

# ANNUAL REPORT

*YEAR ENDED DECEMBER 31, 1946*

FORD MOTOR COMPANY  
OF CANADA, LIMITED

WINDSOR, ONTARIO

Corporation  
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*Board of Directors*

W. R. CAMPBELL, C.B.E.  
*Chairman*

D. B. GREIG

R. M. SALE

HENRY FORD

HENRY FORD II

*Officers*



D. B. GREIG  
*President*



W. R. CAMPBELL, C.B.E.  
*Chairman of the Board*



R. M. SALE  
*Vice-President*



F. G. BATTERS  
*Secretary and Assistant Treasurer*



G. G. KEW  
*Treasurer*



G. G. DEWAR  
*Assistant Secretary*

*Auditors*

CLARKSON, GORDON & CO.



*NOTICE OF SPECIAL GENERAL  
AND ANNUAL MEETING*

TO THE SHAREHOLDERS:

Notice is hereby given that a special general and annual meeting of shareholders of Ford Motor Company of Canada, Limited will be held at the head office of the Company at Windsor, Ontario, April 28th, 1947, at two o'clock p.m., eastern standard time, to (a) consider, and if deemed advisable, sanction and confirm by-law No. 5 enacted by the directors of the Company March 19th, 1947, increasing the number of directors from five to seven and providing that in case of an equality of votes at a meeting of the directors the chairman of such meeting, in addition to his original vote, shall have a second or casting vote, (b) receive the annual reports, (c) elect directors, and (d) transact such other business as may properly come before the meeting.

The close of business April 14th, 1947, has been fixed as a record date for the determination of the shareholders entitled to vote at the meeting.

Only registered owners of class "B" shares are entitled to vote. Any such shareholder, unable to attend the meeting in person, is requested to complete and return the form of "Appointment of Proxy".

"Appointment of Proxy" forms should be deposited at the head office of the Company not later than forty-eight (48) hours before the time of holding the meeting.

F. G. BATTERS,

*Secretary*

April 11th, 1947





TRANSIT TO

FORD  
PORT ELIZABETH  
LOT-14

66

PICK UP

*Go to Africa*  
MADE IN CANADA

SOUTH AFRICA

STEAM



# STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31st, 1946

(With a Comparative Statement for the Year Ended December 31st, 1945)

	1946	1945
Operating loss or profit of the Canadian factory and branches after all operating charges (1). . . . .	\$2,322,830 (Loss)	\$1,361,449
Dividends (less tax withheld at source) received from overseas subsidiary companies. . . . .	1,044,234	710,039
Profit on sale of fixed assets and investments. . . . .	645,163	166,927
Interest on bonds . . . . .	<u>13,985</u>	<u>90,870</u>
Loss or profit before taxes on income. . . . .	619,448 (Loss)	2,329,285
Provision for taxes on income in Canada . . . . .		648,000
Estimated amount of 1945 taxes recoverable as a result of 1946 loss. . . . .	<u>380,000</u>	<u>          </u>
Net loss or profit for the year . . . . .	<u>\$ 239,448 (Loss)</u>	<u>\$1,681,285</u>

(1) Included in operating charges for 1946 are the following items: provision for depreciation \$1,535,504, executive officers' remuneration \$175,100, solicitors' fees \$30,182, and directors' fees \$3,000.

Corresponding items charged in 1945 were: provision for depreciation \$1,463,578, executive officers' remuneration \$174,800, solicitors' fees \$41,800, and directors' fees \$3,000.







# STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED DECEMBER 31st, 1946  
(With a Comparative Statement for the Year Ended December 31st, 1945)

	1946	1945
Earned surplus at beginning of year . . . . .	\$30,535,481	\$29,948,416
Net loss or profit for the year . . . . .	239,448 (Loss)	1,681,285
Reinstatement of amount of investment in shares of Ford Motor Company of Malaya, Limited written off in 1941. . . . .	418,847	
Transferred from reserve for depreciation of bonds . .	<u>                    </u>	<u>150,000</u>
	<u>30,714,880</u>	<u>31,779,701</u>
Less:		
Dividends paid on		
Class "A" Shares . . . . .	397,240	1,191,720
Class "B" Shares . . . . .	<u>17,500</u>	<u>52,500</u>
	<u>414,740</u>	<u>1,244,220</u>
Earned surplus at end of year . . . . .	<u><u>\$30,300,140</u></u>	<u><u>\$30,535,481</u></u>

