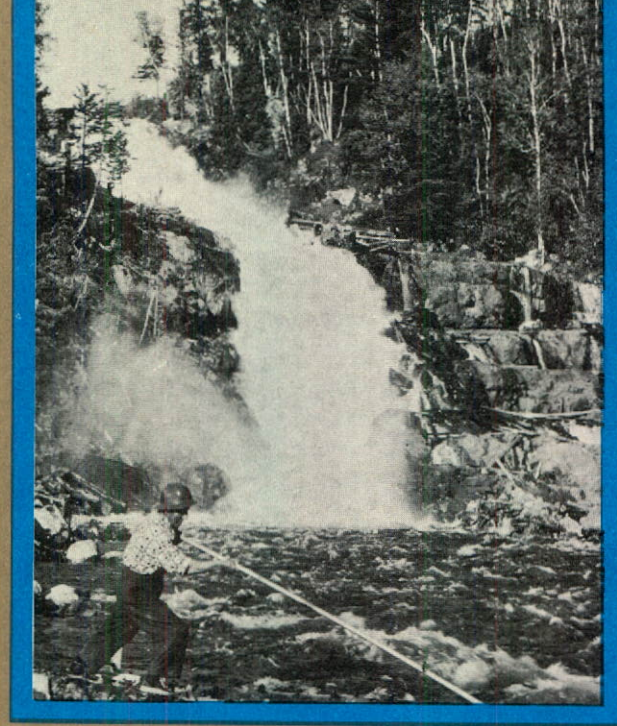


17 1959  
UNIVERSITY

1957  
Annual Report

The Shawinigan Water and Power Company



THE COVER PICTURE. Scenes such as the spring drive on the Petite Rivière Bostonnaïs, shown on the cover, are to be witnessed on practically every tributary stream of the

St. Maurice and other great rivers of Quebec. Millions of logs, cut during the winter far up these streams, are floated to the St. Maurice during the spring freshet, and throughout the summer months are carried by the river to the pulp and paper mills at La Tuque, Grand'Mère, Shawinigan, and Trois Rivières.

The pulp and paper industry uses vast amounts of electrical energy from Shawinigan's generators, and produces more than one-fifth of all Shawinigan's revenue. It is a major factor in our export trade and vital to the Canadian economy.

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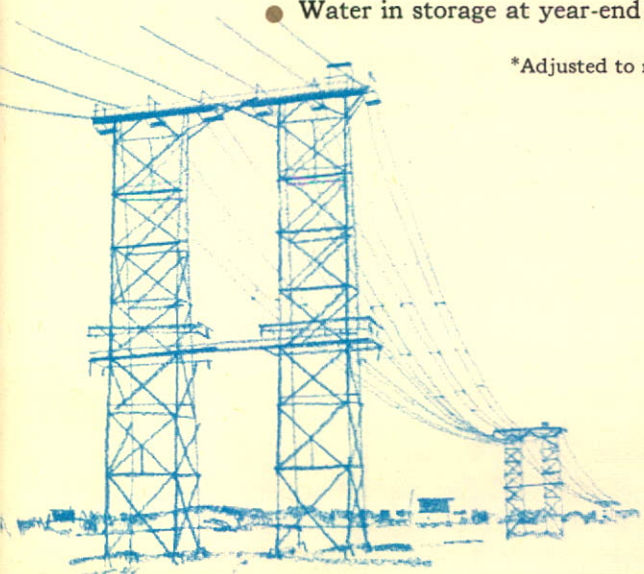
*Service des Relations extérieures et de la Publicité  
The Shawinigan Water and Power Company  
600 ouest, rue Dorchester, Montréal, P.Q.*

# HIGHLIGHTS

	1957	1956	Increase
● Total kilowatthours sold . . . . .	10,188,388,101	9,898,421,250	2.9%
● Primary power peak load — kilowatts. . . . .	1,671,600	1,600,800	4.4%
● Revenue from sales of electricity . . . . .	\$57,920,744	\$54,165,954	6.9%
● Total revenue . . . . .	\$63,177,780	\$57,675,121	9.5%
● Net earnings per Common Share . . . . .	\$1.48	\$1.42*	
● Dividends paid per Common Share . . . . .	65 $\frac{1}{3}$ cents	60 cents*	
● Capital expenditures. . . . .	\$38,246,000	\$23,767,000	
● Customers served . . . . .	242,855	231,759	

- Holdings of Common Shares of Southern Canada Power Company, Limited increased to 97 per cent by exchange of newly created Shawinigan Class 'A' Common Shares.
- Class 'A' Common and Common Shares subdivided on basis of three for one.
- \$20,000,000 5 $\frac{1}{2}$ % Convertible Debentures sold.
- Water in storage at year-end highest in history of Company on that date.

\*Adjusted to reflect subdivision of shares in 1957.



# The President's Letter

---

The Company's revenue from power sales in 1957 reached a new high at nearly \$58 million. Requirements of large industrial users, however, evidenced some levelling off in the rate of growth. In contrast, sales to smaller industrial, commercial, and residential customers, and at wholesale to other distributors continued to increase at much the same rate as in previous years. Our own distribution business and sales to other distributors now account for 54 per cent of total power revenue.

Hydraulic conditions at the year end were excellent, with water in storage at about 150 per cent of the long-term average.

The business of Shawinigan Chemicals Limited, despite a sales volume somewhat in excess of the previous year, was adversely affected by increased costs of production and inability to improve selling prices due to competitive factors and the premium on the Canadian dollar. Some improvement is anticipated in 1958 due to the lower premium on the Canadian dollar and to other factors.

The Shawinigan Engineering Company, Limited was actively engaged during the year in many important engineering and construction projects for our Company as well as for others, and it carries forward a large volume of work into 1958.

In February 1957 we made an offer to Power Corporation of Canada, Limited and to all other Common shareholders of Southern Canada Power Company, Limited to acquire their holdings in the latter company in exchange for Class 'A' Common Shares of our Company, as a result of which we now own 97 per cent of Southern Canada Power Company's Common Shares. The benefits of closer integration of the two power systems are already apparent.

Capital expenditures during the year totalled \$38,246,000, a large part of which was spent on the Beaumont generating station and ancillary transmission line to Trois-Rivières. This station will come into operation during the latter half of 1958.


In order to raise funds for the continuing capital expenditure programme, we sold \$20 million of 5½% Convertible Debentures in October, and to facilitate this financing as well as to provide a wider distribution among investors, the Company's Class 'A' Common and Common Shares were split on a three for one basis.

In 1958 we expect to spend \$34,300,000 on capital account, and over the next five years the programme contemplated will require some \$95 million, excluding any provision for additional generating capacity. With several means of financing now available to us, and with funds generated internally, we do not anticipate any great difficulty in carrying out this programme.

Industrial growth in the Province of Quebec continues, despite a slackening in the general economy. Abundant sources of raw materials, adequate power supply, and new horizons of transportation upon completion of the St. Lawrence Seaway, make it logical to envisage the establishment of new industries—large and small—within the territory we serve.

The very good safety record in 1957 of The Shawinigan Water and Power Company and The Shawinigan Engineering Company, Limited is a source of satisfaction. Both companies completed the year without a single fatal accident and the severity of other accidents was considerably less than in 1956 in spite of the hazards inherent in the construction job at the Beaumont development.

I take this opportunity to express to all our employees the thanks and appreciation of the Directors for the good work accomplished during the past year.

  
*President.*

.....

# The Shawinigan Water and Power Company



# 60<sup>th</sup> annual report of the board of directors

.....  
YEAR ENDED DECEMBER 31, 1957

## To the Shareholders:

In this Report we have shown, as in the past, comparative consolidated financial statements of The Shawinigan Water and Power Company and St. Maurice Power Corporation. We have also included as additional information consolidated statements of The Shawinigan Water and Power Company, St. Maurice Power Corporation and Southern Canada Power Company, Limited with respect to the year 1957 only, and future statements will be submitted on this basis.

A report of the operations and financial results of our wholly-owned chemical subsidiary, Shawinigan Chemicals Limited and its subsidiary and associated companies, appears on pages 26 to 31 of this report.

## FINANCIAL RESULTS

Revenue from sales of electricity in 1957 totalled \$57,920,744, an increase of \$3,754,790 or 6.9 per cent over 1956. Revenue from sales of primary power to large industrial customers supplied at high-voltage was 3.1 per cent higher; from sales to other utilities, up 6.3 per cent; and to residential, farm, commercial, municipal, and industrial consumers served by our distribution system, up 11.3 per cent.

Dividends received from subsidiary and other companies totalled \$2,655,063, compared with \$1,744,311 in 1956. This increase is accounted for by the additional Common Shares of Southern Canada Power Company, Limited held, by the higher rate of dividend paid by Quebec Power

Company, and by an increase from \$200,000 to \$400,000 in the dividend paid by The Shawinigan Engineering Company, Limited. The dividend of \$2.50 per share of Southern Canada Power Company on the 8 to 5 exchange basis referred to on page 7, corresponds exactly to the \$4.00 per share paid on the Shawinigan Class 'A' Common Shares before subdivision.

Operating, maintenance, and general expenses were 12.6 per cent higher. The amount paid for power purchased was \$9,010,656, an increase of 23.5 per cent.

Remuneration of employees, including benefits, charged to operating expenses, totalled \$11,564,266, an increase of 7.5 per cent.

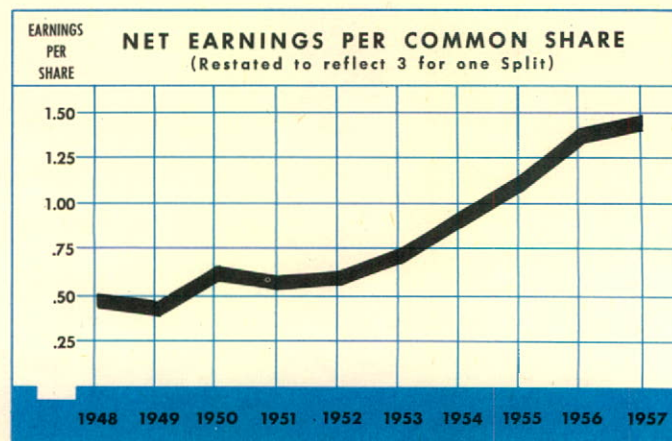
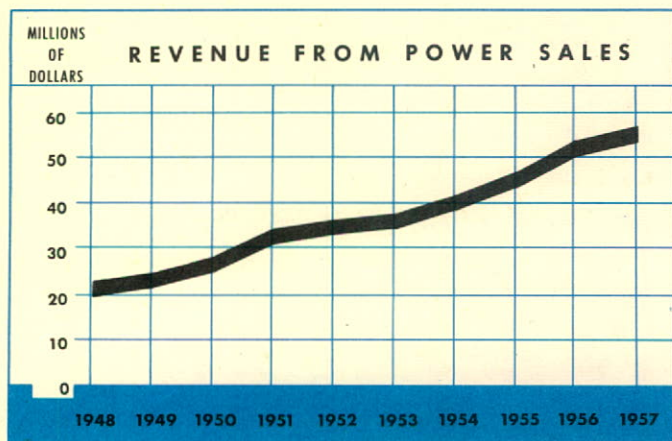
Provision for depreciation of \$7,471,000 compares with \$7,066,000 in 1956 as a result of the increase in fixed assets. Provision for income and profits taxes totalled \$7,228,000, as against \$7,730,000 in 1956.

