

CANADIAN POWER AND PAPER
INVESTMENTS, LIMITED

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Annual Report
as at 31st July, 1943

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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, 5th October, 1943.

To the Shareholders:

Your Directors submit herewith the Annual Report of your Company for the year ended July 31st, 1943, 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 \$25,500 were purchased by the Company during the year and cancelled.

Interest on Debentures for the year under review was paid as it became due.

In September, 1943, 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 were insufficient earnings accumulated to July 31st, 1943, to make a payment on arrears of interest on the 5% Thirty-Year Debentures, Series "A" of the Company.

Respectfully submitted on behalf of the Board,

J. ALDERIC RAYMOND,
President.

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Diversification of Investments Based on Current Values as at 31st July, 1943

	Bonds	Preferred Stocks	Common Stocks	Total
Government.....	.91	.....	.....	.91
Public Utilities.....	.....	26.93	30.91	57.84 (A)
Pulp and Paper.....	.55	.....	21.75	22.30 (B)
Foodstuffs and Beverages.....	5.67	3.69	1.29	10.65
Mining and Smelting.....	.....	.....	3.05	3.05
Oil.....	.....	.....	2.33	2.33
Textile, Iron, Steel, Coal, etc.....	.....	.....	2.92	2.92
	7.13%	30.62%	62.25%	100.00%

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

NOTE:—The change in percentages shown this year as against last year is due principally to changes in market values of securities rather than quantity of securities held.

CANADIAN POWER & PAPER INVESTMENTS, LIMITED

Statement of Profit and Loss Account

for the year ended 31st July, 1943

REVENUE	
Revenue from Investments.....	\$51,267.50
Profit on Exchange.....	600.00
Bank Interest.....	7.71
	\$51,875.21
EXPENDITURE	
Audit Fees.....	\$ 300.00
General Expense.....	368.37
Insurance.....	204.84
Legal Expense.....	40.00
Rent.....	55.00
Salaries—Clerical and Secretarial.....	1,200.00
Trustee's Transfer Agent's, Registrar's and Paying Agent's Fees.....	1,431.40
Directors' Fees.....	1,500.00
Debenture Interest.....	37,777.15
Foreign Exchange on Debenture Interest paid during the year.....	4,251.84
Income Tax on Interest and Dividends received in U.S. funds and U.S. Withholding Tax.....	330.00
	47,458.60
Profit for the year ended 31st July, 1943, transferred to Earned Surplus Account....	\$ 4,416.61

Statement of Earned Surplus Account

as at 31st July, 1943

Balance at Credit 31st July, 1942.....	\$ 46,021.24
ADD:	
Reduction of Liability for Debenture Interest accrued to 31st July, 1938, resulting from purchase and cancellation during the year ended 31st July, 1943, of \$25,500 principal amount of 5% Debentures.....	5,662.50
Profit from operations for the year ended 31st July, 1943.....	4,416.61
Balance at Credit 31st July, 1943.....	\$ 56,100.35

Statement of Capital Deficit Account

as at 31st July, 1943

Balance at Debit 31st July, 1942.....	\$ 35,193.87
DEDUCT:	
Discount on Debentures purchased and cancelled.....	7,900.00
	27,293.87
ADD:	
Loss resulting from sale, redemption and write-off of investment securities.....	79,131.76
Balance at Debit 31st July, 1943.....	\$106,425.63

CANADIAN POWER & PAPER INVESTMENTS, LIMITED

Balance Sheet as at 31st July, 1943

ASSETS

Cash in Banks.....		\$ 39,378.26
Investments at cost:		
Bonds.....	\$ 95,032.00	
Preferred Stocks.....	694,934.00	
Common Stocks.....	3,592,657.49	
		<u>4,382,623.49</u>
(The aggregate value of these Investments at quoted market prices at 31st July, 1943, was \$1,313,143.85).		
Accrued interest on investments.....		1,290.00
Prepaid Insurance.....		217.19
Capital Deficit—as per statement attached.....	106,425.63	
Deduct:		
Earned Surplus—as per statement attached.....	56,100.35	
		<u>50,325.28</u>
		<u><u>\$4,473,834.22</u></u>

LIABILITIES

Accounts Payable and Accrued Liabilities.....		\$ 2,466.57
Accrued Interest on Debentures for the period:		
1st February, 1934, to 31st July, 1938.....	\$ 168,465.00	
1st February, 1943, to 31st July, 1943.....	18,710.00	
		<u>187,175.00</u>
Investment Reserve.....		85,792.65
5% Thirty Year Debentures, Series "A", due 1st February, 1958:		
Outstanding 31st July, 1942.....	773,900.00	
DEDUCT: Purchased and Cancelled during the year ended 31st July, 1943.....	25,500.00	
		<u>748,400.00</u>
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 5,316 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.....		950,000.00
Issued —94,000 shares.		
(of which 11,603-2/50 shares were outstanding in excess of present requirements for distribution under terms of Supplementary Letters Patent dated 6th September, 1934).		
		<u><u>\$4,473,834.22</u></u>

Approved on behalf of the Board:

J. ALDERIC RAYMOND	} Directors.
G. W. MITCHELL	
C. W. G. GIBSON	

Auditors' Report

To the Shareholders:

CANADIAN POWER & PAPER INVESTMENTS LIMITED,
MONTREAL:

We have audited the accounts of Canadian Power & Paper Investments Limited for the year ended 31st July, 1943, and have obtained all the information and explanations required by us.

We certify that, in our opinion, the attached Balance Sheet is properly drawn up so as to exhibit a true and correct view of the financial position of the Company as at 31st July, 1943, 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 account of the Company.

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

MONTREAL, 8th September, 1943.