

Board of Directors

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HON. W. E. FOSTER, LL.D.  
F. J. FAIRHALL, Esq.  
SENATOR C. B. HOWARD  
HON. B. M. HILL, M.P.  
W. W. SNIDER, Esq.  
R. W. T. BURLEIGH, Esq.  
D. C. McBRIDE, Esq., C.A.

OFFICERS

HON. W. E. FOSTER, LL.D.  
Chairman, Board of Directors.  
F. J. FAIRHALL, Esq.  
President  
SENATOR C. B. HOWARD  
Vice-President  
HON. B. M. HILL, M.P.  
Treasurer  
D. C. McBRIDE, Esq., C.A.  
Secretary

SOLICITORS

HYDE, AHERN, PERRON & SMITH

AUDITORS

PRICE, WATERHOUSE & COMPANY

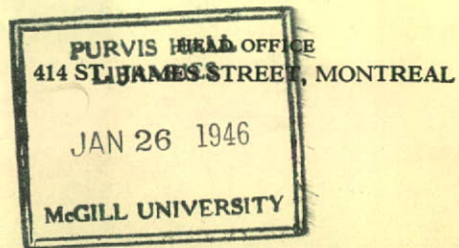
Consolidated  
Diversified Standard  
Securities  
Limited

FINANCIAL REPORT

FOR YEAR ENDING  
DECEMBER 31st,

1940

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Consolidated Diversified Standard Securities Limited

Notice of Annual Meeting of Shareholders

NOTICE is hereby given that the Annual Meeting of Shareholders of CONSOLIDATED DIVERSIFIED STANDARD SECURITIES LIMITED, will be held at Room 129, Windsor Hotel, in the City of Montreal, on the 28th day of April, 1941, at the hour of ten o'clock in the forenoon, daylight saving time for the purpose of:—

- (a) Receiving and considering the report of the Directors of the Company, the Balance Sheet, Statement of Income and Expenditure, and the Auditors' Report for the past fiscal year;
- (b) Appointing auditors;
- (c) Electing Directors for the ensuing year;
- (d) Transacting such other business as may properly be brought before the meeting.

If you are not able to be present kindly sign and return the enclosed Proxy by early mail.

DATED at Montreal this 27th day of March, 1941.

BY ORDER OF THE BOARD,

D. C. McBRIDE,  
Secretary.

## Consolidated Diversified Standard Securities Limited

### Consolidated Statement of Profit and Loss and Surplus

For the year ending December 31st, 1940

Dividends and Interest earned on Investments.....	\$50,530.02	
ADD:		
Premium received on U.S. Funds.....	\$ 4,288.37	
Net Profit on Sale of Investments.....	18,382.35	22,670.72
		\$73,200.74
DEDUCT:		
Remuneration of Executive Officers employed in Salaried Positions.....	\$12,540.00	
Office Salaries.....	2,658.50	
Directors' Fees.....	200.00	
Legal Fees.....	50.00	
Taxes, other than Income.....	765.38	
General Expenses, including Rent, Postage, Stationery, Office Expenses, Depreciation (\$252.79), etc.....	4,238.31	20,452.19
NET PROFIT BEFORE INCOME TAXES.....		\$52,748.55
DEDUCT:		
Taxes deducted at source.....	\$ 2,563.00	
Provision for Dominion and Provincial Income and Profits Taxes for current year.....	7,225.00	9,788.00
NET PROFIT FOR YEAR AFTER ALL CHARGES .....		\$42,960.55
Surplus Balance, December 31, 1939.....		64,963.66
		\$107,924.21
Transferred to Investment Reserve.....	\$18,000.00	
Preferred Dividends paid, less \$3,999.51 in respect of those shares held by wholly owned subsidiary.....	22,925.49	40,925.49
SURPLUS BALANCE, DECEMBER 31, 1940.....		\$66,998.72

## Consolidated Diversified Standard Securities Limited

### Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Consolidated Diversified Standard Securities Limited, and its wholly owned subsidiary, Alco Securities Corporation Limited, for the year ending December 31, 1940, and have obtained all the information and explanations which we have required. In the periodical examinations made by us, securities have been found in order, and we report that, in our opinion, the attached Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, as at December 31, 1940, according to the best of our information and explanations given us and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,  
Auditors.

Montreal, March 18, 1941.