After providing for dividends on the Pre-

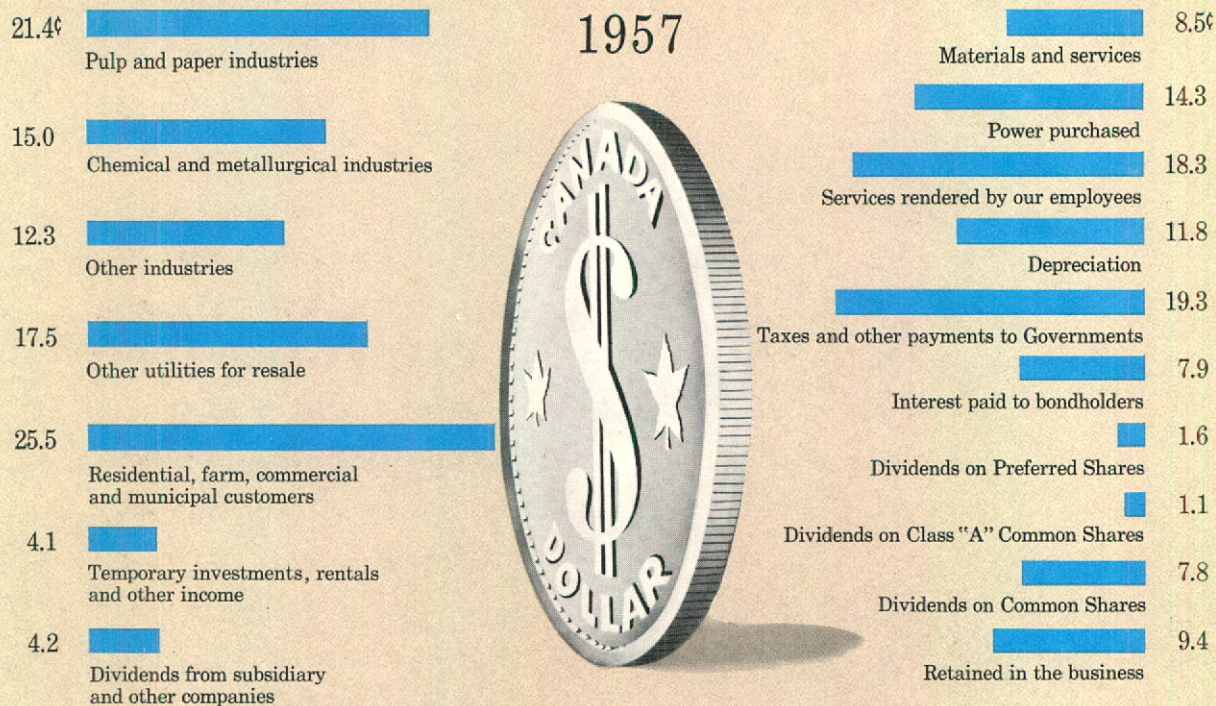
ferred Shares and Class 'A' Common Shares, net earnings for the year on the 7,288,241 Common Shares outstanding on December 31 amounted to \$10,832,368 or \$1.48 per share. This compares with earnings for 1956 of \$10,330,083 or \$1.42 per share on 7,286,393 shares, which was the equivalent number of shares outstanding December 31, 1956 after making adjustment for the three for one subdivision. Dividends equivalent to 65 $\frac{1}{3}$  cents on the subdivided shares were paid in 1957, compared with 60 cents in 1956.

#### CAPITAL EXPENDITURES

Total capital expenditures during the year were \$38,246,000 against \$23,767,000 in 1956. In 1957, \$23,522,000 was spent on the Beaumont power development. Expenditures for extensions and improvements to the distribution system totalled \$6,527,000. New high-voltage transmission lines, including work to date on the



# The Revenue Dollar...its Disposition



fourth St. Maurice Valley line which will carry power from the Beaumont development to the Trois Rivières Terminal Station, accounted for \$4,099,000. The remainder was spent for the new System Operating Office building at Shawinigan and other additions and improvements to plant, buildings, and equipment throughout the system.

## FINANCIAL POSITION

The consolidated Balance Sheet of The Shawinigan Water and Power Company and St. Maurice Power Corporation as at December 31, 1957 with comparative figures for 1956 appears on pages 16 and 17. A

comparative statement of sources and application of funds appears on page 7.

Early in the year we acquired from Power Corporation of Canada, Limited that company's 49.9 per cent stock interest in Southern Canada Power Company, Limited. The acquisition was effected by an offer of Shawinigan Class 'A' Common Shares which were created and issued for purposes of exchange, on the basis of 5 Class 'A' Common Shares for each 8 Common Shares of Southern Canada Power Company. The same offer was extended to all other shareholders of Southern Canada Power Company, and as a result 189,539 Class 'A' Common Shares were issued. Including the



21 per cent of Southern Canada Power Company Common shares previously owned and shares acquired from other shareholders, Shawinigan now holds 387,902 or 97 per cent of the total outstanding.

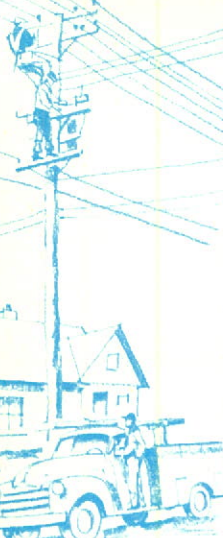
The Shawinigan Class 'A' Common Shares are equal in all respects to the previously existing Common Shares of the Company except that they carry a cumulative preferential dividend (before subdivision) of \$4.00 per share, or such higher

dividend as may be paid on Shawinigan Common Shares, for seven years to February 14, 1964. After that date the preference as to dividends will cease, and the dividend applicable will be that in effect on Shawinigan Common Shares.

In October the Class 'A' Common Shares and the Common Shares were subdivided on the basis of three for one, with a view to making the shares more readily available to a greater number of investors.

#### STATEMENT OF SOURCES AND APPLICATION OF FUNDS, 1957 AND 1956

	1957	1956
WORKING CAPITAL, JANUARY 1 .....	\$20,477,109	\$17,924,813
SOURCES OF FUNDS:		
Net earnings for the year .....	12,515,060	11,355,083
Add — Charges to earnings not requiring cash outlay:		
Depreciation (\$7,471,000) and amortization (\$84,092) .....	7,555,092	7,150,092
Provision for future income taxes .....	1,577,000	1,448,000
	21,647,152	19,953,175
Sale of 5½% Convertible Debentures .....	19,500,000	—
Sale of Series "R" 4¾% Bonds .....	—	14,662,500
Repayment of advances — subsidiary companies ...	511,314	—
Disposal of fixed assets, and miscellaneous items ...	523,210	741,190
	62,658,785	53,281,678
APPLICATION OF FUNDS:		
Capital expenditures .....	38,246,000	23,767,000
Investments in and advances to subsidiary and other companies .....	—	1,873,114
Redemption of funded debt .....	1,770,000	1,770,500
Dividends to shareholders .....	6,589,894	5,393,955
	46,605,894	32,804,569
WORKING CAPITAL, DECEMBER 31 .....	\$16,052,891	\$20,477,109



During October we sold \$20,000,000 5½% Convertible Sinking Fund Debentures, 1957 Series due October 15, 1972. These debentures are convertible into Common Shares at the holder's option at any time up to and including October 15, 1964 at varying prices depending on the date of conversion.

Working capital at the end of the year totalled \$16,052,891 compared with \$20,477,109 at the end of 1956. This, together with funds accruing from depreciation and retained earnings is expected to be sufficient for anticipated capital expenditures until the latter part of 1958.

### OPERATIONS

On November 1, the amount of firm power purchased from the Quebec Hydro-Electric Power Commission's Bersimis development increased from 60,000 kilowatts

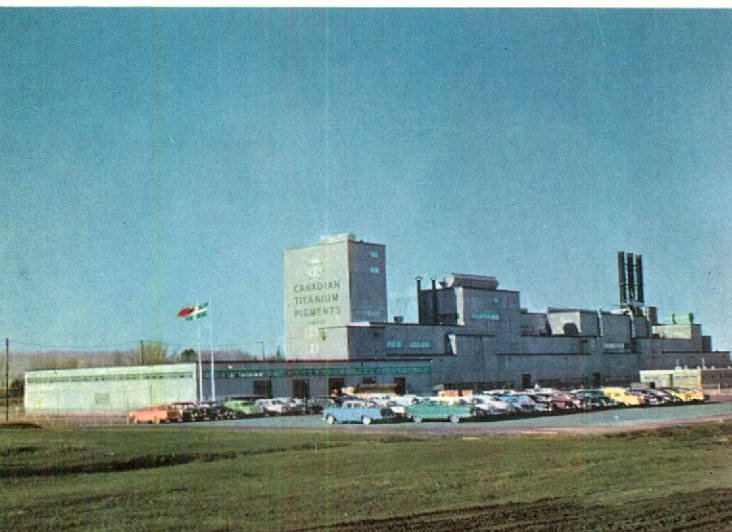
to 120,000 kilowatts in accordance with the contract signed in 1955.

Sales of power to large industrial customers were slightly higher in the aggregate than in 1956, but reflect a levelling off in the rate of growth of certain industries.

Throughout the year our Industrial Development Department continued its work toward the establishment of new industries in Shawinigan territory. In large measure due to the efforts of this department, 66 new industries were established in Shawinigan territory during 1957 with a total load of 9,070 kilowatts.

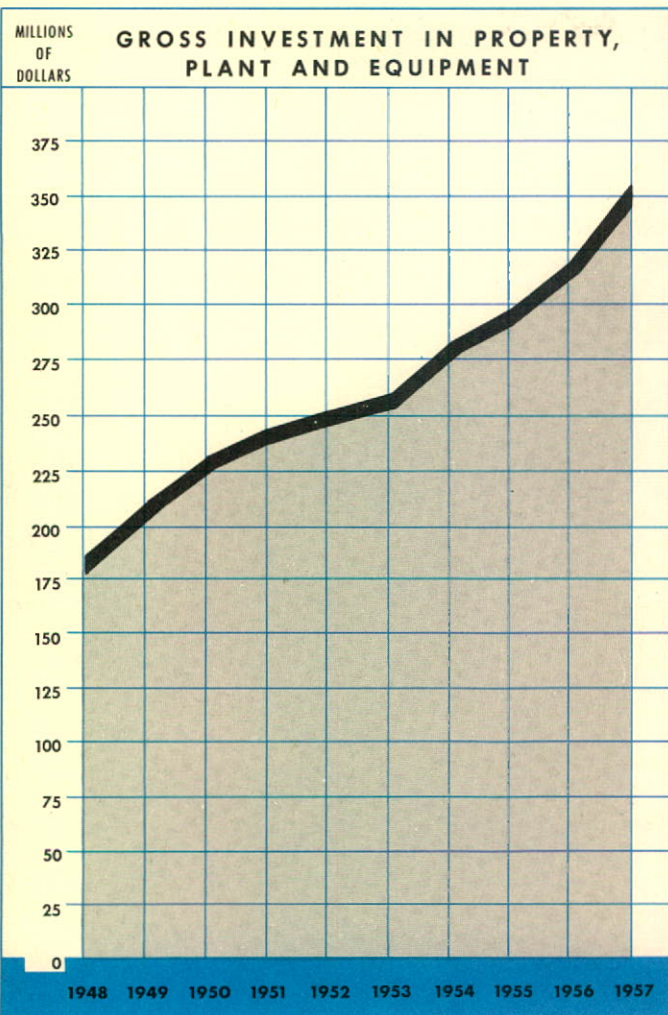
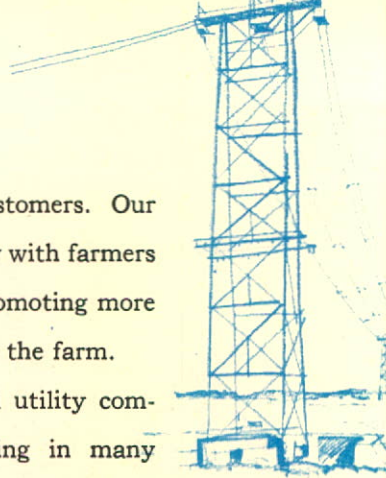
Our distribution business continued to grow at approximately the same rapid rate as in the past few years. Kilowatthours sold to customers served by the distribution system were 11.8 per cent more than in 1956, compared with an increase of 11.5 per cent in the previous year.

