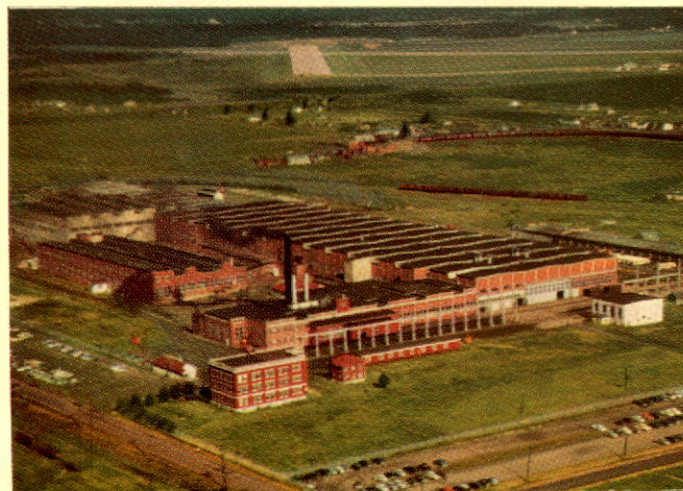


45<sup>th</sup> annual report

CANADIAN  
CAR & FOUNDRY

COMPANY, LIMITED

DEC 2 1954  
MONTREAL CANADA 1954  
McGILL UNIVERSITY



On peut, sur demande au secrétaire, obtenir des exemplaires de ce rapport en langue FRANÇAISE.

#### OUR COVER

The cover of this year's Annual Report reproduces in full colour the Company's four plants. Aerial photography is by George Hunter. A description of the plant pictures is as follows:—

*Upper left: Longue Pointe Foundry.*

*Centre right: Dominion Plant.*

*Centre left: Turcot Plant.*

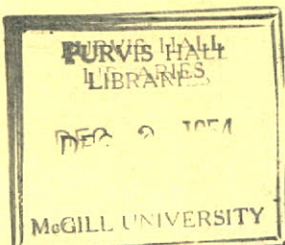
*Lower right: Fort William Plant.*

45<sup>th</sup>

annual report

YEAR ENDED SEPTEMBER 30, 1954

CANADIAN  
CAR & FOUNDRY  
COMPANY,  
LIMITED



## BOARD OF DIRECTORS

R. C. BERKINSHAW, C.B.E.  
President and General Manager  
Goodyear Tire & Rubber  
Company of Canada, Limited

G. B. GORDON  
President  
Dominion Textile Company Limited

\*H. W. THORP  
Vice-Chairman of the Board  
Canadian Pittsburgh Industries Limited

\*J. M. BREEN  
President and General Manager  
Canada Cement Company Limited

\*J. G. NOTMAN, O.B.E.  
President and General Manager  
Canadair Limited

\*R. C. VAUGHAN, C.M.G.  
Director of several leading  
Canadian companies

\*E. J. COSFORD  
President and Managing Director  
Canadian Car & Foundry  
Company, Limited

J. A. PRUD'HOMME, Q.C.  
Partner  
Geoffrion & Prud'homme

\*C. W. WEBSTER  
President  
Canadian Import Company

\*Member of executive committee

## OFFICERS

E. J. COSFORD  
President and Managing Director

L. A. BRUCE, C.A.  
Vice-President and Comptroller

C. H. DRURY, O.B.E.  
Vice-President i/c Purchasing

K. S. HOWARD, M.E., P.ENG.  
Vice-President—Steel Foundry

E. W. JOHNSON  
Vice-President i/c Sales, Railway Car Equipment

G. G. WALSH  
Assistant Vice-President i/c Industrial Relations

A. C. LAWSON, C.A.  
Secretary

K. S. GORDON, C.A.  
Treasurer

### REGISTRARS

THE ROYAL TRUST COMPANY  
*Montreal, Toronto, Winnipeg,  
Vancouver, Halifax and Saint  
John, N.B.*

### TRANSFER AGENTS

MONTREAL TRUST COMPANY  
*Montreal, Toronto, Winnipeg,  
Vancouver and Halifax.*  
THE ROYAL TRUST COMPANY  
*Saint John, N.B.*

### BANKERS

BANK OF MONTREAL  
THE ROYAL BANK OF  
CANADA

### SOLICITORS

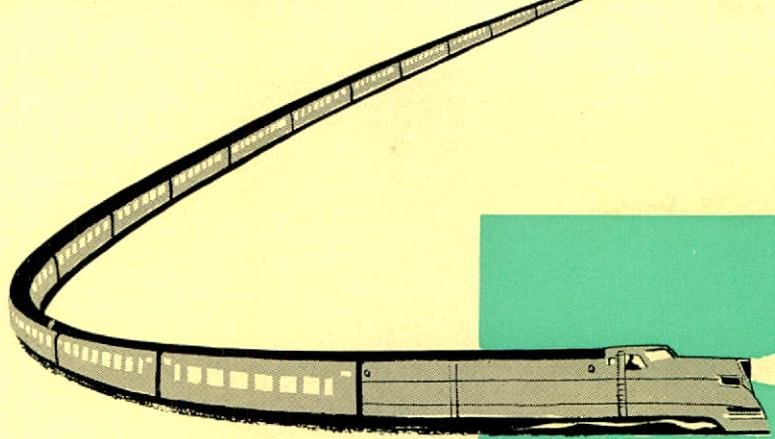
WAINWRIGHT, ELDER, LAIDL-  
LEY, LESLIE & BOURGEOIS

### AUDITORS

PRICE WATERHOUSE & CO.