← Value of output in 1946 exceeded that for any peacetime year



# FORD MOTOR COMPAN

## BALANCE

DECEMBER

(With comparative balance)

### ASSETS

	1946	1945
<b>CURRENT ASSETS</b>		
Cash on hand and in banks . . . . .	\$ 6,559,230	\$ 6,343,360
Bonds of the Dominion and Municipal Governments in Canada, at cost . . . . .	175,000	5,240,464
(Market value December 31st, 1946 . . . \$ 175,962 1945 . . . 5,245,570)		
Accounts Receivable		
Dominion Government contracts . . . . .	1,168,921	5,298,103
(The 1946 amount is after applying advances received)		
Drawback and refund of customs duties . . . . .	870,117	527,969
Overseas subsidiary companies . . . . .	4,872,678	139,357
Other trade accounts . . . . .	4,929,598	1,527,412
Taxes recoverable on 1945 income . . . . .	380,000	
Inventories . . . . .	17,320,746	23,424,208
(As determined and certified by company officials, based on physical count at July 31st, adjusted to December 31st, and priced at not more than the lower of cost or market value)		
	<u>36,276,290</u>	<u>42,500,873</u>
Less: Advances on Government Contracts . . . . .		8,000,000
	<u>36,276,290</u>	<u>34,500,873</u>
<b>OTHER ASSETS</b>		
Prepaid expenses and deferred charges . . . . .	610,490	315,448
Portion of taxes on income, refundable under the Excess Profits Tax Act . . . . .	1,703,000	1,703,000
Shares of subsidiary companies, at cost . . . . .	11,623,733	11,204,886
(The 1946 amount includes the investment in shares of Ford Motor Company of Malaya, Limited at \$418,848 previously written down to \$1)		
	<u>13,937,223</u>	<u>13,223,334</u>
<b>FIXED ASSETS</b>		
Land, buildings, machinery and equipment, at cost . .	46,475,114	46,085,117
Patents . . . . .	1	1
	<u>\$96,688,628</u>	<u>\$93,809,325</u>

This is the balance sheet referred to in our report to the shareholders of February 24th, 1947

CLARKSON, GORDON & CO.,  
Chartered Accountants



# Y OF CANADA, LIMITED

## E SHEET

31st, 1946  
 (as at December 31st, 1945)

### LIABILITIES

	1946	1945
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges . . . . .	\$10,902,664	\$ 7,811,002
Due to overseas subsidiary companies . . . . .	405,107	736,982
Sales, excise and income taxes in Canada . . . . .	<u>702,614</u>	<u>330,934</u>
	<u>12,010,385</u>	<u>8,878,918</u>
<b>RESERVES</b>		
For depreciation of buildings, machinery and equipment . . . . .	35,499,003	35,515,826
General Reserve . . . . .	<u>5,500,000</u>	<u>5,500,000</u>
	<u>40,999,003</u>	<u>41,015,826</u>
<b>CAPITAL</b>		
Authorized:		
1,900,000 shares class "A" no par value		
100,000 shares class "B" no par value		
Issued:		
1,588,960 shares class "A" no par value	} . . . . .	13,379,100
70,000 shares class "B" no par value		
EARNED SURPLUS . . . . .	<u>30,300,140</u>	<u>30,535,481</u>
	<u>\$96,688,628</u>	<u>\$93,809,325</u>

Approved on behalf of the Board,  
 D. B. GREIG, Director  
 R. M. SALE, Director



## AUDITORS' REPORT TO SHAREHOLDERS

We have made an examination of the balance sheet of Ford Motor Company of Canada, Limited as at December 31st, 1946 and of the related statements of income and expenditure and earned surplus for the year ended that date. In connection therewith we made substantial tests during the year of the accounting records of the company but did not make a detailed audit of all transactions; we also made a general review of accounting methods and of the operating and income accounts for the year and obtained all the information and explanations we required from the company's officers and employees.

