

CANADIAN POWER AND PAPER
INVESTMENTS, LIMITED

▪

Annual Report
at 31st July, 1937

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Head Office:
355 ST. JAMES STREET WEST
MONTREAL
CANADA

CANADIAN POWER AND PAPER INVESTMENTS, LIMITED

355 ST. JAMES STREET WEST

MONTREAL

CANADA

Montreal, 1st October, 1937.

To the Shareholders:

Your Directors submit the Annual Report of your Company for the year ended July 31st, 1937, including Balance Sheet and Statements of Profit and Loss and Surplus Accounts, which have been certified to by the Company's auditors, Messrs. P. S. Ross & Sons.

Debentures to the principal amount of \$582,800 were purchased by the Company during the year and cancelled.

Prior to September 15th, 1937, in accordance with Supplementary Trust Agreement made between the Company and the Montreal Trust Company, as Trustee, under date of October 24th, 1934, the Auditors deposited a Certificate with the Trustee to the effect that there was available for the accounting period ended July 31st, 1937, \$43,571.08 for interest on the 5% Thirty-Year Debentures, Series "A", of this Company; and, in accordance therewith, your Directors have given notice to the Debentureholders that there will be paid on October 1st, 1937, Coupon No. 11, dated August 1st, 1933, being six months interest on the outstanding Debentures. This payment will require \$30,000.00, plus exchange, if any.

Respectfully submitted on behalf of the Board,

J. ALDERIC RAYMOND,
President.

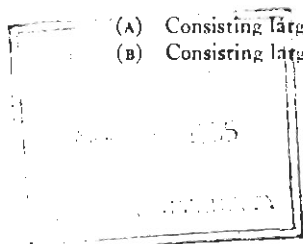


Diversification of Investments *Based on Current Values as at 31st July, 1937*

| | <i>Bonds</i> | <i>Preferred Stocks</i> | <i>Common Stocks</i> | <i>Total</i> |
|--------------------------------------|--------------|-----------------------------|--------------------------|----------------|
| Government..... | .73% | | | .73% |
| Public Utilities..... | .22 | 12.91 | 54.92 | 68.05 (A) |
| Pulp and Paper..... | 1.62 | | 16.95 | 18.57 (B) |
| Foodstuffs and Beverages..... | 1.89 | 2.20 | .43 | 4.52 |
| Mining and Smelting..... | | | 2.49 | 2.49 |
| Oil..... | | .58 | 1.13 | 1.71 |
| Textile, Iron, Steel, Coal, etc..... | | .68 | .67 | 1.35 |
| Railroads and Real Estate..... | .60 | | 1.98 | 2.58 |
| | <u>5.06%</u> | <u>16.37%</u> | <u>78.57%</u> | <u>100.00%</u> |

(A) Consisting largely of Power Corporation of Canada, Limited.

(B) Consisting largely of Bathurst Power & Paper Company, Limited.



CANADIAN POWER & PAPER INVESTMENTS, LIMITED

Statement of Profit and Loss Account for the year ended 31st July, 1937

| REVENUE | |
|---|--------------|
| Revenue from Investments | \$ 80,260.17 |
| Bank Interest | 23.39 |
| Profit on Exchange | 26.96 |
| | \$ 80,310.52 |
| EXPENDITURE | |
| Audit Fees | \$300.00 |
| General Expense | 683.17 |
| Insurance | 298.30 |
| Legal Expense | 1,775.70 |
| Salaries—Clerical and Secretarial | 960.00 |
| Taxes | 1,230.00 |
| Trustees, Transfer Agents and Registrar's Fees | 1,854.05 |
| Directors' Fees | 3,000.00 |
| Miscellaneous Interest | 125.68 |
| Debenture Interest | 60,000.00 |
| Provision for Federal Income Tax | 1,512.54 |
| Provision for Depreciation on Investment Securities in accordance with resolution of Directors | 25,000.00 |
| Deficit for year transferred to Earned Surplus | \$ 96,739.44 |
| | \$ 16,428.92 |