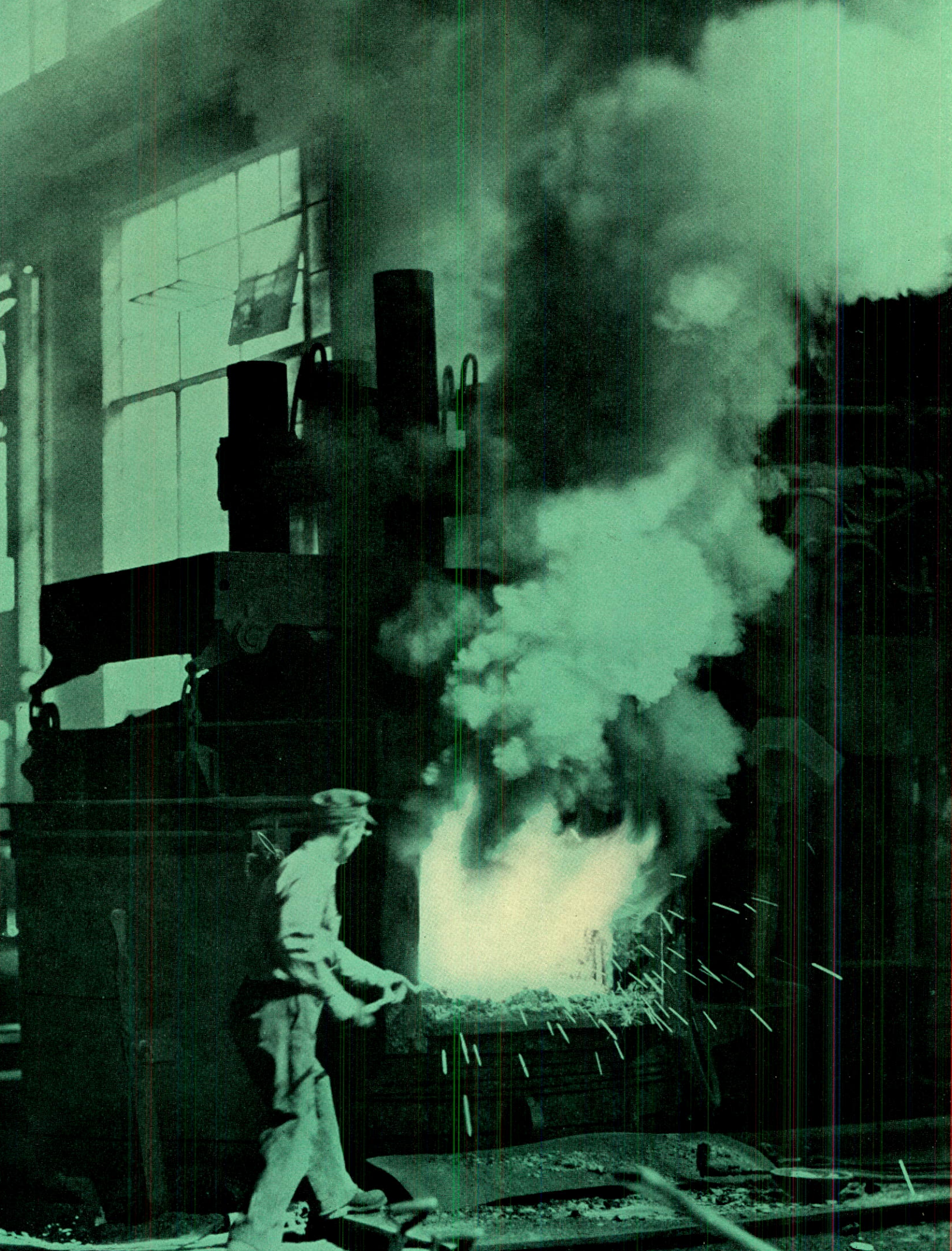
### HEAD OFFICE

621 CRAIG STREET WEST,  
MONTREAL 3, CANADA



# H I G H L I G H T S

	<i>Years Ended</i>	
	<i>Sept. 30 1954</i>	<i>Sept. 30 1953</i>
Net Profit . . . . .	\$ 3,044,364	\$ 2,219,247
Earnings per share on shares outstanding—		
Class "A" Shares . . . . .	\$8.22	\$5.55
Ordinary Shares (after deducting the \$1.00 preference on Class "A" Shares) . . . . .	\$7.14	\$4.97
Class "A" and Ordinary Shares Combined . . . . .	\$4.11	\$2.88
Dividends per share—		
Class "A" . . . . .	\$1.00	\$1.00
Ordinary . . . . .	\$1.00	\$ .80
<hr/>		
Average number of Shareholders . . . . .	7,000	7,700
Wages, Salaries and Employees' Welfare Payments . . . . .	\$27,900,000	\$27,100,000
Average number of Employees . . . . .	7,400	7,700
Capital Expenditures during year . . . . .	\$ 3,029,067	\$ 1,697,116
Depreciation during year . . . . .	\$ 1,759,741	\$ 1,382,695
Bank Loans . . . . .	—	\$ 1,662,000
Net Working Capital at end of year . . . . .	\$13,702,809	\$13,030,661
Ratio of Current Assets to Current Liabilities . . . . .	3.1 to 1	2.4 to 1





R E P O R T  
O F T H E  
D I R E C T O R S

For the year ended  
September 30, 1954

TO THE SHAREHOLDERS:

Your Directors submit herewith the forty-fifth annual report of your company and its wholly owned subsidiary companies for the year ended September 30, 1954.

The net profit for the year amounted to \$3,044,364 which exceeds by \$825,117 the net profit of \$2,219,247 earned in the previous year; and is equivalent to earnings of \$4.11 per share on the shares outstanding of the combined Class "A" and Ordinary Stock of the company. Dividends of \$1.00 per share were declared on both Class "A" and Ordinary Shares of the company including a special dividend of 20c per share declared at the close of the fiscal year on the Ordinary Shares.

Net working capital at the end of the year reached \$13,702,809 as compared with \$13,030,661 at the close of the previous year. The bank position has been converted from that of a bank loan to a credit balance of \$6,720,399.

Your company has been active in all divisions in the year under review. Passenger and freight cars of several types were delivered to the Canadian railways with passenger car production at record volume. Delivery and specifications were demanding and were satisfactorily met. The production of 2 passenger cars together with 28 freight cars every day demonstrates the facilities and production "know-how" made available by your company to provide for the present and future requirements of its customers.