We report that in our opinion the accompanying balance sheet and related statements of income and expenditure and earned surplus have been drawn up so as to exhibit a true and correct view of the state of the company's affairs at December 31st, 1946 and of the results of its operations for the year ended on that date according to the best of our information, the explanations given us and as shown by the books.

As required by the Dominion Companies Act, Section 114, we report that net profits of subsidiary companies for the year ended December 31st, 1946 have been taken into account only to the extent of the dividends received. The combined profits of the subsidiary companies, as reported to us by their auditors, were in the aggregate in excess of such dividends.

CLARKSON, GORDON & CO.,

*Chartered Accountants*

Toronto, Canada,  
February 24th, 1947



## DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Board of Directors submits herewith the Annual Report of the Company for the year ended December 31st, 1946, together with the Auditors' Report thereon.

### *Sales*

Sales for the year totalled \$101,669,764, a figure 69.9 per cent greater than that for 1929, the highest pre-war year. Included in this total are sales of spare parts amounting to \$19,492,188, more than four times the comparable figure for 1939 and substantially greater than the figure for any pre-war year.

The number of automotive units sold in 1946 was 85,707, including 6,393 tractors. This compares with unit sales of 48,441 in 1945, including 1,585 tractors, and with average annual sales of 69,124 units for the five pre-war years 1935-1939 inclusive.

Of the number of units sold in 1946, excluding tractors, 46 per cent were for the domestic market, 41 per cent for regular export markets, and 13 per cent were sold to government agencies for UNRRA, military and other requirements.

### *Profit and Loss*

The operating loss for the year was \$2,322,830. This was the result of a combination of factors, including intermittent production because of work stoppages in other industries, plant reconversion costs, and increased costs of materials and labour—coupled with government control of selling prices in Canada.

However, the operating loss was largely offset by (a) dividends received from subsidiary companies, which were 47 per cent greater than in 1945; (b) profit on the sale of fixed assets and investments; (c) income taxes paid in 1945, recoverable to an estimated amount of \$380,000 as a result of losses in 1946, and (d) interest earnings. The net loss for the year was \$239,448. This compares with profit of \$1,681,285 in 1945.

### *Current Assets*

Total current assets increased over the amount shown for the previous year by \$1,775,417. Changes in the individual accounts within this grouping



reflect the transition from war business to post-war commercial operations.

Cash and bonds combined showed a decrease of \$4,849,594 from the previous year-end and this amount was almost equal to the increase in Accounts Receivable. It was necessary in 1946 to liquidate most of the Company's bond holdings to finance the expanded volume of civilian business. Accounts Receivable from trade debtors and subsidiary companies showed a marked increase, but the outstanding amounts were consistent with the volume of business done. It should be noted that the amounts outstanding at the end of 1945 were exceptionally low because of curtailed operations in the latter part of that year.

Inventories were higher than they would have been if procurement conditions had been more favourable. Inventories are under constant review to ensure that they are consistent with the volume of business expected and the current material supply situation.

#### *Current Liabilities*

Current liabilities at the end of 1946 were \$3,131,467 higher than at the end of 1945. The 1945 figure was lower than it would have been had our plant been operating in the latter part of that year.

#### *Investment in Malayan Company*

In the Directors' Report for the year 1941, it was stated that Ford Motor Company of Malaya, Limited, had ceased operations because of enemy occupation of the territories comprising its markets and, in consequence, your Company's investment in shares of the Malayan company had been written down from \$418,848 to \$1. The assets of that company did not include real estate, as it occupied leased premises.

The Malayan company has been preparing to resume its operations and expects that its premises, which it still holds under lease, will be vacated in a short time by the military authorities.

At the end of 1946 the Malayan company had substantial assets arising out of the restoration of its bank account in Singapore and the settlement of claims for materials which it owned and which during the war were lost at sea or diverted to other countries. Additionally, that company has filed a claim with the Malayan government, under a government-sponsored insurance scheme, for the loss of stock in trade abandoned at the time of enemy occupation. These assets exceed the amount of your Company's investment in the Malayan company and, therefore, the write-down made in 1941 has been reversed. Accordingly, the investment in shares of subsidiary companies has been increased by \$418,847.



