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**International Metal Industries,
Limited**

ANNUAL REPORT

Year Ended December 31,
1948

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International Metal Industries, Limited

Annual Report

Including

REPORT OF DIRECTORS TO THE SHAREHOLDERS
STATEMENT OF CONSOLIDATED PROFIT AND LOSS
STATEMENT OF CONSOLIDATED EARNED SURPLUS ACCOUNT
and
CONSOLIDATED BALANCE SHEET

YEAR ENDED
DECEMBER 31, 1948

Head Office
CHARLOTTETOWN, P.E.I.

Toronto Office
101 HANSON STREET

TO THE SHAREHOLDERS:

The Directors present herewith their Annual Report for the year ended December 31, 1948.

The operating profit, before income taxes but after providing for depreciation and all other charges, amounted to \$2,066,000. Provision for taxes on income aggregating \$700,000 has been deducted from the operating profit leaving a net profit of \$1,366,000 as compared with \$2,071,000 for 1947. The volume of business transacted and the operating and net profit were lower than those reported for the previous year due to the general curtailment of service station programmes within the oil industry and to the restricted supply of certain materials.

This net profit of \$1,366,000 represents earnings of \$37.41 per share on the Preferred stock and, after allowing for Preference dividends, earnings of \$5.04 on the combined Class "A" and "B" Common stocks.

During the year regular dividends were declared on the $4\frac{1}{2}\%$ Preferred stock and quarterly dividends aggregating \$1.60 per share were declared on both classes of the Common stock. These dividends amounted to \$546,438 leaving a surplus for the year of \$819,970, which increased the earned surplus to \$4,336,000.

Current assets amounted to \$10,332,000 and current liabilities to \$2,308,000, with a net working capital of \$8,024,000, an increase of \$1,497,000, which included the recent term borrowing of \$1,000,000. This term loan was required for additional working capital and was used in part to retire outstanding bank indebtedness.

The cash held for Sinking Fund of \$103,323 is the balance after transferring \$120,000 to this account in respect of 1948 profits and after deducting the cost of 340 Preferred shares redeemed during the year. Since the inception of the Sinking Fund, 3,475 Preferred shares have been redeemed, leaving 36,525 Preferred shares outstanding.

Inventories aggregated \$5,940,000 as compared with \$6,138,000 as at December 31, 1947.

A Retirement Plan for salaried employees of the Canadian subsidiaries was established during the year on terms similar to those provided for salaried employees of the American subsidiaries during the previous year.

The operations of the Company will be dealt with in more detail at the Annual Meeting to be held on April 28, 1949.

The Directors take this opportunity of expressing their appreciation of the continued loyalty and co-operation of the officers and employees of the organization.

By order of the Board,

H. W. KNIGHT,
President.

Toronto, 7th April 1949.

International Metal Industries, Limited

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

Operating profit before depreciation.....	\$2,300,986
Deduct provision for depreciation.....	234,577
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Profit before taxes on income.....	\$2,066,409
Provision for taxes on income.....	700,000
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Net profit for year transferred to consolidated earned surplus..	<u>\$1,366,409</u>

Note: Payments by the company or its subsidiaries include fees of \$18,000 to directors and members of the executive committee and remuneration of \$87,303 to the executive officers and solicitors of the parent company.

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance January 1, 1948.....	\$3,516,620
Add balance transferred from statement of consolidated profit and loss.....	1,366,409
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	\$4,883,029

Deduct:

Dividends—

On first preferred shares:

Three dividends of \$1.12½ per share declared and paid in 1948 and one dividend of \$1.12½ per share declared payable January 3, 1949..... \$165,139

On common class "A" shares:

Three dividends of 40c. per share declared and paid in 1948 and one dividend of 40c. per share declared payable January 3, 1949..... 301,299

On common class "B" shares:

Three dividends of 40c. per share declared and paid in 1948 and one dividend of 40c. per share declared payable January 3, 1949..... 80,000 546,438

Balance December 31, 1948.....	<u>\$4,336,591</u>
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INTERNATIONAL METAL INDUSTRIES, LIMITED

(Incorporated under the laws of the Province of Ontario)

AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT:

Cash on hand and in banks.....		\$ 2,488,224
Accounts and notes receivable (less reserves of \$144,344).....		1,904,291
Inventories as determined and certified by company officials, and valued at the lower of cost or market value.....		5,940,274
		<u>\$10,332,789</u>

SINKING FUND:

Cash held for redemption of first preferred shares.....		103,323
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FIXED:

As written down to less than cost at January 1, 1933, with subsequent additions at cost —

Land.....		\$ 243,986
Buildings.....	\$1,395,211	
Machinery and equipment....	3,209,256	
	4,604,467	
Less Reserve for depreciation	2,581,647	2,022,820
		<u>\$2,266,806</u>
Patents, rights and licenses.....		1
		<u>2,266,807</u>

OTHER ASSETS:

Sundry receivables.....	\$ 55,421	
Prepaid insurance and other expenses.....	219,476	
Refundable portion of taxes on income.....	35,136	
		<u>310,033</u>
		<u>\$13,012,952</u>

AUDITORS' REPORT

We have examined the consolidated balance sheet of International Metal Industries, Limited and its subsidiaries for the year then ended. Our examination was made in accordance with generally accepted auditing procedures as we considered necessary in the circumstances.