Foundry operations have been in satisfactory volume, castings having been produced for your Car Division and for other car builders, including passenger

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## REPORT OF THE DIRECTORS

equipment built in the U.S.A. for Canadian service and for diesel-electric locomotives and industry generally.

The defence programme activities for aircraft and shells were well maintained.

Aircraft activities at Fort William have continued in quantity production. On completion of Harvard trainers for Canada and U.S.A., deliveries immediately commenced on the T-34 trainer which, together with the tooling and development for major components on the S2F Grumman aircraft, are currently in progress. Recently arrangements were completed with North American Aviation Corporation, whereby production of Harvard aircraft and spare parts for world demand (exclusive of U.S.A.) is undertaken by your company.

The manufacture of buses and trackless trolley coaches was at an increased level of output and this operation continues to service the major transit properties of Canada.

Capital expenditures for the year amounted to \$3,029,067, a substantial portion being spent for the modernization of your foundry at Longue Pointe. The continuous augmentation and replacement of equipment and facilities with the most modern tools available is a requisite necessary to offset the rising costs of production and to improve your company's competitive position.

During the year the Point St. Charles Plant was sold. This plant has been for some time a marginal contributor to earnings and was not an integral part of the railway equipment, foundry, automotive or aircraft operations. The book value of the plant and equipment was fully recovered in the sale.

Effective June 1, 1954 a funded contributory Retirement Pension Plan and a Retirement Severance Award was instituted covering the salaried and hourly rate employees of your company.

With no orders presently on hand for passenger cars compared with unusually

---



## REPORT OF THE DIRECTORS

large orders a year ago, the backlog of uncompleted work is substantially lower than at this time last year. Some progress is being made in the export field, but the relatively high cost of labour and material in Canada makes it increasingly difficult to compete in world markets.

The Agency of Canadian Car and Foundry Company, Limited has received further payments during the year on the Mixed Claims Commission Award with such payments reflected in the attached accounts. Active representation for further payments on the substantial amount due is being maintained by the Agency Company.

The operations of your partly owned subsidiary company, Canadian General Transit Company, Limited, in the leasing of tank cars, experienced a good continuity.

During the year your company purchased in the market 25,000 Convertible Non-Callable Class "A" Shares of the capital stock of the company for cancellation in accordance with the provisions with respect to such shares. The surplus resulting therefrom has been designated as capital surplus in the balance sheet submitted to you, as required by the Dominion Companies' Act under which your company is incorporated. At the close of the year there were 370,412 Class "A" Shares and 370,388 Ordinary Shares issued and outstanding.

Your Directors wish to express appreciation to all employees for their loyal support and co-operation throughout a busy year.

On behalf of the Board



*President and Managing Director.*

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Montreal, Quebec, November 17, 1954.

**CANADIAN CAR & FOUNDRY  
COMPANY, LIMITED**

and wholly owned subsidiary companies

**CONSOLIDATED BALANCE SHEET**

(with comparative figures)

**ASSETS**

	September 30	
	1954	1953
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 6,720,399	\$ 262,632
Accounts receivable, less allowance of \$150,000 for doubtful accounts . . . . .	2,862,534	5,494,508
Balance owing by partly owned subsidiary companies . . . . .	109,058	99,855
Expenditures on uncompleted contracts, materials and supplies, less progress billings and estimated cost of partial shipments, and less a reserve of \$1,000,000 (\$1,200,000 in 1953) . . . . .	10,394,424	16,106,453
Unexpired insurance and prepaid municipal taxes . . . . .	188,839	264,446
	<u>\$20,275,254</u>	<u>\$22,227,894</u>
<b>OTHER ASSETS:</b>		
Deferred accounts receivable . . . . .	\$ 870,489	\$ 272,495
Deferred charges to operations . . . . .	223,403	100,860
Investments in partly owned subsidiary companies, at cost . . . . .	850,000	850,000
	<u>\$ 1,943,892</u>	<u>\$ 1,223,355</u>
<b>FIXED ASSETS:</b>		
At depreciated replacement values as appraised in 1930 by Canadian Appraisal Company Limited, plus the cost of subsequent additions (net).		
Land . . . . .	\$ 1,579,143	\$ 1,822,222
Buildings, machinery and equipment . . . . .	\$28,327,322	\$29,834,093
Less: Depreciation accumulated since above date . . . . .	14,578,203	16,550,609
	<u>\$13,749,119</u>	<u>\$13,283,484</u>
	<u>\$15,328,262</u>	<u>\$15,105,706</u>
	<u>\$37,547,408</u>	<u>\$38,556,955</u>

Note: The net property value at September 30 1954 subject to future depreciation for income tax purposes is approximately \$9,300,000.

*Signed on behalf of the Board:*

E. J. COSFORD, *Director.*

R. C. VAUGHAN, *Director.*

# BALANCE SHEET — SEPTEMBER 30 1954

(Assets at September 30 1953)