#### *Fixed Assets*

Additions to fixed assets during 1946 cost \$2,168,610 and included an extension to the Machine Shop building, which provides a further 54,720 square feet of floor space, as well as machinery and equipment for replacement and modernization of existing facilities. Fixed assets which cost originally \$1,778,613, but which had been written down over a period of years to \$226,287, were sold or otherwise disposed of, leaving a net addition to fixed assets of \$389,997.

Included in the fixed assets sold was the Toronto plant. Assembly of vehicles at Toronto was discontinued in 1942 and, as this operation had become uneconomic, an advantageous offer for this plant was accepted. Sales and service operations at Toronto are being continued.

#### *Subsidiary Companies' Profits and Surplus*

Profits of overseas subsidiary companies increased from \$1,423,121 in 1945 to \$2,672,832 in 1946, and dividends paid by them during the year, before deduction of tax withheld at the source, amounted to \$1,230,437. After giving effect to the fall in the exchange rates in 1946 of 9.25 per cent, and adjustment of prior years' reserves and taxes, the aggregate surplus accounts of these companies at December 31st, 1946, totalled \$11,289,172, in comparison with \$10,404,877 at December 31st, 1945. The profits and surplus accounts of subsidiary companies are not consolidated with those of your Company.

#### *Australian Companies' Expansion*

The attention of the shareholders has been drawn in preceding years to the fact that the Government of Australia has been pressing for an expansion of motor vehicle manufacturing in that country. Our Australian subsidiaries have for some time been giving consideration to developments in this direction and as a result they are now preparing to manufacture additional chassis components. This program will require a further investment by them of \$2,400,000 in plant and equipment.

#### *Surplus*

Earned surplus of \$30,300,140 at December 31st, 1946, shows a reduction of \$235,341 from the preceding year. The net loss for 1946 of \$239,448, together with the payment of one dividend of 25 cents per share amounting to \$414,740, caused a reduction in the surplus of \$654,188. This was partly offset by the reinstatement of \$418,847, the amount of the investment in the Malayan company written off as a doubtful asset in 1941.



*Employee Insurance Plan*

A contributory life and disability insurance plan was instituted by the Company on December 1st, 1946, with 92 per cent of all employees participating. On the basis of insurance rates and working force at the time the plan went into effect, the annual cost to the Company is estimated at \$200,000.

*Prices*

The Wartime Prices and Trade Board allowed an increase of ten per cent in Canadian retail prices of passenger cars and seven per cent on commercial vehicles, effective December 18th, 1946. Our wholesale prices were proportionately increased. The increase came so late in the year that it had no appreciable effect upon 1946 revenue.

*Proposal to Increase the Number of Directors*

In view of the magnitude of your Company's operations and in order to facilitate the performance of the duties of the Board, your directors recommend that the Board of Directors be enlarged from five to seven members. Therefore, a by-law will be submitted for consideration at a special general and annual meeting of the shareholders to be held April 28th, 1947, providing for such an increase in the number of directors of the Company and providing also that in case of an equality of votes at a meeting of the directors, the chairman of such meeting, in addition to his original vote, shall have a second or casting vote.

The Company's by-laws now require three directors to form a quorum for the transaction of business and it is considered desirable that this number remain unchanged.

