

British American Bank Note Company

LIMITED

Ottawa, Ontario



New Head Office and Plant, 975 Gladstone Ave., Ottawa.

Annual Report

YEAR ENDED DECEMBER 31, 1948.

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BRITISH AMERICAN BANK NOTE COMPANY LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders:

Your Directors submit herewith the Company's Annual Report showing the Balance Sheet as at December 31, 1948, the Statement of Earned Surplus and the Profit and Loss Statement of the same date, all duly certified by the Company's Auditors.

Net profits for the year transferred to Surplus Account amounted to \$176,625.35, representing a slight increase over last year.

In December, 1948, 2½% Serial Debentures in the amount of \$90,000.00 were redeemed, leaving a total amount of \$710,000.00 2½% to 3¼% 1949 - 1955 Debentures still outstanding.

During the year dividends were paid at the rate of 75c per share.

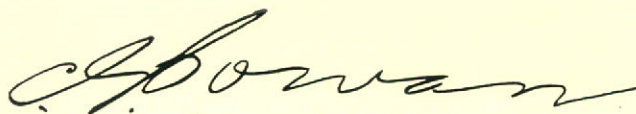
After consideration your Directors decided that, in the interests of the Company, it would be better to retain a somewhat larger share of profits than usual as an addition to Working Capital.

The new controlled-conditions plant in Ottawa was fully occupied in the month of April. There has thus been a good opportunity to appraise the value of air conditioning and of other factors resulting from the carrying on of operations on one floor. It has been clearly demonstrated that in the handling of the Company's product and in certain mechanical improvements there has been a marked gain in efficiency. This gain is offset by higher wages, taxes, insurance, materials and upkeep but it is believed that substantial economies will steadily accrue and with some increase in the volume of sales the Company should be in an excellent competitive position as a result of its enterprise in erecting this fine modern plant.

After prolonged negotiations, new agreements were signed during the year involving substantial increases to all employees. Since the controls were lifted there has been a notable rise in wages with very little additional production. This is a matter of some concern to your Directors, especially in view of the fact that under many of the Company's fixed contracts, prices cannot be readily increased.

During the period under review there was a slight decrease in sales. Foreign business was in good volume and will be maintained during 1949. From present appearances the total sales for 1949 will be somewhat larger than last year.

Your Directors are happy at this time to pay tribute to the loyalty and zeal of the officers and employees of the Company.



President.

February 28, 1949.

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BALANCE SHEET AS

ASSETS

Current:

Cash on hand and in banks.....	\$ 15,837.84	
Accounts receivable	87,180.57	
Refundable portion of excess profits tax due in 1949.....	72,972.17	
Investments—bonds and stocks at cost..... (Quoted market value \$186,765.75)	208,641.53	
Inventories of raw materials, work in process and finished stock, valued at cost or market whichever was lower, according to physical count taken December 31, 1948.....	366,204.57	\$ 750,836.68

Other:

Refundable portion of excess profits tax.....	123,163.97	
Prepaid charges	1,295.17	124,459.14

Fixed:

Building	1,481,194.92	
Plant	745,399.72	
Engraved stock.....	368,138.96	
Furniture, fixtures and equipment.....	82,889.25	
	<u>2,677,622.85</u>	
Less: Reserve for depreciation.....	1,046,857.66	
	<u>1,630,765.19</u>	
Land	30,000.00	1,660,765.19
		<u>\$2,536,061.01</u>

APPROVED ON BEHALF OF THE BOARD:

G. Bowman

Director.

G. Harold Burland

Director.

BANK NOTE COMPANY LIMITED

AT DECEMBER 31, 1948

LIABILITIES

Current:

Accounts payable and accrued liabilities.....	\$ 113,624.87	
Customer's deposit re contract.....	50,213.50	
Provision for taxes on profits.....	47,607.01	\$ 211,445.38
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Funded Debt:

2½% to 3¼% Serial debentures maturing December 15, 1949 to 1955.....		710,000.00
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Net Worth:

Capital stock—Authorized and issued—		
150,000 common shares of no par value.....	300,000.00	
General reserve.....	100,000.00	
Earned surplus—as per statement attached.....	1,214,615.63	1,614,615.63
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NOTE: The years 1944 to 1947 inclusive are being assessed by the Income Tax Department. Pending final settlement, no provision has been made in the above Balance Sheet for additional taxes which might amount to \$15,000.00.