## LIABILITIES AND SHAREHOLDERS' INTERESTS

	September 30	
	1954	1953
<b>CURRENT LIABILITIES:</b>		
Bank loans — secured . . . . .	\$ —	\$ 1,662,000
Accounts payable . . . . .	4,097,127	4,772,523
Income and other taxes . . . . .	2,401,240	2,762,709
Dividend declared . . . . .	74,078	—
	<u>\$ 6,572,445</u>	<u>\$ 9,197,232</u>
<b>CAPITAL STOCK AND SURPLUS:</b>		
Capital stock —		
Convertible Non-Callable Class A shares of \$20 each (dividends are non-cumulative and when declared are limited to \$1.00 per share per annum):		
Authorized — 500,000 shares . . . . .	<u>\$10,000,000</u>	
Issued — as at September 30 1953 . . . . . 400,000 shares	\$ 8,000,000	\$ 8,000,000
<i>Less:</i>		
Purchased and cancelled . . . . . (25,000) shares	(500,000)	—
Converted to ordinary shares . . . . . (4,588) shares	(91,760)	—
Outstanding . . . . . <u>370,412</u> shares	<u>\$ 7,408,240</u>	<u>\$ 8,000,000</u>
Ordinary shares of no par value:		
Authorized — 1,200,000 shares		
Issued — as at September 30 1953 . . . . . 365,800 shares	\$ 9,145,000	\$ 9,145,000
<i>Add:</i>		
Issued on conversion of Class A shares . . . . . 4,588 shares	91,760	—
Outstanding . . . . . <u>370,388</u> shares	<u>\$ 9,236,760</u>	<u>\$ 9,145,000</u>
	\$16,645,000	\$17,145,000
Capital surplus, resulting from cancellation of 25,000 Convertible Non-Callable Class A shares . . . . .	500,000	—
Earned surplus — per statement attached . . . . .	13,829,963	12,214,723
	<u>\$30,974,963</u>	<u>\$29,359,723</u>
	<u>\$37,547,408</u>	<u>\$38,556,955</u>

**CANADIAN CAR & FOUNDRY  
COMPANY, LIMITED**  
and wholly owned subsidiary companies

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS**

For the year ended September 30 1954  
(with comparative figures for the year ended September 30 1953)

	September 30	
	1954	1953
Combined profit from operations before charging the items shown below . . . . .	\$ 7,838,216	\$ 5,791,644
Deduct:		
Directors' fees . . . . .	\$ 15,060	\$ 14,540
Legal fees . . . . .	31,316	24,219
Remuneration of executive officers . . . . .	153,173	135,876
Pension plan — funding of past services (Note 1) . . . . .	672,431	—
Depreciation . . . . .	1,759,741	1,382,695
	<u>\$ 2,631,721</u>	<u>\$ 1,557,330</u>
	<u>\$ 5,206,495</u>	<u>\$ 4,234,314</u>
Add:		
Amounts received by Agency of Canadian Car and Foundry Company, Limited on account of award of Mixed Claims Commission, less expenses . . . . .	\$ 556,893	\$ (26,376)
Dividends received from partly owned subsidiary companies . . . . .	123,500	123,500
Profit on disposal of fixed assets, etc. . . . .	104,476	87,809
	<u>\$ 784,859</u>	<u>\$ 184,933</u>
	<u>\$ 5,991,364</u>	<u>\$ 4,419,247</u>
Provision for taxes on income . . . . .	2,947,000	2,200,000
<b>Net profit for the year . . . . .</b>	<u>\$ 3,044,364</u>	<u>\$ 2,219,247</u>
Earned surplus at beginning of year . . . . .	12,214,723	10,938,116
	<u>\$15,259,087</u>	<u>\$13,157,363</u>
Deduct:		
Appropriation to reserve for uncompleted contracts . . . . .	\$ —	\$ 250,000
Appropriation for the purchase for cancellation of Convertible Non-Callable Class A shares, including taxes and expenses . . . . .	663,344	—
Dividends paid or declared —		
Convertible Non-Callable Class A shares . . . . .	399,055	400,000
Ordinary shares . . . . .	365,725	292,640
	<u>\$ 1,429,124</u>	<u>\$ 942,640</u>
<b>Earned surplus at end of year . . . . .</b>	<u><u>\$13,829,963</u></u>	<u><u>\$12,214,723</u></u>

NOTES:

- As of June 1 1954 the Company inaugurated a Retirement Pension Plan for the benefit of its employees. Payments aggregating \$672,431 charged against income for the year apply on account of a total sum of \$1,929,359 which is the estimated value at the inception of the plan of the payments which the Company intends to make to fund the cost of pensions based on employees' past services.
- A portion of the combined profit from operations for the year arose from contracts entered into with the Government of Canada. Under certain circumstances, which are not considered applicable, such contracts are subject to renegotiation under the provisions of the Defence Production Act.

**PRICE WATERHOUSE & CO.**

215 ST. JAMES STREET WEST  
MONTREAL 1

November 17 1954

TO THE SHAREHOLDERS,  
CANADIAN CAR & FOUNDRY COMPANY, LIMITED:

We have examined the consolidated balance sheet of Canadian Car & Foundry Company, Limited and its wholly owned subsidiary companies as at September 30 1954 and the consolidated statement of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included such tests of accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

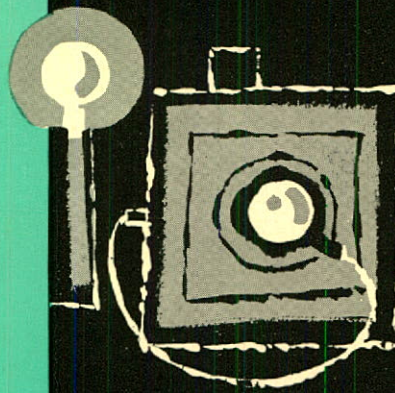
In our opinion the accompanying consolidated balance sheet and consolidated statement of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Canadian Car & Foundry Company, Limited and its wholly owned subsidiary companies as at September 30 1954 and the result of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

The earnings of partly owned subsidiary companies are included in the accompanying consolidated statement of profit and loss and earned surplus to the extent of dividends received.