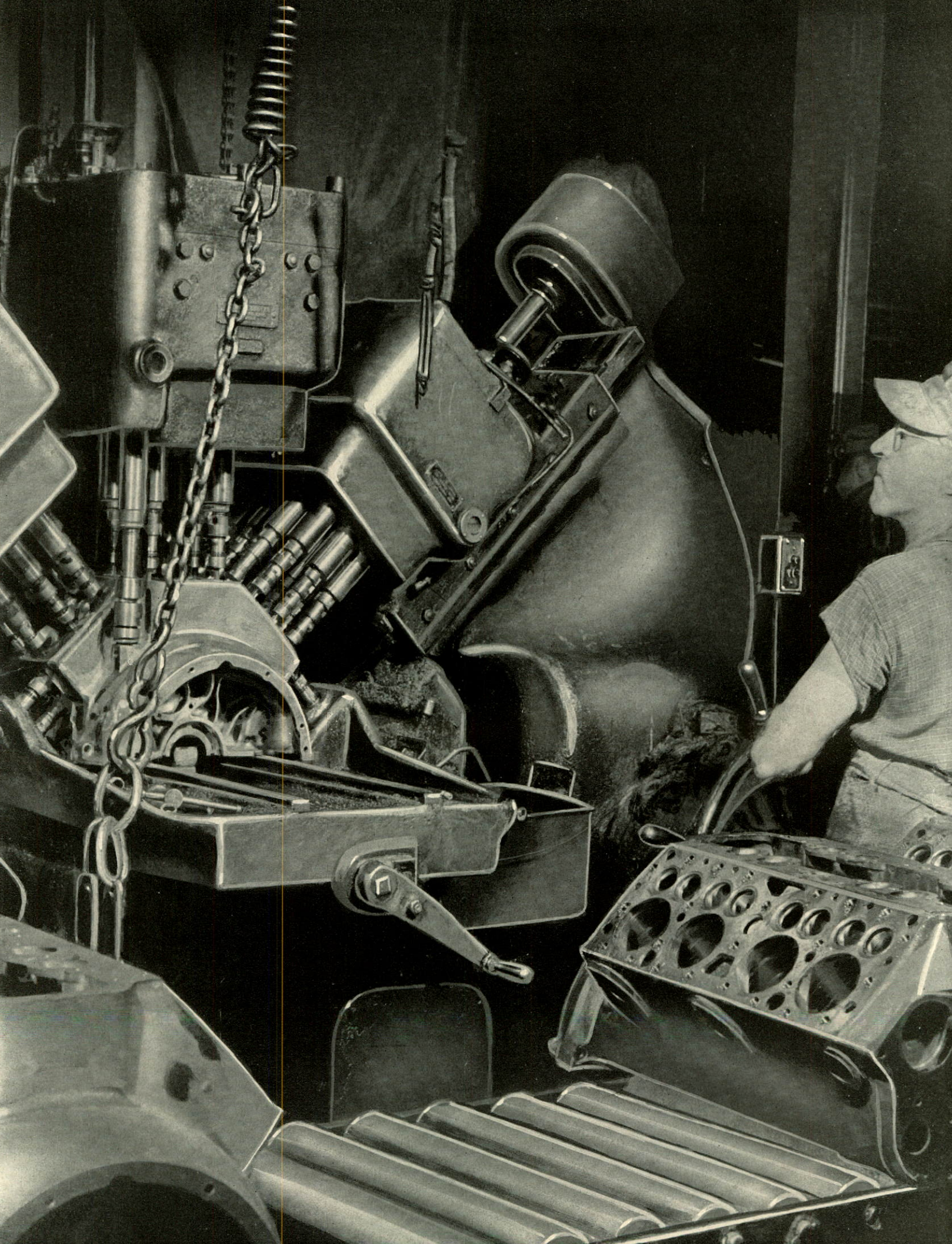
On behalf of the Board,

D. B. GREIG,

*President*

Windsor, Ontario,  
February 27th, 1947







*Canadian Branches*

HALIFAX, N.S.            SAINT JOHN, N.B.            MONTREAL, QUE.  
TORONTO, ONT.            WINNIPEG, MAN.            REGINA, SASK.  
                                 CALGARY, ALTA.            VANCOUVER, B.C.

*Overseas Subsidiary Companies*

FORD MOTOR COMPANY OF SOUTH AFRICA, LIMITED,  
Port Elizabeth, South Africa.

FORD MOTOR COMPANY OF AUSTRALIA (PTY) LIMITED,  
Geelong, Australia.  
with branches at Sydney, Brisbane, Adelaide and Fremantle

FORD MANUFACTURING COMPANY OF AUSTRALIA (PTY) LIMITED,  
Geelong, Australia.

FORD MOTOR COMPANY OF INDIA, LIMITED,  
Bombay, India.  
with branches at Calcutta and Madras, India, and Colombo, Ceylon

FORD MOTOR COMPANY OF MALAYA, LIMITED,  
Singapore.

FORD MOTOR COMPANY OF NEW ZEALAND, LIMITED,  
Lower Hutt, New Zealand.



