

CANADIAN POWER AND PAPER
INVESTMENTS, LIMITED

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Annual Report
at 31st July, 1938

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Head Office:
355 ST. JAMES STREET WEST
MONTREAL
CANADA

CANADIAN POWER & PAPER INVESTMENTS, LIMITED

*Statement of Profit and Loss Account
for the year ended 31st July, 1938*

REVENUE	
Revenue from Investments	\$ 73,489.26
Bank and Other Interest	9.20
Profit on Exchange	130.92
	\$ 73,629.38
EXPENDITURE	
Audit Fees	\$ 300.00
General Expense	1,093.98
Insurance	293.22
Legal Expense	1,345.13
Salaries—Clerical and Secretarial	1,200.00
Taxes	1,213.37
Trustee's, Transfer Agent's, Registrar's and Paying Agent's Fees	1,671.67
Directors' Fees	1,500.00
Miscellaneous Interest	90.83
Debenture Interest	49,285.00
Foreign Exchange on Debenture Interest paid during the year ended 31st July 1938	113.44
Provision for Province of Quebec Profit Tax	25.00
Provision for Depreciation on Investment Securities in accordance with Resolution of Directors	50,000.00
Deficit for the year ended 31st July 1938 transferred to Earned Surplus Account	\$ 34,502.26
	\$108,131.64
	\$ 34,502.26

*Statement of Earned Surplus Account
as at 31st July, 1938*

Balance at Debit 31st July, 1937	\$2,631.43
DEDUCT: Reduction in Liability for Debenture Interest accrued to 31st July 1937 resulting from—	
Purchase and Cancellation during the year ended 31st July 1938 of \$214,300.00 principal amount of 5% Debentures	\$ 42,860.00
Cancellation of coupons payable 1st August 1933 and paid 1st October 1937 upon Debentures held by Company	1,332.50
	\$ 44,192.50
Excess Provision for Income Tax	1,487.54
	45,680.04
Balance at Credit	\$ 43,048.61
DEDUCT: Loss from Operations for the year ended 31st July, 1938	34,502.26
Balance at Credit 31st July, 1938	\$ 8,546.35

*Statement of Capital Surplus Account
as at 31st July, 1938*

Balance at Debit 31st July, 1937	\$ 27,765.12
DEDUCT: Discount on Debentures Purchased and Cancelled	\$ 38,081.15
Profit resulting from Sales of Investment Securities	646.65
	38,727.80
Balance at Credit 31st July, 1938	\$ 10,962.68

CANADIAN POWER & PAPER INVESTMENTS, LIMITED

*Balance Sheet
as at 31st July, 1938*

ASSETS	
Cash in Banks	\$ 13,843.86
Investments at Cost:	
Bonds	\$ 153,686.10
Preferred Stocks	773,440.37
Common Stocks	3,781,947.39
	4,709,073.86
(The aggregate value of these Investments at quoted market prices at 31st July, 1938, was \$1,724,457.37.)	
Accrued Interest on Investments	1,425.00
Prepaid Taxes, Insurance, etc.	1,082.80
	\$4,725,425.52
LIABILITIES	
Account Payable and Accrued Liabilities	\$ 473.84
Provision for Provincial Profit Tax	25.00
	\$ 498.84
Interest Accrued on outstanding Debentures from 1st August, 1933 to 31st July, 1938, payable in Canadian or U.S.A. Dollars or Sterling	246,425.00
Investment Reserve	23,292.65
5% Thirty-Year Debentures, Series "A", due 1st February, 1958:	
Outstanding 31st July, 1937	1,200,000.00
DEDUCT: Purchased and Cancelled during the year ended 31st July, 1938	214,300.00
	985,700.00
Outstanding 31st July, 1938	985,700.00
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 7,119 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 11,303 2/50 shares were outstanding in excess of present requirements for distribution under terms of Supplementary Letters Patent dated 6th September, 1934).	
Capital Surplus—as per statement attached	10,962.68
Earned Surplus—as per statement attached	8,546.35
	19,509.03
	\$4,725,425.52

Approved on behalf of the Board:

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

Auditors' Report

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, 1938, and have obtained all the information and explanations we have required. We certify that, in our opinion, the above 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, 1938, and that the Profit and Loss and Surplus 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., 19th September, 1938.

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

CANADIAN POWER AND PAPER INVESTMENTS, LIMITED

355 ST. JAMES STREET WEST
MONTREAL
CANADA

Montreal, 1st October, 1938.

To the Shareholders:

Your Directors submit the Annual Report of your Company for the year ended July 31st, 1938, 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 \$214,300 were purchased by the Company during the year and cancelled.

In September, 1938, 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, 1938, \$31,173.86 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, 1938, Coupon No. 12, dated February 1st, 1934, being six months interest on the outstanding Debentures. This payment will require \$24,642.50, plus exchange, if any.

Of the Investment Reserve amounting to \$75,000, set up during the past two years towards depreciation in investment securities, there has been used, during the past fiscal year, \$51,707.35 for the writing down of book value of certain securities, leaving a balance of \$23,292.65 in the Investment Reserve Account.

Respectfully submitted on behalf of the Board,

J. ALDERIC RAYMOND,
President.



Diversification of Investments *Based on Current Values as at 31st July, 1938*

	<i>Bonds</i>	<i>Preferred Stocks</i>	<i>Common Stocks</i>	<i>Total</i>
Public Utilities.....	....	13.44	56.11	69.55% (A)
Pulp and Paper.....	.67	....	17.55	18.22 (B)
Foodstuffs and Beverages.....	1.97	2.14	.45	4.56
Mining and Smelting.....	....	....	2.54	2.54
Oil.....	....	....	1.04	1.04
Textile, Iron, Steel, Coal, etc.....	....	.71	.70	1.41
Railroads and Real Estate.....	.62	....	2.06	2.68
	<u>3.26%</u>	<u>16.29%</u>	<u>80.45%</u>	<u>100.00%</u>

PURVIS HALL.

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

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