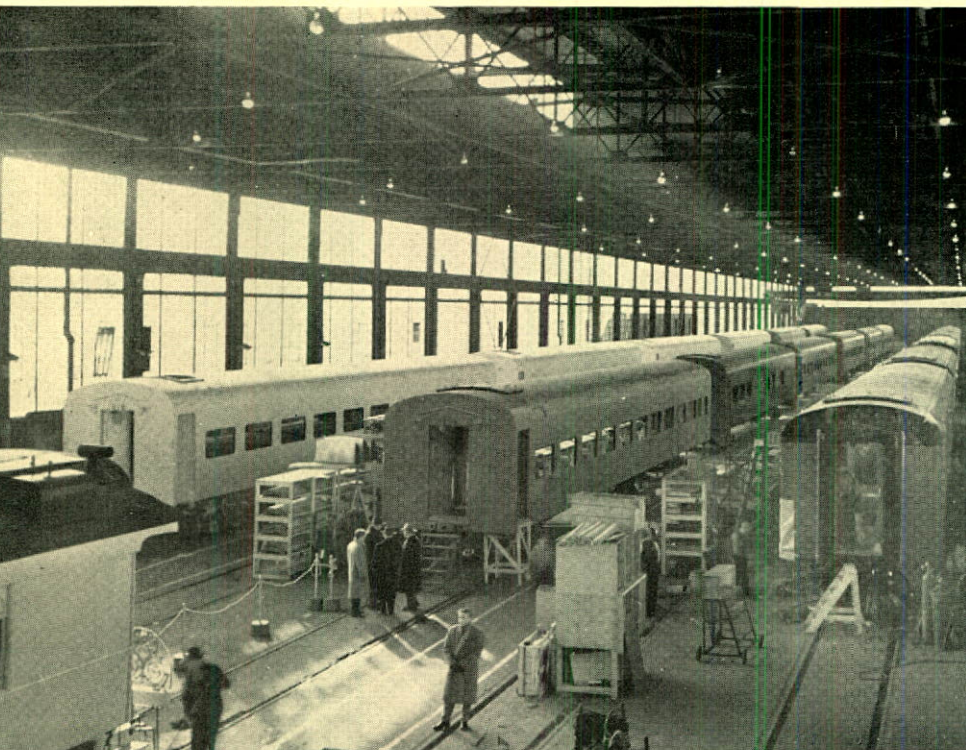
*Price Waterhouse & Co.*

*Auditors*

"WE'VE HAD A BUSY  
AND  
INTERESTING YEAR"



Superintendents of the Dominion and Turcot Plants and their production teams exchange congratulations upon completion of the last coach of a 218-car order for the C.N.R.

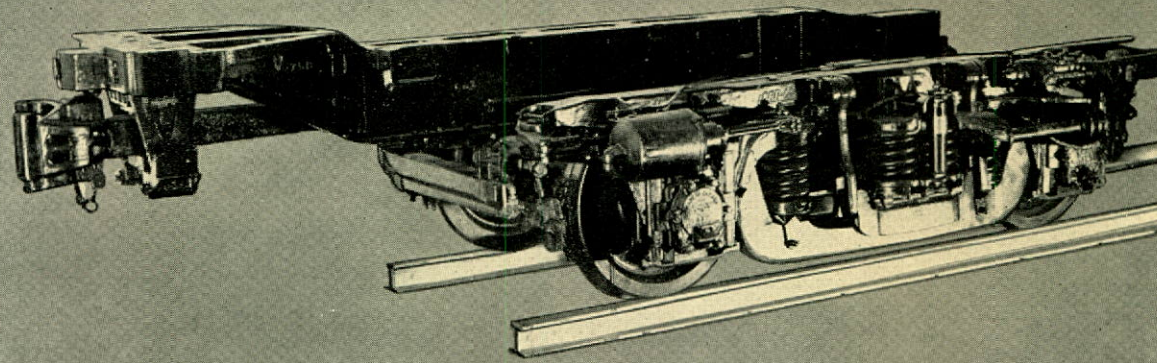


Progressive line production in this modern finishing shop at Turcot plant made possible the record output of two passenger coaches a day.