*Typical of the industrial development which has taken place in Shawinigan territory during the past few years, is the new plant of Canadian Titanium Pigments Limited near Varennes, P.Q., which started operation in 1957.*



*Major factors in the rapid growth of the Company's distribution business are the new housing developments which can be seen in every part of Shawinigan territory. These bungalows are in a new residential area at Trois Rivières.*





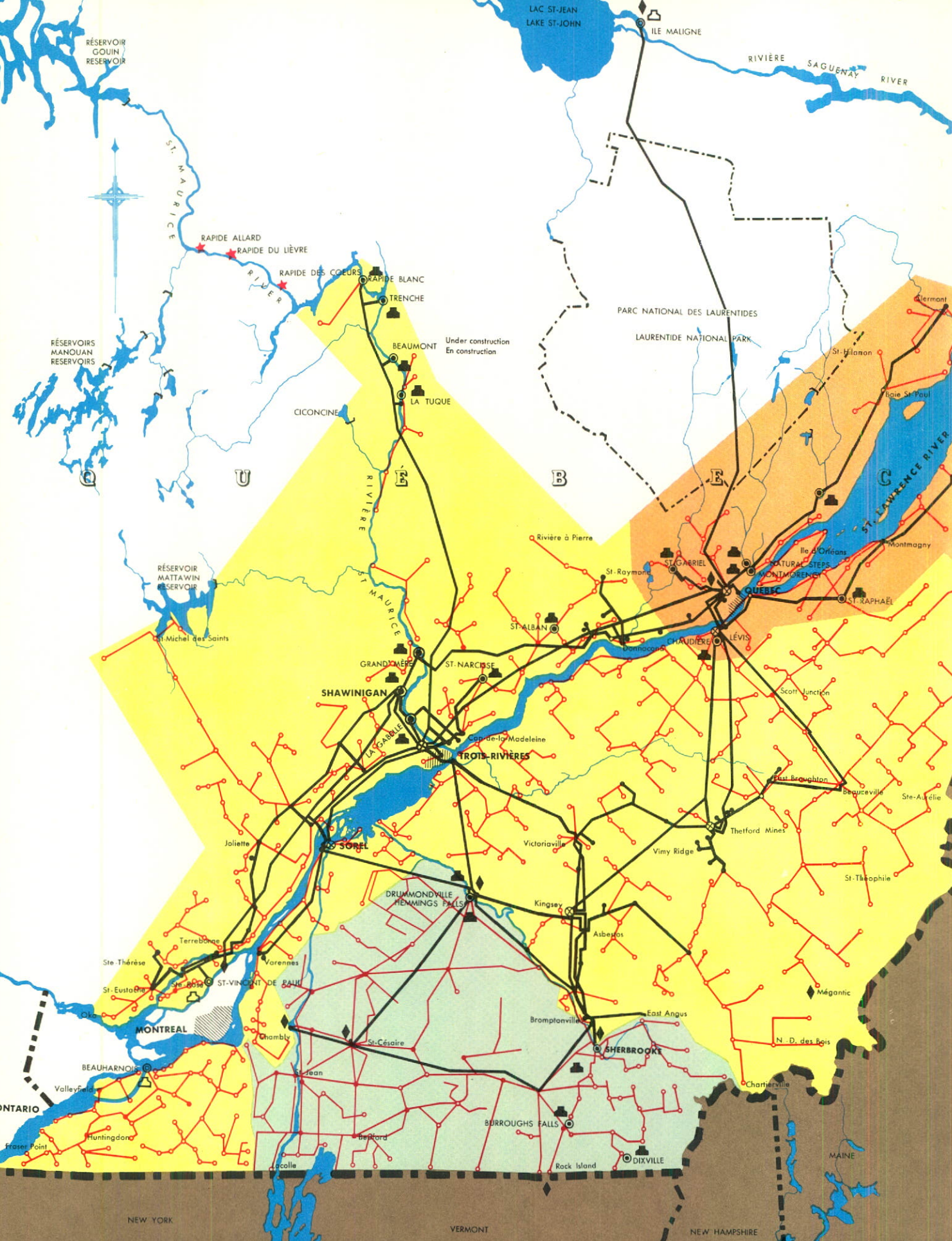
The sales promotion programme of our Commercial and Distribution Department, in co-operation with electrical appliance dealers, was carried on actively throughout the year. The advantages of using electricity were demonstrated to customers of all categories, with particular emphasis on the use of major electrical appliances by resi-

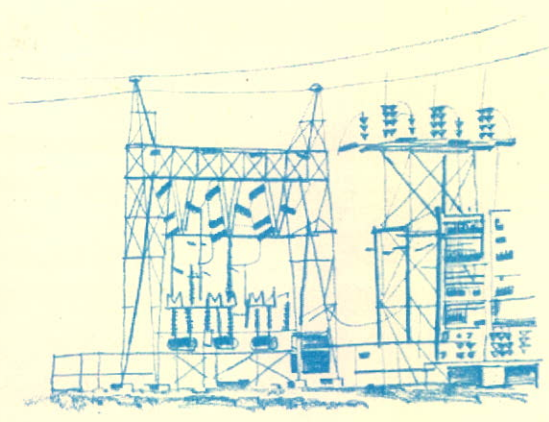
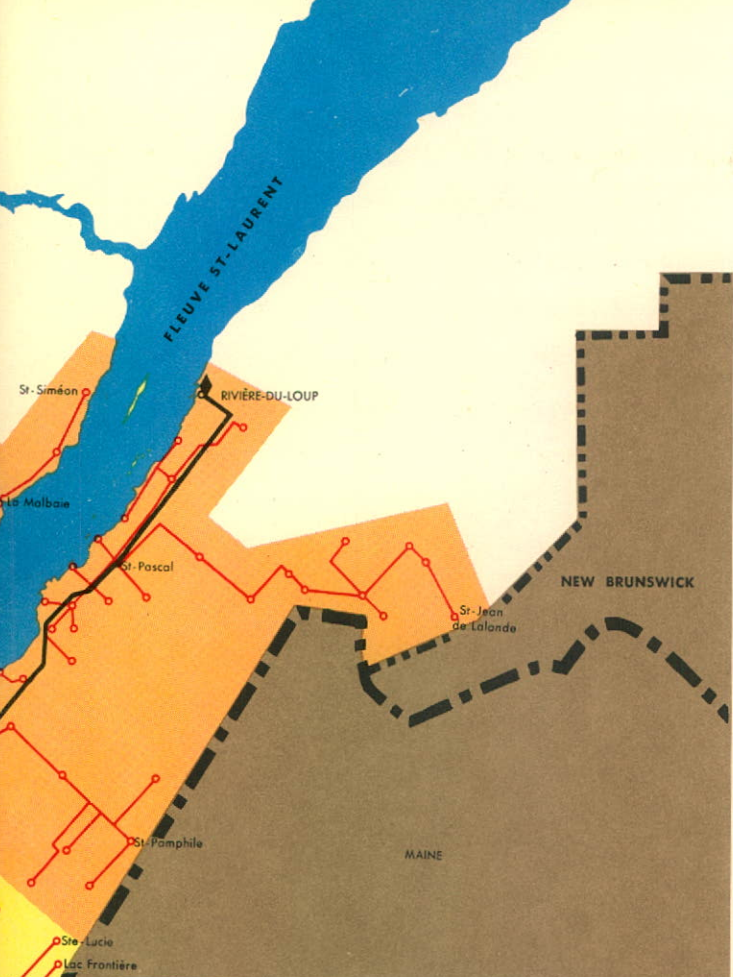
dential and commercial customers. Our rural advisers worked directly with farmers and young farm groups in promoting more extensive use of electricity on the farm.

A matter of concern to all utility companies is the fact that wiring in many residential and farm premises, particularly in older buildings, is inadequate for today's needs. Every possible support is given to the work of the Quebec Electrical League in this regard and in addition, the Company sponsors a plan whereby customers can finance, by monthly instalments, the cost of rewiring their premises.

During the year the municipally owned distribution systems in Terrebonne and East Broughton Station, and the privately owned system in Vimy Ridge, were purchased.

In 1957 a total of 11,096 new customers were connected to The Shawinigan Water and Power Company's system. The total number of customers of all categories receiving electric service at the year end was 242,855. The total served by the whole Shawinigan system, including 117,512 customers served by Quebec Power Company and 83,708 by Southern Canada Power Company, Limited, amounted to 444,075.

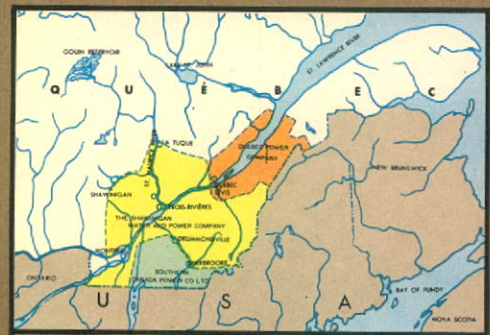




**SOUTHERN CANADA  
POWER COMPANY, LIMITED**

Shawinigan shareholders will be interested in information regarding Southern Canada Power Company and its operations. This company is basically a distributing organization, although it has some developed power sites and at the present time generates about one-quarter of its power requirements, the balance being supplied by Shawinigan.

The territory it serves comprises some 6,000 square miles located in the southern part of the Province, bounded by the United States border and the St. Francis and Richelieu River valleys. Its boundaries are contiguous with the territory served by Shawinigan over a distance of several hundred miles. The area is relatively densely populated and quite highly industrialized. The widely diversified loads sup-



**LEGEND**

**TERRITORY SERVED**

- THE SHAWINIGAN WATER AND POWER COMPANY
- SOUTHERN CANADA POWER COMPANY, LIMITED
- QUEBEC POWER COMPANY

- High-voltage transmission lines 66,000 volts and over.
- Transmission and distribution lines below 66,000 volts.
- Hydro-electric generating stations owned by the above three companies.
- Other hydro-electric generating stations serving the systems.
- Main receiving stations.
- Principal substations.
- Cities, towns and villages served.
- Sites of proposed power stations.
- Points of interconnection with other systems.

plied and continuing growth will help to further stabilize our revenue position. There are also many technical and economic advantages to be realized in the joint planning and closely co-ordinated operation of the transmission and distribution systems and power resources.

Southern Canada Power Company has 83,708 customers, and serves over 700 industries. Over the past five years the number of customers has increased by 20 per cent, and the kilowatthours sold rose from 448,145,500 to 801,690,700, an increase of 78.8 per cent.

Total revenue of Southern Canada Power Company for the 12 months ended December 31, 1957 was \$11,469,336. Net earnings for the same period were \$1,969,249 or \$3.68 per share on the 400,000 Common Shares outstanding, after providing for Preferred dividends.