Statement of Earned Surplus Account as at 31st July, 1937

| | |
|---|--------------|
| Balance at Debit 31st July, 1936 | \$ 88,192.51 |
| DEDUCT: Reduction in liability for Debenture Interest accrued to 31st July 1936 resulting from purchase and cancellation during the year ended 31st July, 1937, of \$582,800.00 principal amount of 5% Debentures | 101,990.00 |
| Balance at Credit | 13,797.49 |
| DEDUCT: Loss from Operations for the year ended 31st July 1937 | 16,428.92 |
| Balance at Debit 31st July, 1937 | \$ 2,631.43 |

Statement of Capital Surplus Account as at 31st July, 1937

| | |
|--|--------------|
| Balance at Debit 31st July, 1936 | \$ 41,120.09 |
| DEDUCT: Discount on Debentures purchased and cancelled | \$114,427.40 |
| LESS: Loss resulting from sales of Investment Securities | 101,072.43 |
| Balance at Debit 31st July, 1937 | \$ 27,765.12 |

Auditors' Certificate

CANADIAN POWER AND PAPER INVESTMENTS, LIMITED,
Montreal.

We have audited the accounts of Canadian Power and Paper Investments, Limited, for the year ended 31st July, 1937, and have obtained all the information and explanations we have required.

We certify that, in our opinion, the attached Balance Sheet is drawn up so as to set forth a true and correct view of the financial position of the Company at 31st July, 1937, and that the Profit and Loss and Deficit Accounts show the results from operations for the year ended the same date, according to the best of our information, the explanations given to us and as shown by the books of the Company.

MONTREAL, QUE., 14th September, 1937.

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

CANADIAN POWER & PAPER INVESTMENTS, LIMITED

Balance Sheet *at 31st July, 1937*

ASSETS

| | | |
|--|---------------|------------------------------|
| Cash in Banks..... | | \$ 20,711.46 |
| Investments at Cost: | | |
| Bonds..... | \$ 248,093.80 | |
| Preferred Stocks..... | 801,088.37 | |
| Common Stocks..... | 3,847,785.24 | |
| | | <u>4,896,967.41</u> |
| (The aggregate value of these investments at quoted market prices at 31st July, 1937, was \$2,610,321.92.) | | |
| Accrued Interest on Investments..... | | 3,500.94 |
| Prepaid Taxes, Insurance, etc..... | | 1,396.87 |
| Capital Surplus: | | |
| Balance at Debit as per attached Statement..... | 27,765.12 | |
| Earned Surplus: | | |
| Balance at Debit as per attached Statement..... | 2,631.43 | 30,396.55 |
| | | <u><u>\$4,952,973.23</u></u> |

LIABILITIES

| | | |
|---|--------------|------------------------------|
| Accounts Payable..... | \$ 3,585.01 | |
| Provision for Federal and Provincial Taxes..... | 4,388.22 | |
| | | <u>7,973.23</u> |
| Interest accrued on outstanding Debentures from 1st February, 1933 to 31st July, 1937, payable in Canadian or U.S.A. Dollars or Sterling..... | | 270,000.00 |
| Investment Reserve..... | | 25,000.00 |
| 5% Thirty-Year Debentures, Series "A", due 1st February, 1958: | | |
| Outstanding 31st July, 1936..... | 1,782,800.00 | |
| DEDUCT: Purchased and Cancelled..... | 582,800.00 | |
| | | <u>1,200,000.00</u> |
| Outstanding 31st July, 1937..... | | 1,200,000.00 |
| Cumulative Preferred Shares: | | |
| (Redeemable at \$52.50 per share): | | |
| Authorized and Issued—50,000 Shares of No Par Value.... | | 2,500,000.00 |
| (of which 10,010 shares were in hands of transfer agent for distribution on share for share basis to holders of 5% Cumulative Convertible Preferred Shares upon surrender thereof). | | |
| Common Stock: | | |
| Authorized—96,000 Shares of No Par Value. | | |
| Issued —94,000 Shares..... | | 950,000.00 |
| (of which 11,103 1/50 shares were outstanding in excess of present requirements for distribution under terms of Supplementary Letters Patent dated 6th September, 1934). | | |
| | | <u><u>\$4,952,973.23</u></u> |

Approved on behalf of the Board:

| | |
|--------------------|--------------|
| J. ALDERIC RAYMOND | } Directors. |
| E. R. BREMNER | |
| COLIN W. G. GIBSON | |