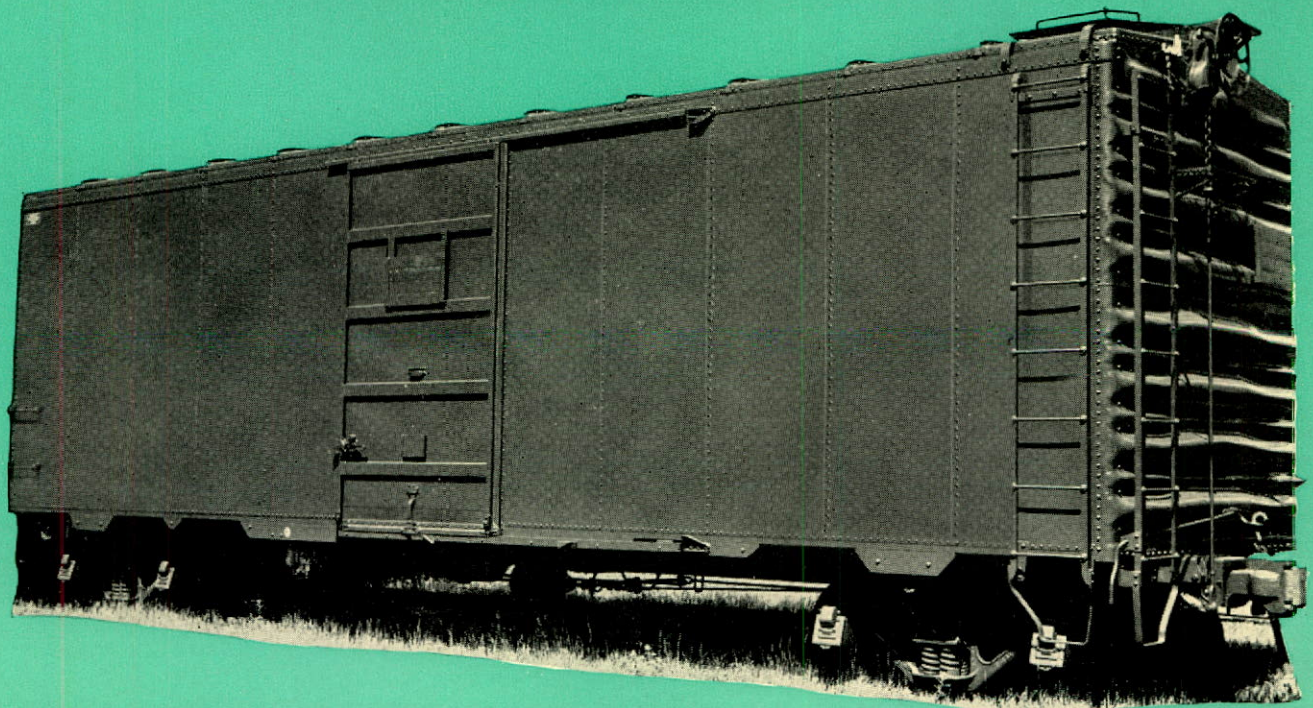


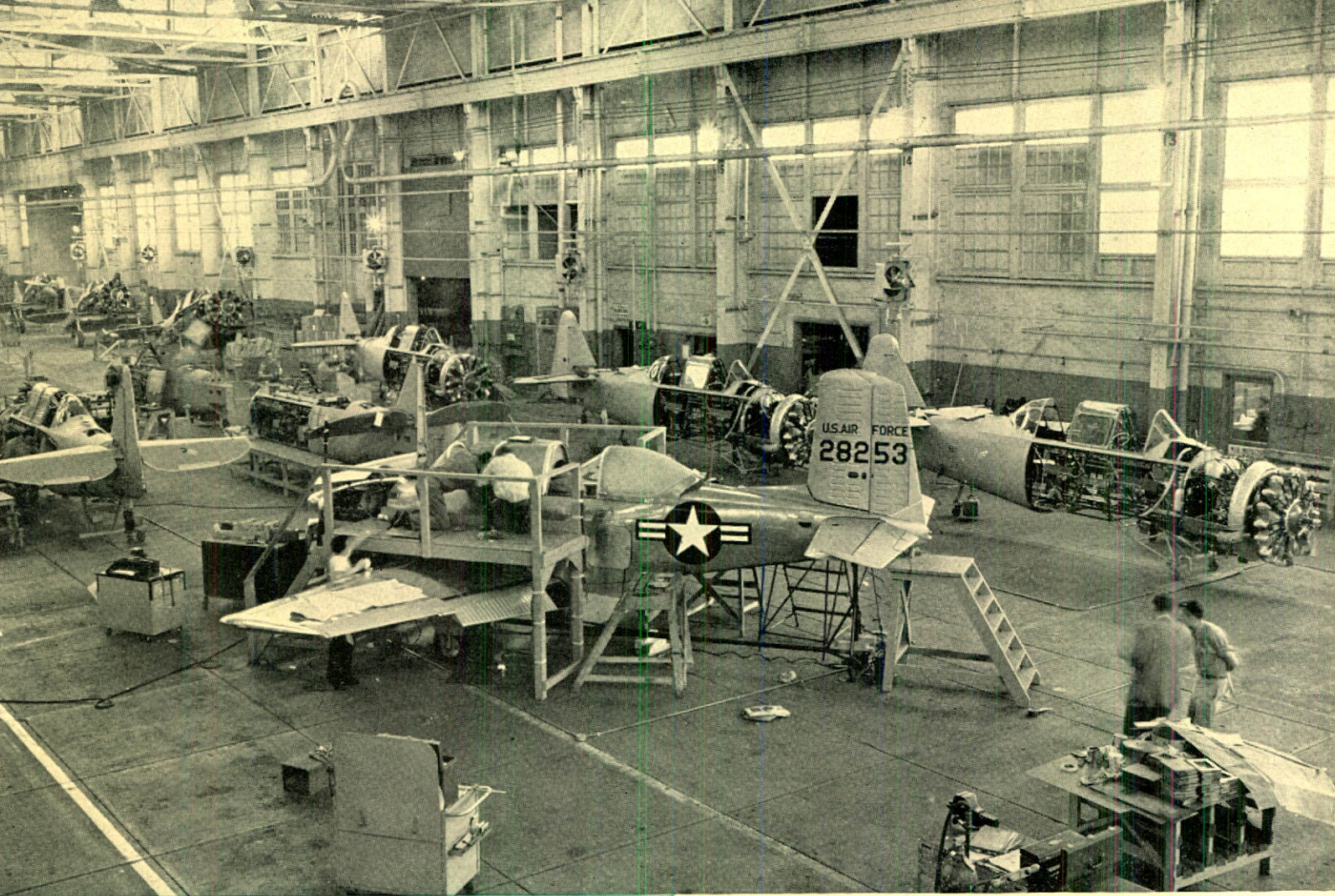
Through the pictorial paper backdrop depicting the progress of Canadian railroading burst the first C.N.R. day coach during the presentation ceremonies at Turcot plant.

The latest type passenger coach truck, with Commonwealth frame, shown with platform casting and coupler attached.



Freight car equipment of this type was produced in large quantity for Canadian railways.





During the year, the Aircraft Division at Fort William produced two types of trainers, the T-34 shown in the foreground and the Harvard (T-6) in background.

The first T-34 trainer is viewed with interest by The Right Honourable Vincent Massey, Governor-General of Canada during his visit at the Fort William plant in April. He was accompanied by Division Plant Manager R. E. Henderson and President E. J. Cosford.







Begun this year was the tooling up for the manufacture of wings for the Grumman S2F (left), a U.S. navy anti-submarine aircraft.