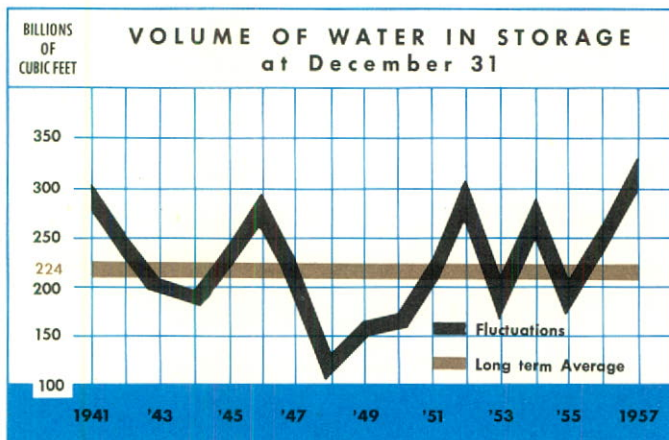
## WATER CONDITIONS

Rainfall and run-off conditions in the St. Maurice River watershed were somewhat below average during the spring months, but during the latter half of the year exceptionally heavy rainfall was experienced, replenishing the reservoirs to the extent that, at the end of the year, the amount of water in storage was almost 50 per cent greater than the long term average, the largest amount ever held at that time of the year.

In view of this change in storage position, a large amount of secondary energy was sold during the latter part of the year for the generation of process steam, and our purchases of secondary energy from other suppliers were curtailed substantially.

## MAINTENANCE

Expenditures during the year on maintenance of the Company's plants and properties totalled \$5,183,305, compared with \$4,165,577 in 1956. Among the more important items were: repairs to the concrete dams at Shawinigan and Grand'Mère, the intake and tail race structures at Grand'Mère, and the overhaul of generating units at Shawinigan, Grand'Mère, St. Narcisse and La Gabelle.



## ENGINEERING AND CONSTRUCTION

Construction of the 246,200-kilowatt Beaumont development, which was begun in March 1956, progressed according to schedule. The by-pass, a channel excavated from solid rock, through which the river is diverted during construction of the main dam and powerhouse sections, was finished in April. With excavation of the riverbed completed, construction of the powerhouse and main dam is well advanced. Construction of the dam necessitated the relocation of a nine-mile section of the Canadian National Railways' Transcontinental line from the west to the east bank of the St. Maurice River and this has been completed. It is expected that the first generating unit will come into operation in September 1958.

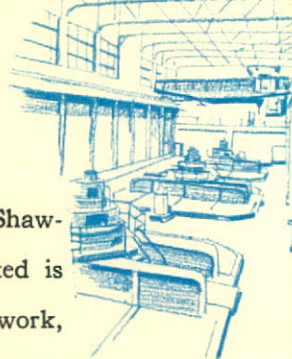
Other construction work included the completion of the Bromptonville high-voltage switching station; initial work in connection with the new terminal station at Thetford Mines, and the 230,000-volt transmission line to connect it to the Chaudière-Kingsey line; construction of the new 230,000-volt line from Beaumont development to the Trois-Rivières Terminal Station; and various other additions and extensions to the transmission and distribution systems.

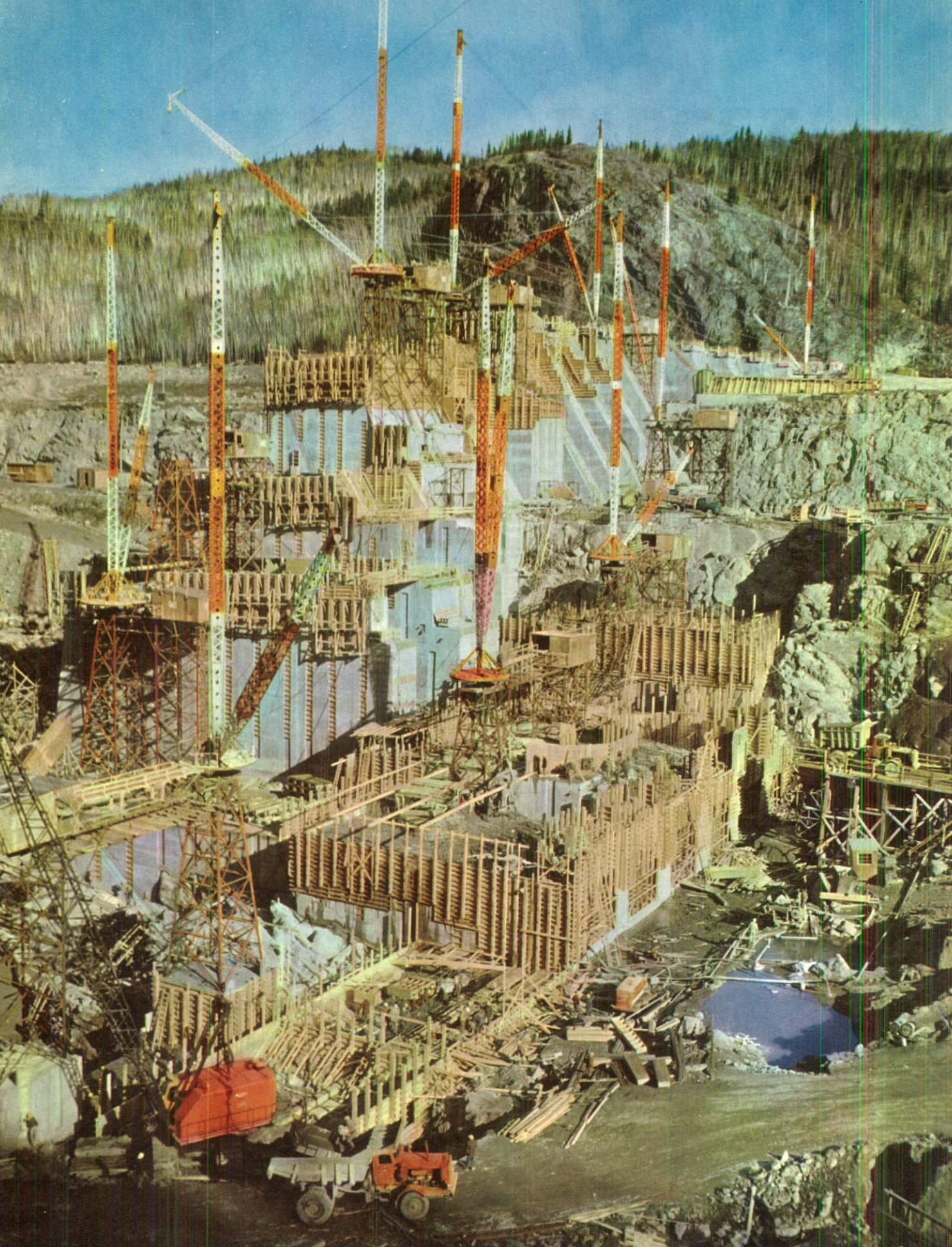
Our wholly-owned subsidiary, The Shawinigan Engineering Company, Limited is carrying out the major part of this work, and is also working on a number of projects for outside organizations including New Brunswick Electric Power Commission, Bowater Paper Company Limited, James MacLaren Company Limited, the British Newfoundland Corporation Limited and others. The work involved includes design and construction of hydro-electric power developments, high-voltage substations and transmission systems, the investigation of hydro-electric power sites, and design and construction of an experimental atomic reactor near Bombay, India.

## EMPLOYEES

The total number of regular employees in The Shawinigan Water and Power Company at the end of 1957 was 2,464. Subsidiary and associated companies employed a further 4,880, bringing the total with all companies in the Shawinigan group to 7,344. At the end of the year 869 of these employees, or almost 12 per cent, had 25 years or more of service to their credit.

Throughout the Shawinigan companies, the vital importance of safety is recognized





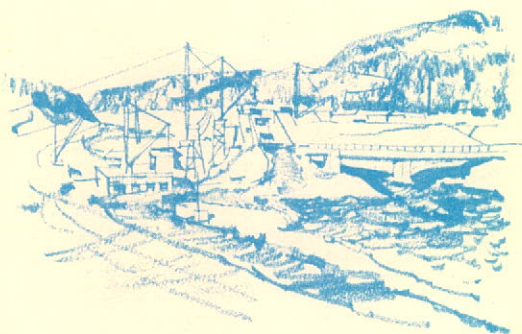


and employees are constantly reminded of this aspect of their work. The safety record established during 1957 was one of the most satisfactory in the Company's history. The total number of days lost was 44 per cent lower than in 1956 and indices of frequency and severity of accidents were both at record low levels.

### **CHANGES OF DIRECTORS AND OFFICERS**

In February, following enactment of a special By-Law increasing the number of Directors from 14 to 16, Mr. W. R. Way, Vice-President and Chief Engineer of the Company, and Mr. J. B. Woodyatt, Chair-

man of the Board of Power Corporation of Canada, Limited were appointed Directors. At the Annual Meeting on March 27, 1957, Mr. N. P. Woods, Vice-President, Finance, and Treasurer of the Company and the late Mr. V. G. Bartram, formerly Chairman of the Board of Shawinigan Chemicals Limited, retired as Directors. Mr. R. E. Hertz, President of The Shawinigan Engineering Company, Limited and Dr. R. S. Jane, President of Shawinigan Chemicals Limited were elected directors to succeed them. At the same time Mr. L. E. Boissonault, Assistant Vice-President, Finance, was appointed Vice-President, Finance, and Mr. A. C. Joncas was appointed Treasurer.



*Construction work in progress at the Beaumont development. The picture, taken from the west bank, shows the immense structures of the main dam and powerhouses rising in the old riverbed. In the background can be seen the four steep abutments of the by-pass openings, through which the river has been diverted, and beyond them the sluiceway and the east bulkhead.*

# The Shawinigan Water and St. Maurice P

## CONSOLIDATED BALANCE SHEET With Comparative Figures

<b>ASSETS</b>	<b>1957</b>	<b>1956</b>
<b>Current assets</b>		
Cash in banks and on hand . . . . .	\$1,928,872	\$1,908,409
Temporary investments — at cost, less reserve . . . . . <small>(Market value \$14,354,185)</small>	14,299,298	20,844,739
Accounts receivable, less provision for doubtful accounts . . . . .	6,128,831	5,954,257
Materials and supplies at cost . . . . .	2,684,642	2,726,800
Prepaid charges . . . . .	1,300,472	1,240,205
	\$26,342,115	32,674,410
<b>Investments in and advances to subsidiary and other companies</b>		
Investments in subsidiary companies at cost, less net adjustments . . . . .	31,036,203	14,829,787
Advances to subsidiary companies . . . . .	1,662,000	2,173,312
Investments in other companies at cost, less net adjustments . . . . .	238,911	1,249,022
	32,937,114	18,252,121
<b>Fixed assets (Note 1)</b>		
Property, plant and equipment at cost of construction or acquisition (including \$1,829,765 being excess of carrying value of investment in subsidiary company consolidated over book value of its net assets) . . . . .	357,047,797	320,136,060
Less: Accumulated depreciation . . . . .	87,446,041	80,702,438
	269,601,756	239,433,622
<b>Mattawin River and other storage dams at cost</b> . . . . .	4,070,376	4,162,368
Less: Amortization to date . . . . .	1,521,657	1,543,807
	2,548,719	2,618,561
<b>Unamortized premium, discount and expense of funded debt</b> . . . . .	3,582,651	3,263,534
	\$335,012,355	\$296,242,248

Approved on behalf of the Directors,  
H. G. WELSFORD, *Director.*  
JAS. B. WOODYATT, *Director.*

