene a Special General Meeting of the Preferred and Common Shareholders for the purpose of considering and voting upon the enactment of this By-Law.

It should be emphasized that this By-Law does not permit the Corporation to redeem the Preferred shares by call and only permits the Corporation to purchase such Preferred shares as are offered for sale by willing sellers, at the lowest price at which, in the opinion of the Directors, such shares are obtainable. The funds available for these purchases are limited to the amount of the Earned Surplus Account which represents the net undistributed earnings accruing to the Shareholders since the inception of the Corporation.

It is hoped that you will be able to attend the above mentioned Meetings. In the event that you are unable to attend in person, you are respectfully requested to complete and return the enclosed forms of proxy so as to ensure as large a representation as possible at each of these Meetings.

By Order of the Board of Directors,

W. A. ARBUCKLE,
Secretary-Treasurer.

Great Britain and Canada Investment Corporation.

BY-LAW "D".

A By-Law to modify the Conditions attaching to the Preferred Shares.

WHEREAS it is desirable that the Conditions attaching to the Cumulative Convertible Preferred Shares of the Company be amended.

NOW, THEREFORE, BE IT ENACTED AS BY-LAW "D" OF THE COMPANY:—

1. That the provisions set out in By-Law "C" of the Company as confirmed by Supplementary Letters Patent dated 16th April, 1932, relative to the priorities, preferences, rights, privileges, restrictions and limitations attaching to its Preferred Stock, be amended by adding thereto the following as paragraph 9:

9. The Company shall have the right, at its option, at any time, and from time to time, to redeem the whole or any part of the Preferred Shares by purchasing any of such shares in the open market, or by private contract, at the lowest price for which, in the opinion of the Directors, such shares are obtainable, but not exceeding the par value thereof, namely \$50 a share, and the cost of purchase, together with an amount equal to all cumulative dividends at the rate of \$5 per annum which have accrued and remain unpaid, provided, however, that no such purchase shall be made except with funds out of the Company's Earned Surplus Account. From and after the date of such purchase of such Preferred Shares they shall be deemed to be redeemed and shall be cancelled, and such shares shall not be re-issued.

2. That the Directors be and they are hereby authorized to apply for Supplementary Letters Patent confirming this By-Law.