\$2,536,061.01

AUDITOR'S REPORT TO THE SHAREHOLDERS

British American Bank Note Company Limited,
Ottawa, Ontario.

We have made an examination of the books and accounts of the British American Bank Note Company Limited for the year ended December 31, 1948 and have obtained all of the information and explanations which we have required.

We report that, in our opinion, the accompanying Balance Sheet and related Statements of Surplus and Profit and Loss are properly drawn up so as to exhibit a true and correct view of the affairs of the Company at December 31, 1948, and the result of its operations for the year ended that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Montreal, Que., February 10, 1949.

P. S. ROSS & SONS,
Chartered Accountants.

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

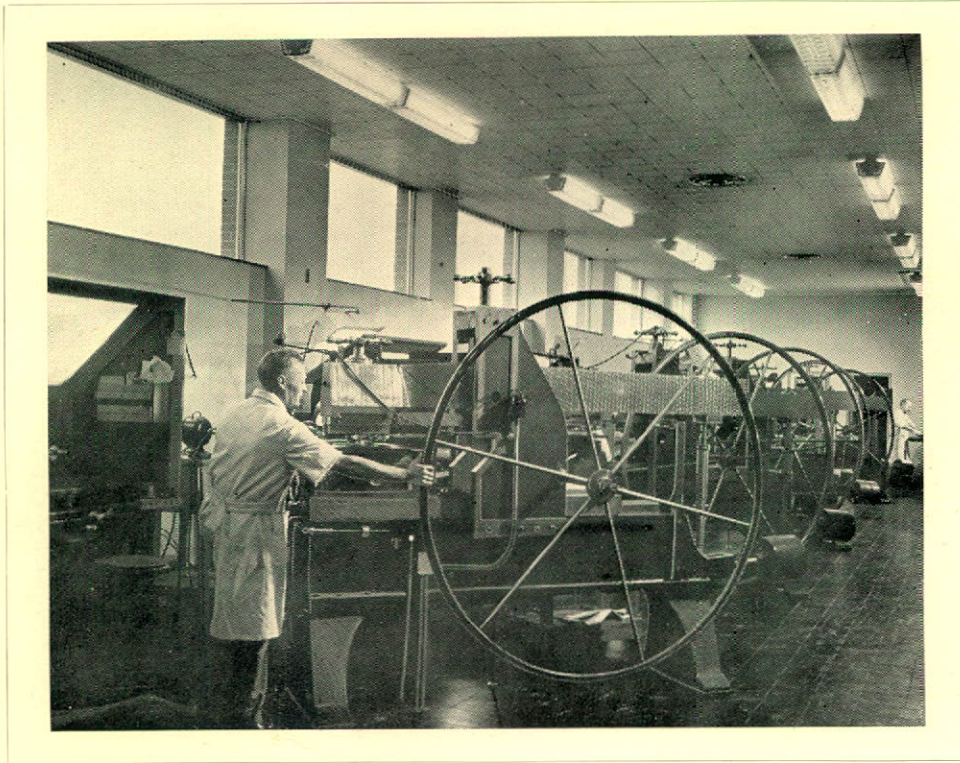
STATEMENT OF EARNED SURPLUS AS AT DECEMBER 31, 1948

Balance at credit—January 1, 1948	\$1,150,955.44
Less: Net Loss on disposal of Fixed Assets	551.72
	\$1,150,403.72
Add: Net profit on sale of securities	86.56
Net profit for the year ended December 31, 1948	176,625.35
	\$1,327,115.63
Less: Dividends paid on Capital Stock	112,500.00
	\$1,214,615.63