# and Power Company

## Power Corporation

STATEMENTS AS AT DECEMBER 31, 1957

as at December 31, 1956

### LIABILITIES

<u>Current liabilities</u>	1957	1956
Accounts payable (including provision for income and profits taxes).....	\$7,618,110	\$9,462,683
Accrued interest on funded debt.....	1,337,344	1,385,409
Dividends payable.....	<u>1,333,770</u>	<u>1,349,209</u>
	\$ 10,289,224	12,197,301
<u>Deferred liabilities</u> .....	2,471,410	2,648,018
<small>(Advances received on account of cost of transmission lines, less instalments repaid)</small>		
<u>Funded debt</u> (Note 2).....	160,620,500	142,390,500
<u>Deferred credit</u> (Note 3).....	7,484,700	5,907,700
<small>(Accumulated tax reductions applicable to future years)</small>		
<u>Reserves</u>		
Water storage equalization.....	1,492,000	1,492,000
Contingent.....	<u>500,000</u>	<u>500,000</u>
	<u>1,992,000</u>	<u>1,992,000</u>
	182,857,834	165,135,519

### CAPITAL AND RETAINED EARNINGS

<u>Cumulative Redeemable Preferred Shares</u>		
Authorized - 1,000,000 shares of \$50 par value \$50,000,000		
Issued - Series "A" 4% 400,000 shares.....	20,000,000	20,000,000
Series "B" 4½% 100,000 shares.....	5,000,000	5,000,000
<u>Class "A" Common Shares</u> (Note 4)		
Authorized - 592,500 shares without nominal or par value		
Issued - 568,617 shares.....	15,163,120	—
<u>Common Shares</u> (Note 4)		
Authorized - 9,600,000 shares without nominal or par value		
Issued - 7,288,241 shares (1956 - 7,286,393).....	78,699,172	78,660,364
<u>Earnings retained and invested in the business</u> .....	<u>33,292,229</u>	<u>27,446,365</u>
	<u>152,154,521</u>	<u>131,106,729</u>
	<u>\$335,012,355</u>	<u>\$296,242,248</u>

# The Shawinigan Water and Power Company and St. Maurice Power Corporation

## CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1957

With comparative figures for the year ended December 31, 1956

	<b>1957</b>	<b>1956</b>
Revenue from power sales . . . . .	\$57,920,744	\$54,165,954
Revenue from temporary investments, rentals and other income, including interest charged to construction amounting to \$1,002,646 (1956 - \$332,363) . . . . .	2,601,973	1,764,856
Dividends from subsidiary and other companies . . . . .	2,655,063	1,744,311
Total revenue . . . . .	63,177,780	57,675,121
<i>Deduct:</i>		
Operating, maintenance and general expenses . . . . .	16,950,980	15,046,717
Power purchased . . . . .	9,010,656	7,291,722
Taxes, other than income and profits taxes . . . . .	3,554,288	3,458,762
Water storage rentals . . . . .	1,441,327	1,426,977
Provision for depreciation . . . . .	7,471,000	7,066,000
Total operating expenses . . . . .	38,428,251	34,290,178
Interest on funded debt . . . . .	24,749,529	23,384,943
Provision for income and profits taxes (Note 5) . . . . .	5,006,469	4,299,860
Total . . . . .	19,743,060	19,085,083
Net earnings for the year . . . . .	\$12,515,060	\$11,355,083

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1957

With comparative figures for the year ended December 31, 1956

	<b>1957</b>	<b>1956</b>
Balance at beginning of year . . . . .	\$27,446,365	\$21,687,369
<i>Add:</i>		
Profits arising from sale of property and from other transactions . . . . .	356,434	91,453
Net earnings for the year . . . . .	12,515,060	11,355,083
Total . . . . .	40,317,859	33,133,905
<i>Deduct:</i>		
Amortization of premium, discount and expense of funded debt . . . . .	284,269	293,585
Capital stock expenses . . . . .	151,467	—
Dividends on Preferred Shares . . . . .	1,025,000	1,025,000
Dividends on Class "A" Common Shares . . . . .	657,692	—
Dividends on Common Shares . . . . .	4,907,202	4,368,955
Total . . . . .	7,025,630	5,687,540
Balance at end of year . . . . .	\$33,292,229	\$27,446,365

# NOTES TO FINANCIAL STATEMENTS

## 1. Fixed assets

Includes work under construction of \$39,945,000 at December 31, 1957, of which \$32,770,000 is applicable to Beaumont Power Development.

## 2. Funded debt

### The Shawinigan Water and Power Company

First Mortgage and Collateral Trust Sinking Fund Bonds:	1957	1956
Series "H" 3½% maturing January 1, 1970.....	\$15,193,500	\$ 15,371,000
Series "J" 3½% maturing February 1, 1970.....	7,966,500	8,329,000
Series "L" 3% maturing March 1, 1961.....	11,437,000	11,758,500
Series "M" 3% maturing April 15, 1971.....	25,000,000	25,000,000
Series "N" 3% maturing May 15, 1971.....	6,673,000	6,812,000
Series "O" 3¼% maturing April 1, 1972.....	12,405,000	12,449,500
Series "P" 3½% maturing October 1, 1973.....	21,633,500	21,783,000
Series "Q" 3% maturing March 1, 1975.....	15,000,000	15,000,000
Series "R" 4¼% maturing October 1, 1976.....	14,597,000	14,850,000
	129,905,500	131,353,000
<u>Convertible Sinking Fund Debentures</u>		
1957 Series 5½% maturing October 15, 1972.....	20,000,000	—
	149,905,500	131,353,000

### St. Maurice Power Corporation

First Mortgage Sinking Fund Bonds:		
Series "A" 3¼% maturing April 1, 1970.....	10,715,000	11,037,500
Principal and interest payable in lawful money of Canada with the exception of The Shawinigan Water and Power Company Series "M" and "Q" payable in lawful money of the United States of America.	\$160,620,500	\$142,390,500

## 3. Deferred credit — accumulated tax reductions applicable to future years

Capital cost allowances claimed for income tax purposes for the years 1952-1957 exceed by \$19,628,000 the depreciation recorded in the accounts, and tax reductions of \$7,484,700 have resulted. These accumulated tax reductions are being carried as a deferred credit to be used in future periods when capital cost allowances deductible for tax purposes are less than the depreciation recorded in the accounts. (See Note 5.)

## 4. Common Shares

- (a) The Class "A" Common Shares rank equally and pari passu, share for share, with the Common Shares except that up to and including February 14, 1964, the Class "A" Common Shares are entitled to preferential cumulative cash dividends at the rate of \$1.33½ per share per annum.
- (b) As provided by Special By-Law No. 8, confirmed by Letters Patent, each issued and unissued Class "A" Common Share was subdivided on October 5, 1957, into three of such shares and each issued and unissued Common Share was subdivided on October 5, 1957, into three of such shares.
- (c) The following authorized but unissued Common Shares have been reserved:
  1. 100,968 shares under the Employee Stock Purchase Plan — 1956 for issue on completion of instalment payments.
  2. 740,000 shares being the number required as of December 31, 1957, in accordance with the provisions of the Trust Indenture to effect the conversion of the \$20,000,000 5½% Convertible Sinking Fund Debentures, 1957 Series.

## 5. Income and profits taxes

The income and profits taxes payable in respect of the year amount to \$5,651,000. The difference of \$1,577,000 between this figure and the taxes charged against earnings results from claiming for tax purposes an amount greater by \$4,364,000 than the depreciation recorded in the accounts. (See Note 3.)

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Consolidated Balance Sheet of The Shawinigan Water and Power Company and St. Maurice Power Corporation as at December 31, 1957, and the consolidated statements of Earnings and Earnings retained and invested in the business for the year ended that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet and related Consolidated Statements of Earnings and Earnings retained and invested in the business, supplemented by the notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies as at December 31, 1957, and the results of their operations for the year ended that date, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

(Signed) SHARP, MILNE & CO.,  
Chartered Accountants.

Montreal, January 31, 1958.

# The Shawinigan Water and Power Company

## and St. Maurice Power Corporation

### CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1948-1957  
(In Thousands of Dollars)

	1957	1956	1955	1954	1953*	1952*	1951*	1950*	1949*	1948*
Revenue from power sales.....	\$57,921	\$54,166	\$47,899	\$42,413	\$38,801	\$37,557	\$34,651	\$29,270	\$25,880	\$24,792
Revenue from temporary investments, rentals and other income.....	2,602	1,765	1,435	1,291	1,256	738	897	1,514	1,281	1,032
Dividends from subsidiary and other companies.....	2,955	1,744	1,866	1,756	1,745	1,665	1,921	1,956	1,384	1,468
<b>Total revenue.....</b>	<b>63,178</b>	<b>57,675</b>	<b>51,200</b>	<b>45,460</b>	<b>41,802</b>	<b>39,960</b>	<b>37,469</b>	<b>32,740</b>	<b>28,545</b>	<b>27,292</b>
<b>Deduct:</b>										
Operating, maintenance and general expenses.....	16,951	15,047	14,068	12,960	12,363	11,791	10,310	8,885	8,501	7,834
Power purchased.....	9,011	7,291	5,447	4,256	5,088	4,653	5,173	5,015	4,512	4,446
Taxes, other than income and profits taxes.....	3,554	3,459	3,166	3,030	2,679	2,580	2,204	1,876	1,811	1,612
Water storage rentals.....	1,441	1,427	1,343	1,234	1,053	1,012	978	672	655	628
Provision for depreciation.....	7,471	7,066	6,765	7,096	6,590	6,142	5,600	4,300	3,600	3,500
<b>Total operating expenses.....</b>	<b>38,428</b>	<b>34,290</b>	<b>30,789</b>	<b>28,576</b>	<b>27,773</b>	<b>26,178</b>	<b>24,265</b>	<b>20,748</b>	<b>19,079</b>	<b>18,020</b>
Interest on funded debt.....	24,750	23,385	20,411	16,884	14,029	13,782	13,204	11,992	9,466	9,272
Provision for water storage equalization reserve, less income and profits taxes applicable.....	5,007	4,300	4,206	4,222	3,904	3,938	4,067	4,016	3,695	2,981
Provision for income and profits taxes.....	19,743	19,085	16,205	12,662	10,125	9,844	9,137	7,976	5,771	6,291
	—	—	310	294	364	524	—	—	—	—
	19,743	19,085	15,895	12,368	9,761	9,320	9,137	7,976	5,771	6,291
Provision for income and profits taxes.....	7,228	7,730	6,443	4,954	3,808	4,126	4,091	2,668	1,848	2,040
<b>Net earnings for the year.....</b>	<b>\$12,515</b>	<b>\$11,355</b>	<b>\$9,452</b>	<b>\$7,414</b>	<b>\$5,953</b>	<b>\$5,194</b>	<b>\$5,046</b>	<b>\$5,308</b>	<b>\$3,923</b>	<b>\$4,251</b>
<b>Earnings and dividends:</b>										
Preferred Shares, \$50 Par Value:	\$25.03	\$22.71	\$18.90	\$14.82	\$11.90	\$10.38	\$10.09	\$10.61	\$9.80	\$10.62
Earned per share.....	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Dividends per share:	2.25	2.25	2.25	2.25	2.25	2.25	2.25	1.87½†	—	—
Series "A" 4% (400,000 shares).....										
Series "B" 4½% (100,000 shares).....										
<b>Class "A" Common Shares without nominal or par value:</b>										
Earned per share**.....	\$20.20	—	—	—	—	—	—	—	—	—
Dividends declared per share**.....	1.16½†	—	—	—	—	—	—	—	—	—
<b>Common Shares without nominal or par value:</b>										
Earned per share**.....	\$1.48	1.42	1.16	.97	.75	.64	.62	.66	.48	.53
Dividends declared per share**.....	.67½†	.60	.53½	.48½	.48½	.48½	.48½	.48½	.40	.40

\*Not consolidated. †From February 15. ‡For ten months only.

\*\*Earnings and dividends per share restated on the basis of the three for one subdivision in October 1957.