# Consolidated Diversified Standard Securities Limited

AND ITS WHOLLY OWNED SUBSIDIARY COMPANY

*Consolidated Balance Sheet, December 31st, 1940*

ASSETS		LIABILITIES	
CASH IN BANKS.....	\$ 8,990.22	RESERVE FOR INCOME AND EXCESS PROFITS TAXES.....	\$ 7,839.01
DIVIDENDS DECLARED (Receivable in January).....	4,986.08	RESERVE FOR UNREALIZED PROFIT ON EXCHANGE.....	27,234.49
INTEREST ACCRUED ON BONDS.....	632.37	CAPITAL STOCK AND SURPLUS, represented by—	
SUNDRY ACCOUNTS RECEIVABLE.....	871.28	Capital Stock:	
		Authorized—	
		55,000 Non-cumulative First Preference Shares of no par value. (Preferential as to \$2.50 per share dividend and redeemable at \$50.00 at call).	
		160,000 Class "A" Common Shares of no par value.	
		112,500 Class "B" Common Shares of no par value.	
INVESTMENTS:		Issued:—	
In Stocks and Bonds of listed Corporations at book value (Quoted Market Value of these Investments at December 31, 1940, expressed in Canadian Dollars, \$607,832.25).....	\$835,108.29	Non-cumulative First Preference Shares.....	50,916 15/25
In Stocks of Corporations whose current value is not readily ascertainable.....	26,873.71	Less: Redeemed and cancelled out of Net Realized Capital Profits.....	15,016 15/25
Net cost of 5,332 17/25 Non-cumulative First Preference shares, and 33,937 18/40 Class "A" Common Shares of Consolidated Diversified Standard Securities Limited, held by its wholly owned subsidiary, Alco Securities Corporation Limited.....	118,586.10	Balance of First Preference Shares Outstanding.....	35,900
	980,568.10	Class "A" Common Shares.....	152,340 39/40
		Class "B" Common Shares.....	112,500
		Capital Surplus, representing net realized Capital Profits, used in redemption of 15,016 15/25 First Preference Shares.....	\$215,000.00
FURNITURE AND FIXTURES, less Reserve for Depreciation of \$1,260.78	1,146.32		\$717,515.00
PREPAID ITEMS.....	392.85	INVESTMENT RESERVE.....	178,000.00
	<u>997,587.22</u>	SURPLUS, as per statement attached.....	66,998.72
			962,513.72
			<u>\$997,587.22</u>

APPROVED ON BEHALF OF THE BOARD:

W. E. FOSTER, Director.

B. M. HILL, Director.

Submitted with our report to the shareholders dated March 18, 1941.

PRICE, WATERHOUSE & CO.,  
Auditors.

# Consolidated Diversified Standard Securities Limited

March 27th, 1941.

To the Shareholders:

Your Directors present herewith for your approval the Consolidated Financial Report and Balance Sheet of your Company and its Subsidiary for the year ended December 31st, 1940.

Notwithstanding an increase in Income and Profits Taxes from \$3,806.33 in 1939 to \$9,788.00 in 1940, your Directors are pleased to point out that net profits after all taxes and expenses have risen from \$24,703.40 in 1939 to \$42,960.55 in 1940, mainly due to the following:

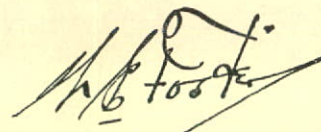
- (a) Income from Dividends, Interest and Premium increased from \$47,787.12 to \$54,818.39.
- (b) Net Capital Profits increased from \$1,660.67 to \$18,382.35.
- (c) Expenses other than Income and Profits Taxes have continued at a minimum level, being practically unchanged from those of a year ago.

The Directors deemed it advisable to increase the Investment Reserve by the transfer of \$18,000.00 from Surplus Account.

Your Company's investment portfolio is comprised of securities classified as follows: Bonds—2.93%, Preferred Stocks—13.95%, Common Stocks—80.00%, Miscellaneous and Unlisted Investments—3.12%. Holdings of revenue producing securities have been maintained at over 90% of the portfolio.

Dividends No. 16 and No. 17, totalling 75 cents per share were paid on the outstanding Preference Shares during the year 1940.

Submitted on behalf of the Directors,



Chairman, Board of Directors.