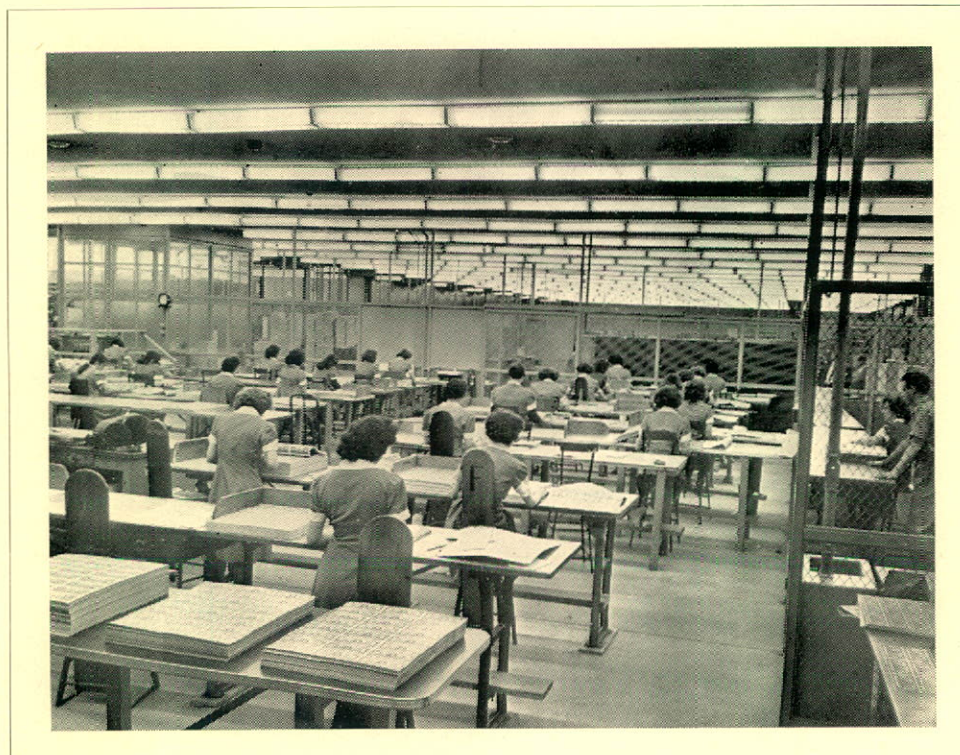
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1948

Profit from operations before deducting the expenses shown below	\$470,531.21
Deduct:	
Depreciation on plant, building and equipment	\$ 116,506.83
Moving expenses	7,533.22
Legal fees	9,394.49
Executive remuneration	49,940.00
Directors' fees	1,340.00
Debenture interest	22,981.25
	207,695.79
Net Profit from operations	262,835.42
Add: Revenue from investments	7,651.59
	270,487.01
Provision for taxes on income	93,861.66
	\$176,625.35

BRITISH AMERICAN BANK NOTE COMPANY LIMITED



Steel Plate Making and Transfer Department



Bank Note Inspection and Finishing Department

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

HEAD OFFICE AND PLANT — OTTAWA, ONTARIO

BRANCHES — TORONTO, ONTARIO AND MONTREAL, QUEBEC

OFFICERS

Howard W. Pillow
Chairman of the Board

Charles G. Cowan
President

Duncan K. MacTavish, K.C.
Vice-President

G. Harold Burland
Comptroller and Treasurer

Archie E. Grier
Secretary

DIRECTORS

F. E. Bronson
Ottawa, Ontario

Duncan K. MacTavish, K.C.
Ottawa, Ontario

G. Harold Burland
Ottawa, Ontario

Howard W. Pillow
Montreal, Quebec

Ross Clarkson
Montreal, Quebec

A. Murray Vaughan
Montreal, Quebec

Charles G. Cowan
Ottawa, Ontario

Bernard C. Westall
London, England

TRANSFER AGENT

The Royal Trust Company, Montreal and Toronto

REGISTRAR

The Montreal Trust Company, Montreal and Toronto