# The Shawinigan Water and Power Company and St. Maurice Power Corporation

## OPERATING STATISTICS

	1957	1956	1955	1954	1953*	1952*	1951*	1950*	1949*	1948*
Installed generator capacity—kilowatts . . . . .	1,289,300	1,289,300	1,289,300	1,175,000	995,000	995,000	995,000	854,400	798,450	698,450
Peak Load, firm power—kilowatts . . . . .	1,671,600	1,600,800	1,500,000	1,319,100	1,249,700	1,249,000	1,253,700	1,147,300	1,011,500	969,610
Peak Load, total—kilowatts . . . . .	1,752,700	1,610,700	1,507,700	1,491,600	1,403,400	1,349,100	1,316,800	1,152,800	1,027,152	1,001,280
Kilowatthours generated (thousands) . . . . .	7,911,460	7,966,932	7,929,428	7,425,949	6,161,834	6,662,338	5,730,077	4,686,167	4,314,443	4,140,680
Kilowatthours purchased (thousands) . . . . .	3,356,214	3,039,334	2,322,583	1,876,910	2,633,543	2,441,973	2,679,738	2,607,406	2,350,847	2,511,302
Total . . . . .	11,267,674	11,006,266	10,252,011	9,302,859	8,795,377	9,104,311	8,409,815	7,293,573	6,665,290	6,651,982
<i>Kilowatthours sold:</i>										
Firm power (thousands) . . . . .	9,693,147	9,616,810	8,489,091	7,356,269	7,021,238	7,277,090	7,233,098	6,243,449	5,714,786	5,713,804
Secondary power (thousands) . . . . .	495,241	281,611	745,579	1,056,528	832,131	880,833	305,323	323,090	249,434	249,906
Total . . . . .	10,188,388	9,898,421	9,234,670	8,412,797	7,853,369	8,157,923	7,538,421	6,566,539	5,964,220	5,963,710
Water in storage at year end — <i>billions of cubic feet</i> . . . . .	330	263.7	207.6	291.9	210.9	309.9	229.2	172.0	165.6	132.9
<i>Number of customers served:</i>										
Residential . . . . .	172,282	162,305	154,156	146,791	139,293	130,818	124,204	116,796	110,601	103,317
Farm . . . . .	42,370	42,433	42,480	42,235	41,359	41,188	40,329	38,578	37,376	32,229
Commercial . . . . .	24,492	23,386	22,635	22,121	20,840	19,621	18,427	17,479	16,465	14,820
Municipal services . . . . .	89	81	73	67	65	57	57	49	48	41
Industrial . . . . .	3,612	3,542	3,460	3,415	3,390	3,288	3,223	3,196	3,194	3,163
Other utilities for resale (including municipal systems) . . . . .	10	12	13	13	14	15	15	14	15	15
Total . . . . .	242,855	231,759	222,817	214,642	204,961	194,987	186,255	176,112	167,699	153,585
Number of municipalities served . . . . .	611	612	612	612	591	591	590	580	567	551
Average annual consumption per residential customer—kilowatthours . . . . .	2,949	2,685	2,380	2,163	1,900	1,721	1,558	1,453	1,352	1,233
Average annual consumption per farm customer—kilowatthours . . . . .	1,884	1,631	1,453	1,301	1,126	989	858	770	693	636
<i>Wages and salaries paid, including benefits:</i>										
Charged to operation . . . . .	\$11,564,266	\$10,752,915	\$10,000,322	\$9,140,860	\$8,909,510	\$8,499,857	\$7,229,687	\$6,402,339	\$6,014,809	\$5,594,605
Charged to construction . . . . .	874,307	899,641	740,531	797,047	634,835	597,402	592,532	592,691	908,745	1,017,918
Other . . . . .	311,913	282,014	270,519	263,768	499,973	510,640	478,121	457,644	582,600	583,714
Total . . . . .	\$12,750,486	\$11,934,570	\$11,011,372	\$10,201,675	\$10,044,318	\$9,607,899	\$8,300,340	\$7,452,674	\$7,506,154	\$7,196,237

\*Not consolidated.

## Regular Employees of Shawinigan and its Subsidiary and Associated Companies

The Shawinigan Water and Power Company . . . . .	2,464	2,419	2,337	2,284	2,297	2,260	2,260	2,190	2,314	2,360
Shawinigan Chemicals Limited . . . . .	1,756	1,667	1,431	1,445	1,529	1,532	1,235	1,226	1,266	1,549
The Shawinigan Engineering Company, Limited . . . . .	462	446	283	254	251	272	255	241	258	242
Southern Canada Power Company, Limited . . . . .	670	571	547	470	446	397	387	334	305	296
Canadian Resins and Chemicals Limited . . . . .	540	739	718	693	676	673	686	716	700	697
Quebec Power Company . . . . .	457	495	512	510	508	492	508	740	763	722
Québec-Autobus Limitée . . . . .	273	293	297	233	194	135	110	102	199	209
Miscellaneous companies . . . . .	7,344	6,630	6,125	5,889	5,901	5,761	5,441	5,549	5,805	6,075
Total . . . . .	7,344	6,630	6,125	5,889	5,901	5,761	5,441	5,549	5,805	6,075

The Shawinigan Wa  
St. Maurice Power Corporation and  
CONSOLIDATED BALANCE SH

**ASSETS**

**Current assets**

Cash in banks and on hand .....	\$ 1,950,047	
Temporary investments — at cost, less reserve .....	15,264,523	
(Market value \$15,589,285)		
Accounts receivable, less provision for doubtful accounts .....	7,694,358	
Materials and supplies at cost .....	3,654,690	
Prepaid charges .....	1,609,298	
		\$ 30,172,916

**Investments in and advances to subsidiary and  
other companies**

Investments in subsidiary companies at cost, less net adjustments .....	14,829,787	
Advances to subsidiary companies .....	1,662,000	
Investments in other companies at cost, less net adjustments .....	351,914	
		16,843,701

**Fixed assets (Note 1)**

Property, plant and equipment at cost of construction or acquisition (including \$7,803,875 being excess of carrying value of investment in subsidiary companies consolidated over book value of their net assets) .....	404,130,103	
Less: Accumulated depreciation .....	99,027,881	
		305,102,222

<b><u>Mattawin River and other storage dams at cost</u></b> .....	4,070,376	
Less: Amortization to date .....	1,521,657	
		2,548,719

<b><u>Unamortized premium, discount and expense of funded debt</u></b> .....		3,582,651
		\$358,250,209

Approved on behalf of the Directors,  
H. G. WELSFORD, *Director*.  
JAS. B. WOODYATT, *Director*.



ter and Power Company,  
Southern Canada Power Company, Limited

STATEMENTS AS AT DECEMBER 31, 1957

**LIABILITIES**

**Current liabilities**

Accounts payable (including provision for income and profits taxes) ..	\$9,793,557
Accrued interest on funded debt.....	1,529,031
Dividends payable.....	1,457,826

\$ 12,780,414  
2,623,086

**Deferred liabilities** .....

(Advances received on account of cost of transmission lines, less instalments repaid)

**Funded debt** (Note 2)..... 171,620,500

**Deferred credit** (Note 3)..... 8,298,800

(Accumulated tax reductions applicable to future years)

**Reserves**

Water storage equalization.....	1,492,000
Contingent and other reserves.....	1,165,586

2,657,586

**Preferred Shares of subsidiary owned by public, and**

**minority interest**

Southern Canada Power Company, Limited, 6% Cumulative Participating Preferred Stock Issued — 70,889 shares of \$100 each .....	7,088,900
Minority interest in common stock and retained earnings.....	344,189

7,433,089

205,413,475

**CAPITAL AND RETAINED EARNINGS**

**Cumulative Redeemable Preferred Shares**

Authorized — 1,000,000 shares of \$50 par value \$50,000,000	
Issued — Series "A" 4% 400,000 shares.....	20,000,000
Series "B" 4½% 100,000 shares.....	5,000,000

**Class "A" Common Shares** (Note 4)

Authorized — 592,500 shares without nominal or par value	
Issued — 568,617 shares.....	15,163,120

**Common Shares** (Note 4)

Authorized — 9,600,000 shares without nominal or par value	
Issued — 7,288,241 shares.....	78,699,172

**Earnings retained and invested in the business** (Note 5)..... 33,974,442

152,836,734

\$358,250,209

# The Shawinigan Water and Power Company, St. Maurice Power Corporation and Southern Canada Power Company, Limited

## CONSOLIDATED STATEMENT OF EARNINGS

For the year ended December 31, 1957

Revenue from power sales . . . . .	\$66,128,288
Revenue from temporary investments, rentals and other income, including interest charged to construction amounting to \$1,002,646 . . . . .	2,792,849
Dividends from subsidiary and other companies . . . . .	1,803,899
Total revenue . . . . .	70,725,036
<i>Deduct:</i>	
Operating, maintenance and general expenses . . . . .	20,035,034
Power purchased . . . . .	9,144,434
Taxes, other than income and profits taxes . . . . .	3,836,548
Water storage rentals . . . . .	1,482,648
Provision for depreciation . . . . .	8,277,500
Total operating expenses . . . . .	42,776,164
	27,948,872
Interest on funded debt . . . . .	5,392,844
	22,556,028
Provision for income and profits taxes (Note 6) . . . . .	8,931,000
	13,625,028
Dividends to preferred shareholders of Southern Canada Power Company, Limited . . . . .	\$ 513,945
Minority interest of common shareholders of Southern Canada Power Company, Limited . . . . .	48,613
	562,558
Net earnings for the year . . . . .	\$13,062,470

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1957

Balance at beginning of year — less adjustments arising from consolidation . . . . .	\$27,581,168
<i>Add:</i>	
Profits arising from sale of property and from other transactions . . . . .	\$ 356,434
Net earnings for the year . . . . .	13,062,470
	13,418,904
	41,000,072
<i>Deduct:</i>	
Amortization of premium, discount and expense of funded debt . . . . .	284,269
Capital stock expenses . . . . .	151,467
	435,736
	40,564,336
Dividends on Preferred Shares . . . . .	1,025,000
Dividends on Class "A" Common Shares . . . . .	657,692
Dividends on Common Shares . . . . .	4,907,202
	6,589,894
Balance at end of year (Note 5) . . . . .	\$33,974,442

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Fixed assets

Includes work under construction of \$41,822,000 at December 31, 1957, of which \$32,770,000 is applicable to Beaumont Power Development.

### 2. Funded debt

#### The Shawinigan Water and Power Company

##### First Mortgage and Collateral Trust Sinking Fund Bonds:

Series "H" 3½% maturing January 1, 1970	\$15,193,500
Series "J" 3½% maturing February 1, 1970	7,966,500
Series "L" 3% maturing March 1, 1961	11,437,000
Series "M" 3% maturing April 15, 1971	25,000,000
Series "N" 3% maturing May 15, 1971	6,673,000
Series "O" 3¼% maturing April 1, 1972	12,405,000
Series "P" 3½% maturing October 1, 1973	21,633,500
Series "Q" 3% maturing March 1, 1975	15,000,000
Series "R" 4¾% maturing October 1, 1976	14,597,000
	129,905,500

##### Convertible Sinking Fund Debentures:

1957 Series 5½% maturing October 15, 1972	20,000,000	
		\$149,905,500

#### St. Maurice Power Corporation

##### First Mortgage Sinking Fund Bonds:

Series "A" 3¼% maturing April 1, 1970	10,715,000
---------------------------------------	------------

#### Southern Canada Power Company, Limited

##### First Mortgage Bonds:

Series "B" 3½% maturing July 2, 1976	6,000,000
Series "C" 3½% maturing July 2, 1976	2,500,000
Series "D" 3¾% maturing January 2, 1981	2,500,000
	11,000,000

Principal and interest payable in lawful money of Canada with the exception of The Shawinigan Water and Power Company Series "M" and "Q" payable in lawful money of the United States of America.