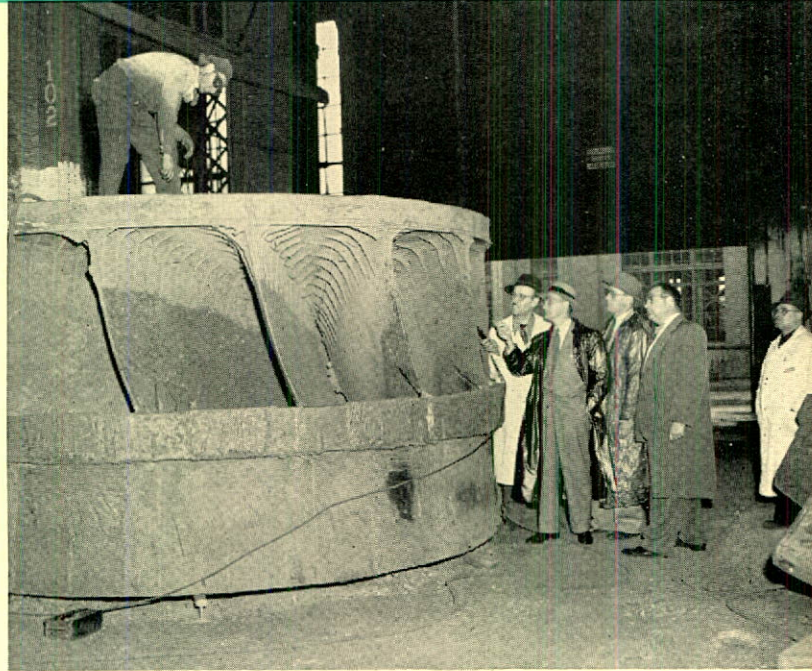
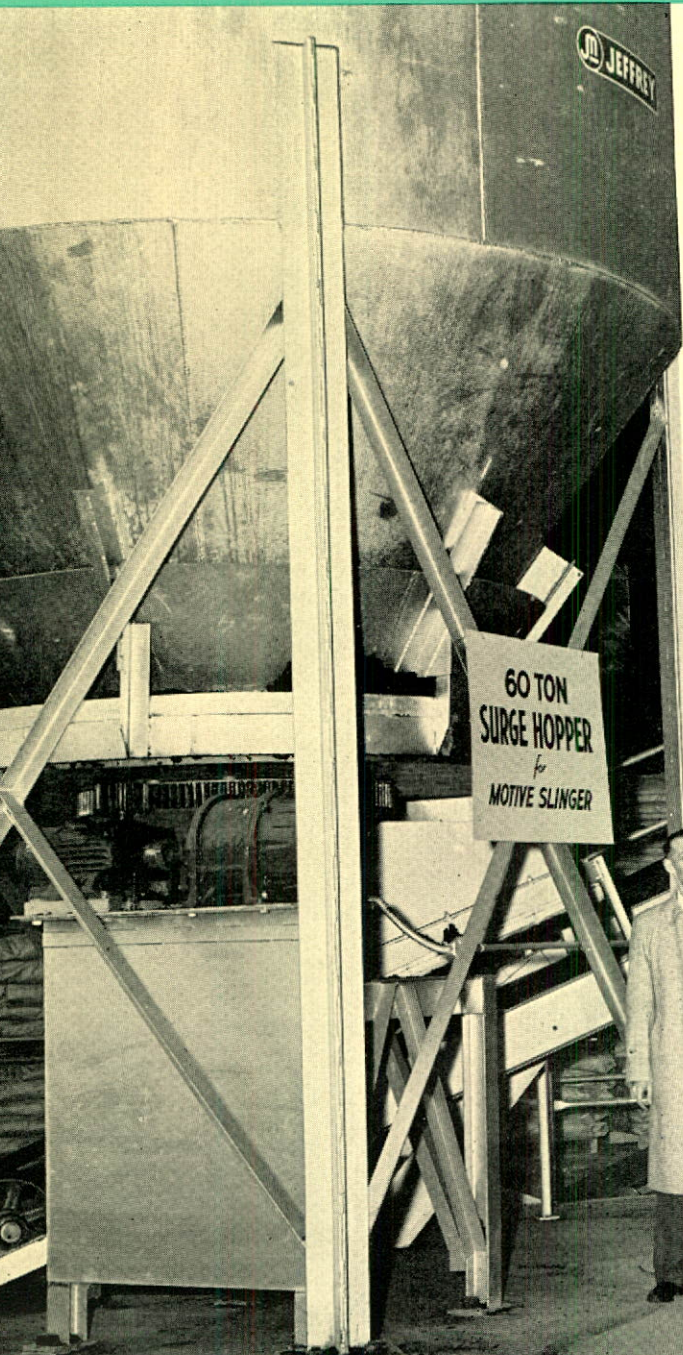
Modern Can-Car Coaches of all types came off the production lines to serve the needs of Canadian transit systems.

Five of the latest type 36-passenger diesel coaches ready for delivery.





A type "H" coupler, first produced in Canada by Can-Car, is studied by guests at the Longue Pointe Open House in June.



Visitors also saw many hydro castings including this huge turbine weighing 92,200 pounds.



One of the modern installations for the new sand distribution system attracted considerable attention.



A most popular event during the year was Family Day at Longue Pointe.