In our opinion the above consolidated balance sheet and related statements of consolidated profit and loss of its subsidiaries at December 31, 1948 and the results of their operations for the year then ended in conformity with the requirements of the Companies Act.

Toronto, Canada, March 10, 1949.

INTERNATIONAL METAL INDUSTRIES, LIMITED

(Incorporated in the Dominion of Newfoundland under the Dominion Companies Act)

SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS AT SHEET DECEMBER 31, 1948

LIABILITIES

CURRENT:

Accounts payable and accrued charges.....	\$ 1,324,209
Reserve for taxes.....	848,245
Dividends payable January 3, 1949.....	136,471

\$ 2,308,925

DEFERRED:

3½% note payable.....	1,000,000
(Due \$50,000 annually 1951-1962, balance 1963)	

RESERVE FOR CONTINGENCIES.....	1,000,000
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CAPITAL:

Authorized—

50,000 preferred shares, par value \$100 each, less 3,475 shares redeemed	
300,000 common class "A" shares (no par value)	
50,000 common class "B" shares (no par value)	

Outstanding—

36,525 4½% cumulative redeemable sinking fund first preferred shares, par value \$100 each—redeemable at \$103	\$3,652,500
188,312 common class "A" shares (no par value)	} 714,936
50,000 common class "B" shares (no par value)	

\$4,367,436

EARNED SURPLUS.....	4,336,591
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8,704,027

\$13,012,952

Approved on behalf of the Board.

H. W. KNIGHT, Director.

H. R. TUDHOPE, Director.

STATEMENT OF FINANCIAL POSITION AS AT SHEET DECEMBER 31, 1948

of the subsidiaries as at December 31, 1948 and the related statements of consolidated profit and loss and earned surplus, and accordingly included such tests of the accounting records and such other auditing

and loss and earned surplus present fairly the financial position of International Metal Industries, Limited and its subsidiaries with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & Co.
Chartered Accountants.

SUBSIDIARY MANUFACTURING

Canadian John Wood Manufacturing Company, Limited

Executive Office TORONTO, ONT.

Plants:

TORONTO, ONT., MONTREAL, QUE., WINNIPEG, MAN.

WATER HEATERS AND METALWARES
RANGE BOILERS AND STORAGE TANKS
MILK CANS AND METAL DAIRYWARES

Canadian John Wood Vancouver Limited

Executive Office TORONTO, ONT.

Plant:

VANCOUVER, B.C.

WATER HEATERS AND RANGE BOILERS
STORAGE TANKS AND STEEL FURNACES
MILK CANS AND BARRELS AND DRUMS

Service Station Equipment Company Limited

Executive Office TORONTO, ONT.

Plants:

TORONTO, ONT. MONTREAL, QUE.
WINNIPEG, MAN. VANCOUVER, B.C.

GASOLINE PUMPS AND TIRE INFLATORS
LUBRICATING AND GREASE EQUIPMENT
BARRELS, DRUMS AND STEEL CONTAINERS

Fess Oil Burners of Canada, Limited

Executive Office TORONTO, ONT.

Plants:

TORONTO, ONT. MONTREAL, QUE.
WINNIPEG, MAN. VANCOUVER, B.C.

DOMESTIC AND COMMERCIAL HEATING EQUIPMENT

AND SALES COMPANIES

John Wood Manufacturing Company, Inc.

Executive Office NEW YORK, N.Y.

Plants:

CONSHOHOCKEN, PA. CHICAGO, ILL.

GAS AND ELECTRIC WATER HEATERS
RANGE BOILERS AND STORAGE TANKS

Service Station Equipment Company

Executive Office NEW YORK, N.Y.

Plants:

MUSKEGON, MICH. HART, MICH.

GASOLINE PUMPS AND TIRE INFLATORS
LUBRICATING AND GREASE EQUIPMENT

Superior Metal Products Company

Executive Office NEW YORK, N.Y.

Plant:

ST. PAUL, MINN.

MILK CANS AND METAL DAIRYWARES

Bombas E. Equipamentos Bennett, Ltd.

Executive Office NEW YORK, N.Y.

Branch:

RIO DE JANEIRO, BRAZIL

COMPLETE LINE OF OIL TRADE EQUIPMENT

Board of Directors

A. L. ELLSWORTH
Chairman

H. W. KNIGHT
President

H. R. TUDHOPE

J. B. BALMER

VICTOR MAUCK

GUY GEORGE GABRIELSON

T. F. RAHILLY

Executive Committee

J. B. BALMER
Chairman

GUY GEORGE GABRIELSON

VICTOR MAUCK

Officers

H. W. KNIGHT
President

A. L. ELLSWORTH
Chairman of Board of Directors

J. B. BALMER
Vice-President and General Manager

H. J. WESLEY
Secretary, Treasurer and Comptroller

T. H. GIBSON
Assistant Secretary

Transfer Agent and Registrar

CHARTERED TRUST & EXECUTOR COMPANY
Toronto, Canada