\$171,620,500

### 3. Deferred credit — accumulated tax reductions applicable to future years

Capital cost allowances claimed for income tax purposes for the years 1952-1957 exceed by \$21,733,700 the depreciation recorded in the accounts, and tax reductions of \$8,298,800 have resulted. These accumulated tax reductions are being carried as a deferred credit to be used in future periods when capital cost allowances deductible for tax purposes are less than the depreciation recorded in the accounts. (See Note 6.)

### 4. Common Shares — The Shawinigan Water and Power Company

- (a) The Class "A" Common Shares rank equally and pari passu, share for share, with the Common Shares except that up to and including February 14, 1964, the Class "A" Common Shares are entitled to preferential cumulative cash dividends at the rate of \$1.33⅓ per share per annum.
- (b) As provided by special by-law No. 8, confirmed by Letters Patent, each issued and unissued Class "A" Common Share was subdivided on October 5, 1957, into three of such shares and each issued and unissued Common Share was subdivided on October 5, 1957, into three of such shares.
- (c) The following authorized but unissued Common Shares have been reserved:
  1. 100,968 Shares under the Employee Stock Purchase Plan — 1956 for issue on completion of instalment payments.
  2. 740,000 Shares being the number required as of December 31, 1957, in accordance with the provisions of the Trust Indenture to effect the conversion of the \$20,000,000 5½% Convertible Sinking Fund Debentures, 1957 Series.

### 5. Earnings retained and invested in the business

An amount of \$2,949,890 of the Retained Earnings of Southern Canada Power Company, Limited is deemed to be Designated Surplus under Section 28(2) of the Income Tax Act, and therefore would be subject to income tax if and when received by the parent company.

### 6. Income and profits taxes

The income and profits taxes payable in respect of the year amount to \$7,167,900. The difference of \$1,763,100 between this figure and the taxes charged against earnings results from claiming for tax purposes an amount greater by \$4,854,000 than the depreciation recorded in the accounts. (See Note 3.)

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Consolidated Balance Sheet of The Shawinigan Water and Power Company, St. Maurice Power Corporation and Southern Canada Power Company, Limited as at December 31, 1957, and the consolidated statements of Earnings and Earnings retained and invested in the business for the year ended that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In the case of one subsidiary company, whose records were not examined by us, we have been furnished with financial statements certified by other accountants.

In our opinion, the accompanying Consolidated Balance Sheet and related Consolidated Statements of Earnings and Earnings retained and invested in the business, supplemented by the notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies as at December 31, 1957, and the results of their operations for the year ended that date, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

(Signed) SHARP, MILNE & CO.,  
Chartered Accountants.

Montreal, January 31, 1958.



SHAWINIGAN  
CHEMICALS  
LIMITED



Shawinigan Chemicals Limited manufactures calcium carbide, and a wide range of organic chemicals derived from this product. The company also manufactures sulphuric acid, and stainless steel castings. It has a number of subsidiary and associated companies in Canada, the United States and the United Kingdom, engaged in the manufacture and sale of various chemical products. A chlorine-caustic soda plant in Shawinigan is now nearing completion and production is expected to start in April 1958.

Conditions in the chemical industry in Canada were unsettled throughout 1957. Profits of Shawinigan Chemicals Limited were lower than in 1956 in spite of a slightly higher volume of sales. The drop in earnings was largely due to higher labour rates and increased freight charges on incoming raw materials and outgoing

finished products, without compensating increases in selling prices. The premium on the Canadian dollar throughout most of the year adversely affected returns in export markets, as well as prices in the Canadian market which, in many cases, are based on the equivalent prices in the United States.

#### FINANCIAL RESULTS

The consolidated Earnings Statement of Shawinigan Chemicals Limited and its wholly-owned subsidiaries, Shawinigan Products Corporation, New York City, and Shawinigan, Limited, London, appears on page 31. Dividends totalling \$843,825 were paid to The Shawinigan Water and Power Company for the year, at the rate of \$3.00 per share, the same as in 1956. Earnings of associated companies have been included only to the extent of dividends received

from them during the year. Shawinigan Chemicals' share of the undistributed earnings for the year of these companies amounted to approximately \$380,000 compared with \$875,000 in 1956.

#### **CAPITAL EXPENDITURES**

Capital expenditures during the year amounted to \$3,791,000 compared with \$4,733,000 in 1956. The greater part of this was spent for construction of the chlorine-caustic soda plant at Shawinigan. Development of the new plant site at Shawinigan, purchase of new equipment at the Bedford Quarry and a number of smaller items accounted for the balance.

#### **FINANCIAL POSITION**

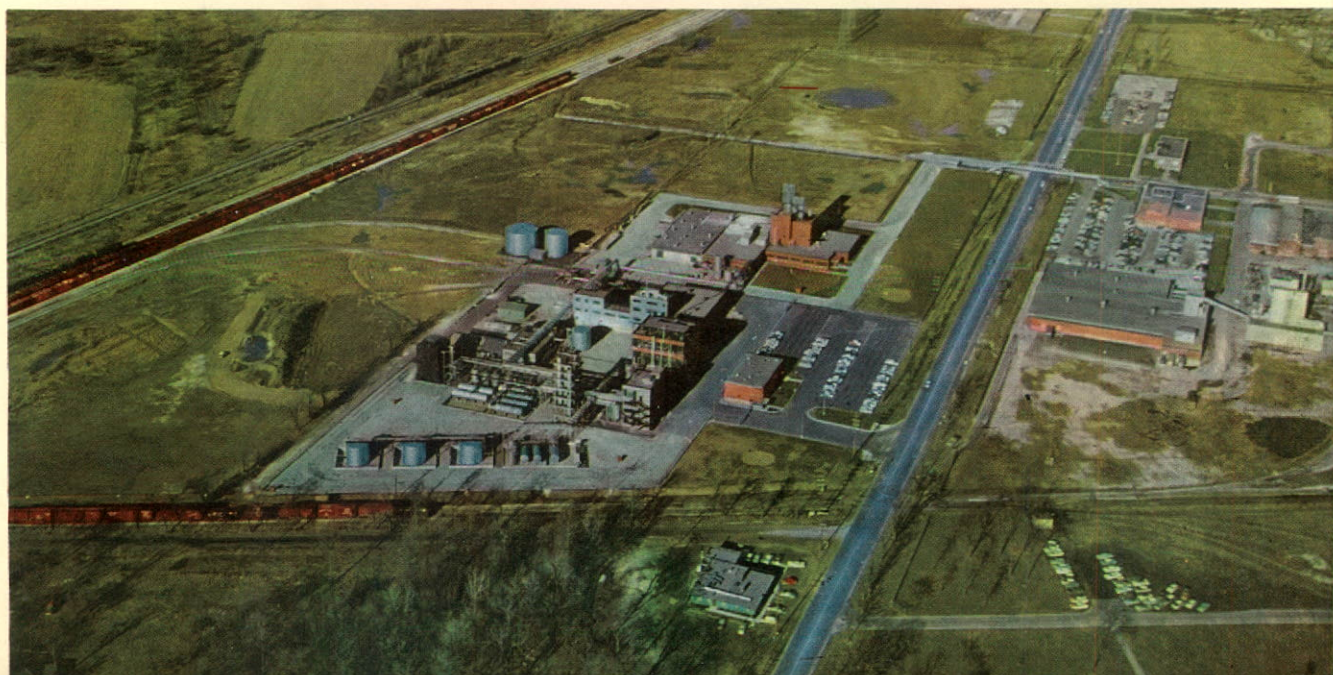
The consolidated Balance Sheet which appears on page 30 shows an increase of \$1,000,000 in Funded Debt, reflecting

final payment on the \$5,000,000 4 $\frac{3}{4}$ % Debentures which were sold in October 1956. Shawinigan Chemicals Limited's share of the Net Worth of its associated companies exceeded the book value of its investment in these companies by approximately \$4,828,000 compared with \$3,755,000 in 1956. The Company's working capital position was increased as a result of repayment of cash advances to the extent of \$250,000 by B.A.-Shawinigan Limited and \$100,000 by St. Maurice Chemicals Limited.

#### **WHOLLY-OWNED SUBSIDIARIES**

*Shawinigan Products Corporation, New York City*, acts as sales agent in the United States for products of Shawinigan Chemicals Limited and of its own associated company,

*The new plant of Shawinigan Resins Corporation at Trenton, Michigan, which started operation in October 1957.*



## SHAWINIGAN CHEMICALS LIMITED

Midwest Carbide Corporation, which has plants at Keokuk, Iowa and Pryor, Oklahoma. Dividends received by Shawinigan Chemicals Limited from this company during the year totalled \$289,000 U.S. funds, compared with \$179,000 U.S. funds, received in 1956. In view of the fact that the company had acquired cash reserves in excess of its requirements, the dividends paid in 1957 exceeded the net earnings for the year, and to this extent were charged against accumulated earnings of previous years.

*Shawinigan, Limited, London, England* acts as sales agent for Shawinigan Chemicals Limited in the United Kingdom and European markets. Dividends received by Shawinigan Chemicals Limited from this company during the year totalled \$60,584 when converted at prevailing rates of exchange, compared with \$67,347 in 1956.

### ASSOCIATED COMPANIES

#### IN CANADA

*Canadian Resins and Chemicals Limited* — jointly owned with Union Carbide Canada Limited, operates plants at Shawinigan and Ste. Thérèse, Quebec. Sales of its products, polyvinyl chloride resins and 'Vinylite'

plastics, were affected by the same conditions as those encountered by Shawinigan Chemicals Limited. Dividends totalling \$86,240 were paid to Shawinigan Chemicals Limited during the year.

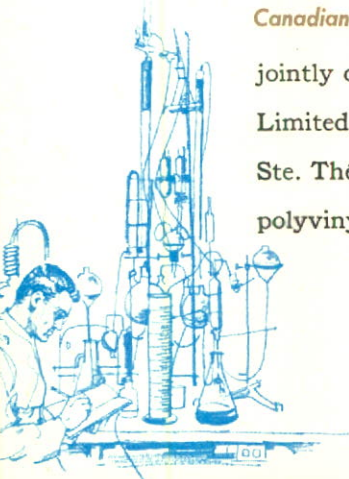
Capital expenditures for the year totalled \$511,000, devoted to improvements and expansion of manufacturing facilities.

*B.A.-Shawinigan Limited* — is jointly owned with The British American Oil Company Limited. During the year the capacity of its plant at Montreal East, manufacturing phenol and acetone, was increased by about 50 per cent. The results achieved were considerably better than in 1956.

*St. Maurice Chemicals Limited* — jointly owned with Heyden Newport Chemical Corporation, New York, produces formaldehyde and pentaerythritol at Varennes, Quebec. Manufacturing operations were at a higher level than in 1956, although the market for these chemicals is highly competitive. Business of its McArthur Chemical Division was better than in 1956.

#### IN THE UNITED STATES

*Shawinigan Resins Corporation, Springfield, Massachusetts* — jointly owned with Monsanto Chemical Company, manufactures



Shawinigan polyvinyl acetal resins and other organic chemicals. One of its principal products is 'Butvar' used in the manufacture of safety glass for automobiles and for other purposes.

The new polyvinyl alcohol plant at Springfield was completed and came into operation in June 1957. A new plant at Trenton, Michigan, for the production of 'Butvar' started operations in October. Both these plants are now operating satisfactorily.

Dividends paid by Shawinigan Resins Corporation to Shawinigan Chemicals Limited in 1957 totalled \$312,600 U.S. funds, compared with \$298,310 U.S. funds in 1956. The difference was accounted for by the increase of 4,287 in the number of shares held by Shawinigan Chemicals Limited.