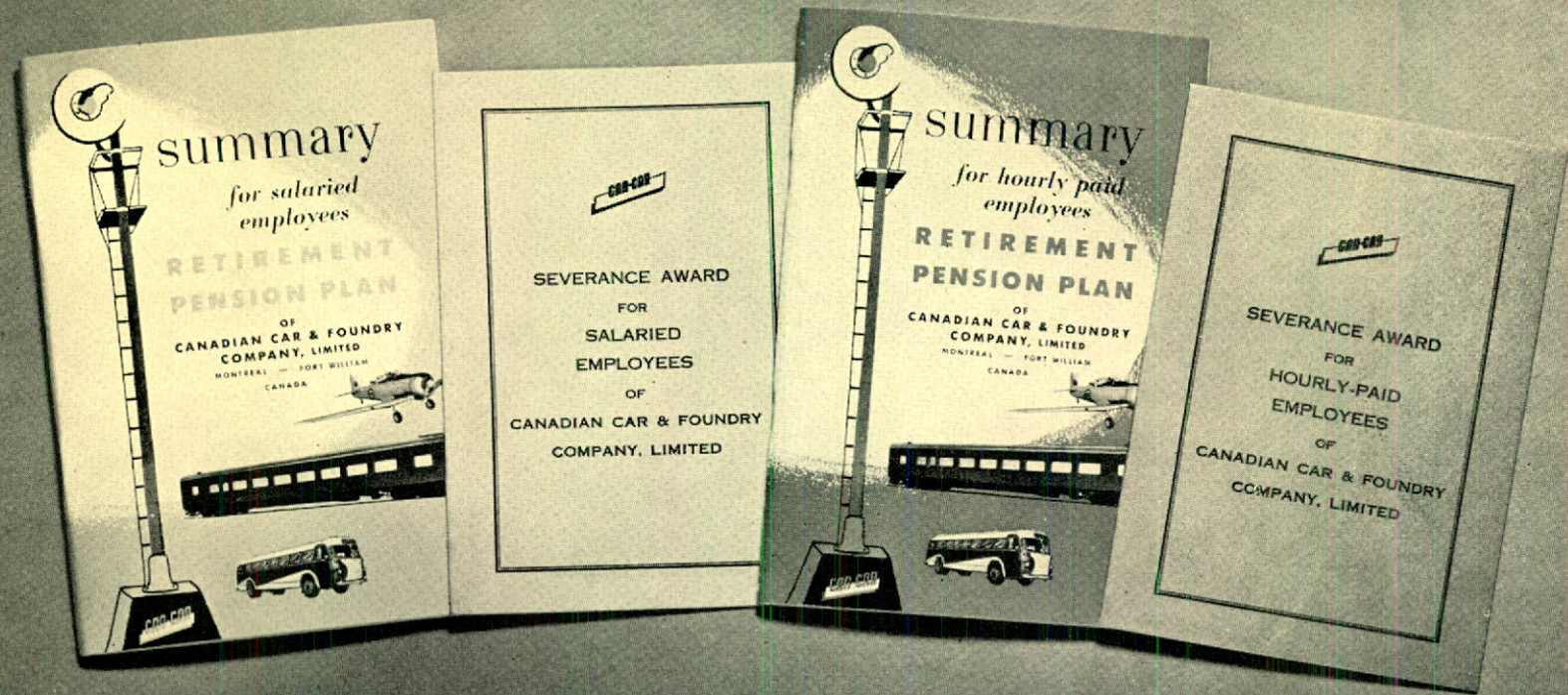
Annual outings for the employees and their families are the highlights of recreational activities.



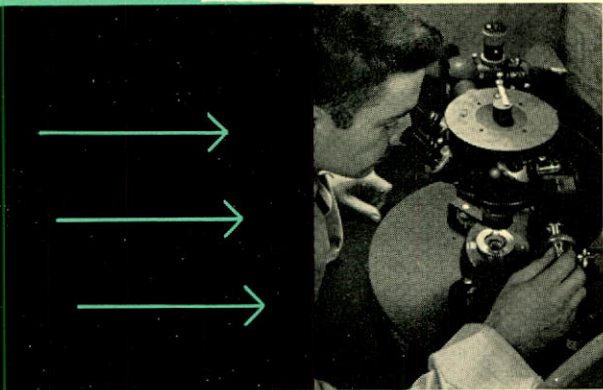
Tiny tots as well as adults enjoyed the full day's program.



At work or at play the spirit of teamwork is constantly demonstrated by Can-Car employees.



One of the year's most significant developments was the introduction of a Retirement Pension Plan and a Retirement Severance Award for salaried and hourly paid employees. Special booklets were prepared to explain the details.



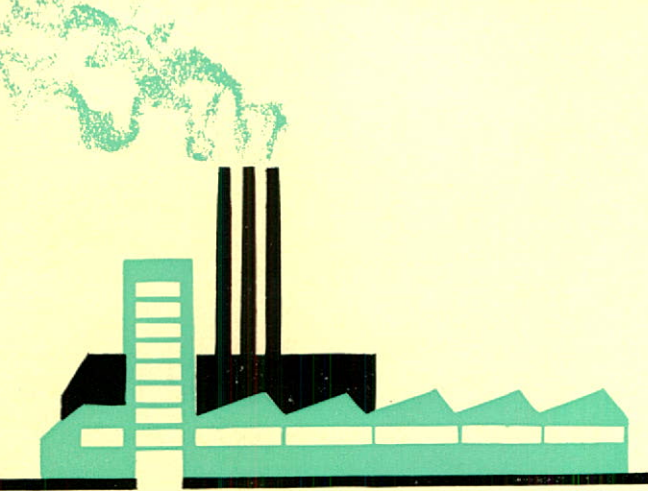
## THE ROAD AHEAD

New challenges face Canadian industry in the years ahead as changing techniques and marked developments in product design come from the drawing boards. In the realm of transportation these developments will undoubtedly test the flexibility and resourcefulness of our own organization.

Can-Car looks with confidence to whatever the future may hold. We are keenly aware of the ever-changing pattern in our industry, the introduction of new types of craftsmanship and the application of new materials. Our production skills will match the best that competition can offer and our facilities are constantly being improved to maintain a position of leadership.

Our healthy Canadian economy is moving steadily to new greatness. As a contender in the industrial arena, this company shares in the vigor of our national progress.

There is indeed a challenging future for Can-Car in the road that lies ahead.



## P L A N T S

### LONGUE POINTE

Castings of all types, ranging from those required in the production of rolling stock to large hydro units, are produced at Longue Pointe, the finest steel foundry of its type in Canada. A \$4,000,000 modernization programme was completed this year.

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### DOMINION

All car frames and mining equipment have their beginning at this large steel fabricating plant. The wide variety of forgings and spring requirements for Can-Car products are produced in this plant.

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### TURCOT

The principal activity of the Turcot Plant is the finishing of both freight and passenger equipment constructed at Dominion. Other facilities of this plant include the wheel foundry, a large welding shop and equipment for the completion of rolling stock.

---

### FORT WILLIAM

The Automotive and Aircraft Divisions of the Company are located in the large modern plant at Fort William. It is completely equipped with the finest facilities for aircraft and transit equipment production.



**CAN-CAR**