#### IN THE UNITED KINGDOM

*Hedon Chemicals Limited* — owned jointly with The Distillers Company Limited, Edinburgh, Scotland, completed construction of its plant near Hull, England late in the autumn of 1956. This plant manufactures vinyl acetate, which is marketed in the United Kingdom.

#### CHANGES OF DIRECTORS AND OFFICERS

At the Annual Meeting on March 14, 1957, the late Mr. V. G. Bartram, Chairman of the Board and Mr. L. F. Loutrel, formerly President of Shawinigan Products Corporation, retired as directors of the Company. Mr. J. A. Fuller, President of The Shawinigan Water and Power Company and a Vice-President of Shawinigan Chemicals Limited was elected Chairman of the Board, and Mr. C. M. Schwab, President of Shawinigan Products Corporation and Mr. A. W. Scott, Managing Director of Shawinigan, Limited, London, were elected Directors. Mr. J. H. Gibbs, Vice-President, Manufacture, was appointed Vice-President Industrial Relations.

It is with profound regret that we record the death of Mr. Bartram shortly after his retirement. He had been with the Shawinigan companies since 1915, and had served Shawinigan Chemicals Limited and its predecessor companies in many capacities, becoming President in 1940 and Chairman of the Board in 1955. Mr. Bartram's untiring and devoted work contributed greatly to the Company's success and prominent position in the Canadian chemical industry.



# Shawinigan Chemicals Limited

and wholly-owned subsidiaries

## CONSOLIDATED BALANCE SHEET

As at December 31

<b>ASSETS</b>		1957	1956
<b>Current assets</b>			
Cash on hand and in banks.....		\$2,694,979	\$1,297,863
Temporary investments.....		—	1,245,446
Accounts receivable, less reserve.....		3,692,354	3,825,256
Finished goods, supplies, raw materials.....		4,422,582	4,916,614
(Valued at lower of cost or market)			
Prepaid and deferred charges.....		279,667	355,593
		11,089,582	11,640,772
<b>Investments—At cost</b>			
Shares in and advances to associated companies.....		11,378,756	11,861,779
<b>Property, plant and equipment—At cost</b> .....	\$ 31,766,869		28,300,138
Less accumulated depreciation.....	19,079,404		18,089,305
		12,687,465	10,210,833
		<b>\$35,155,803</b>	<b>\$33,713,384</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued charges.....		\$ 2,131,849	\$ 1,773,337
Accrued interest on debentures.....		50,103	39,952
Provision for taxes on income.....		517,518	694,880
		2,699,470	2,508,169
<b>4¾% Sinking fund debentures</b>			
Maturing October 15, 1971 — sinking fund.....		5,000,000	4,000,000
payments commence October 15, 1959			
<b>Shareholders' equity</b>			
<i>Capital Stock —</i>			
Authorized—400,000 common shares of \$25 each	\$10,000,000		
Issued —281,275 shares.....		7,031,875	7,031,875
General reserve.....		1,201,942	1,256,246
Capital surplus.....		2,987,504	2,987,504
Retained earnings (Note 1).....		16,235,012	15,929,590
		27,456,333	27,205,215
<b>Contingent liability (Note 2)</b>			
		<b>\$35,155,803</b>	<b>\$33,713,384</b>

Approved on behalf of the Directors  
H. D. ROSS, *Director*.  
P. W. BLAYLOCK, *Director*.

### AUDITORS' REPORT

We have examined the foregoing Consolidated Balance Sheet of Shawinigan Chemicals Limited and its Subsidiary Companies as at December 31, 1957 and the related Consolidated Statements of Earnings and Retained Earnings for the year ended that date, and have obtained all the information and explanations we have required. We were furnished with financial statements of the United Kingdom subsidiary, together with report thereon of independent chartered accountants. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the foregoing Consolidated Balance Sheet and the related Consolidated Statements of Earnings and Retained Earnings with the accompanying notes thereto, are properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Shawinigan Chemicals Limited and its subsidiary companies as at December 31, 1957, according to the best of our information, the explanations given to us and as shown by the books of the Companies examined by us, and the financial statements furnished to us.

(Signed) SHARP, MILNE & CO.,  
Chartered Accountants.

Montreal, February 11, 1958.



# Chemicals Limited

## and subsidiaries

### CONSOLIDATED STATEMENT OF EARNINGS

For the years ended December 31

	1957	1956
Net sales .....	\$32,387,217	\$31,757,320
Cost of goods sold.....	28,483,179	27,219,841
<b>GROSS PROFIT</b> .....	<u>3,904,038</u>	<u>4,537,479</u>
Administrative and selling expenses.....	1,674,976	1,819,216
Research expense .....	798,745	647,224
Interest on debentures .....	224,877	31,102
	<u>2,698,598</u>	<u>2,497,542</u>
<b>PROFIT ON OPERATIONS</b> .....	<u>1,205,440</u>	<u>2,039,937</u>
Income from investments .....	461,930	341,554
Income from royalties.....	35,777	207,003
Income from other sources.....	61,311	73,438
	<u>559,018</u>	<u>621,995</u>
	1,764,458	2,661,932
Provision for taxes on income .....	703,138	1,103,358
<b>NET EARNINGS FOR YEAR</b> .....	<u>\$ 1,061,320</u>	<u>\$ 1,558,574</u>

### CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the years ended December 31

	1957	1956
Balance forward from previous year.....	\$15,929,590	\$15,035,650
Sundry adjustments applicable to prior years.....	23,434	87,712
Transfer from general reserve .....	64,493	—
Profit on disposal of fixed assets .....	—	91,479
Net earnings for year .....	<u>1,061,320</u>	<u>1,558,574</u>
	17,078,837	16,773,415
Dividends paid during year .....	843,825	843,825
<b>BALANCE AT END OF YEAR</b> .....	<u>\$16,235,012</u>	<u>\$15,929,590</u>

#### NOTES TO FINANCIAL STATEMENTS

- NOTE 1. The Debenture Trust Agreement provides that dividends payable in cash on the capital stock of the company shall not exceed the aggregate of the consolidated net earnings subsequent to December 31, 1955, and \$3,000,000.
- NOTE 2. Contingent Liability — One of the subsidiary companies whose accounts are consolidated herein is jointly and severally liable as co-guarantor of \$1,750,000 4¾% Sinking Fund Debentures of an associated company, maturing July 1, 1964.
- NOTE 3. The following amounts have been charged against earnings in 1957: depreciation \$1,310,911, executive salaries \$305,860, legal expenses \$11,646, Directors' fees \$11,350.



# The Shawinigan Water and Power Company

## DIRECTORS

Lt.-COL. L. J. A. AMYOT	RAYMOND DUPUIS, Q.C.	W. F. MAINGUY
*R. J. BEAUMONT	*J. A. ECCLES	*ARTHUR SURVEYER
*N. J. DAWES	*J. A. FULLER	W. R. WAY
AUGUSTE DESILETS, Q.C.	R. E. HEARTZ	H. G. WELSFORD
*S. G. DOBSON	R. S. JANE	J. B. WOODYATT
	W. F. MACKLAIER, Q.C.	

\*Members of Executive Committee

## OFFICERS

	R. J. BEAUMONT, <i>Chairman of the Board</i>
	J. A. FULLER, <i>President and Chairman of the Executive Committee</i>
	W. F. MAINGUY, <i>Executive Vice-President</i>
A. C. ABBOTT, <i>Vice-President, Distribution</i>	L. E. BOISSONNAULT, <i>Vice-President, Finance</i>
H. B. ABBOTT-SMITH, <i>Vice-President, Power Sales</i>	E. D. GRAY-DONALD, <i>Vice-President, Administrative Services</i>
	W. R. WAY, <i>Vice-President and Chief Engineer</i>
A. C. JONCAS, <i>Treasurer</i>	R. R. MERIFIELD, <i>Secretary</i>
	A. TIMON, <i>Comptroller</i>
T. P. DALTON, <i>Assistant Vice-President</i>	L. MCGILLIS, <i>Assistant Vice-President</i>
GORDON D. HULME, <i>Assistant Vice-President</i>	FRANCOIS ROY, <i>Assistant Vice-President</i>

HEAD OFFICE: Montreal, Canada

### Transfer Agents: Preferred Shares

Montreal Trust Company  
Montreal, Toronto, Halifax,  
Winnipeg, Edmonton, Vancouver

### Class 'A' Common Shares

Montreal Trust Company  
Montreal, Toronto

### Common Shares

The Royal Trust Company  
Montreal, Toronto, Vancouver  
Bank of Montreal Trust Company  
New York City

### Bankers:

The Royal Bank of Canada  
Banque Canadienne Nationale

### Registrars: Preferred Shares

The Royal Trust Company  
Montreal, Toronto, Halifax,  
Winnipeg, Edmonton, Vancouver

### Class 'A' Common Shares

The Royal Trust Company  
Montreal, Toronto

### Common Shares

National Trust Company, Limited  
Montreal, Toronto, Vancouver  
Bankers Trust Company  
New York City

### Auditors:

Sharp, Milne & Co.,  
Chartered Accountants, Montreal

The Company's Preferred, Class 'A' Common and Common Shares are listed or traded on the Exchanges shown below:

**Preferred Shares:**—Montreal Stock Exchange; Toronto Stock Exchange.

**Class 'A' Common Shares:**—Montreal Stock Exchange; Toronto Stock Exchange.

**Common Shares:**—Montreal Stock Exchange; Toronto Stock Exchange; Vancouver Stock Exchange; American Stock Exchange, New York City; London Stock Exchange, London, England; Paris Bourse, Paris, France; Amsterdam Stock Exchange, Amsterdam, Holland; Brussels Bourse, Brussels, Belgium.

# Shawinigan Chemicals Limited

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## DIRECTORS

P. W. BLAYLOCK	C. K. LOCKWOOD	A. W. SCOTT
J. A. FULLER	W. F. MAINGUY	H. S. SUTHERLAND
J. H. GIBBS	H. D. ROSS	J. S. WHYTE
R. S. JANE	C. M. SCHWAB	P. W. WRIGHT

## OFFICERS

J. A. FULLER, *Chairman of the Board*

R. S. JANE, *President*

H. S. SUTHERLAND, *Executive Vice-President and General Manager*

P. W. BLAYLOCK, *Vice-President, Research and Development*

C. K. LOCKWOOD, *Vice-President, Sales*

J. H. GIBBS, *Vice-President, Industrial Relations*

H. D. ROSS, *Vice-President and Assistant General Manager*

J. S. WHYTE, *Vice-President, Engineering*

A. H. ANDERSEN, *Assistant Vice-President*

G. BENSON, *Assistant Vice-President*

P. W. WRIGHT, *Secretary*

G. A. DONALD, *Treasurer*

HEAD OFFICE: Montreal, Canada

WORKS: Shawinigan, Que.

## SHAWINIGAN, LIMITED, London, England

R. H. COLLIS, *Chairman of the Board*

F. G. PENTECOST, *Deputy Chairman*

A. W. SCOTT, *Managing Director*

## SHAWINIGAN PRODUCTS CORPORATION, New York City, N.Y.

C. M. SCHWAB, *President*

WALTER BENDER, *Vice-President*

F. X. LEE, *Secretary-Treasurer*

# The Shawinigan Engineering Company Limited

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## OFFICERS

R. E. HEARTZ, *President*

E. V. LEIPOLDT, *Vice-President and Consulting Engineer*

G. R. RINFRET, *Vice-President, Engineering*

J. A. BURKE, *Vice-President, Construction*

L. E. BOISSONNAULT, *Treasurer*

R. R. MERIFIELD, *Secretary*

HEAD OFFICE: Montreal, Canada

