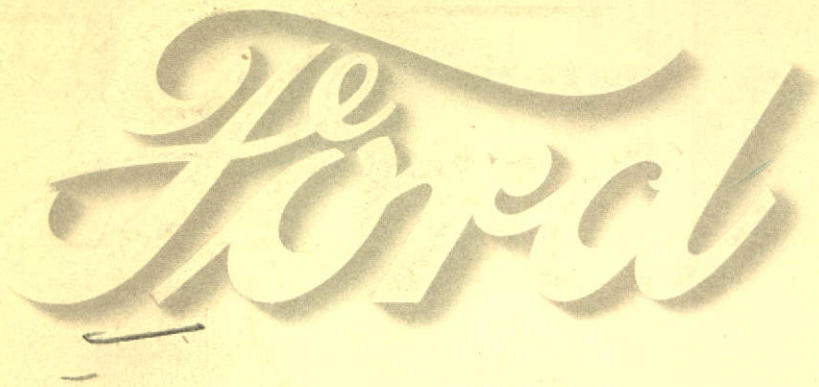


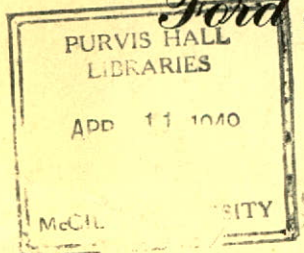
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ANNUAL REPORT

*for the year ended
December 31, 1948*

Ford Motor Company of Canada, Limited



Ford

A N N U A L R E P O R T

for the year ended
December 31st, 1948

Ford Motor Company of Canada, Limited

BOARD OF DIRECTORS

E. R. Breech
R. I. Bridge
J. M. Cochrane
Henry Ford II
D. B. Greig
G. G. Kew
R. M. Sale

OFFICERS

D. B. Greig
President

R. M. Sale
Executive Vice-President

R. I. Bridge
Vice-President and Director of Manufacturing

J. M. Cochrane
Vice-President and Director of Purchasing

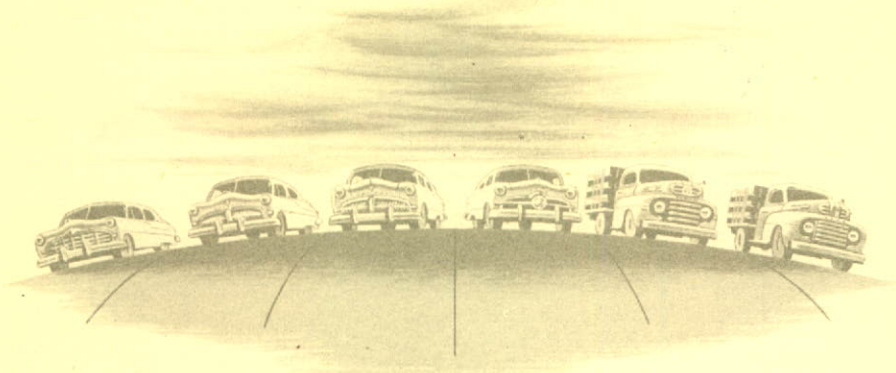
G. G. Kew
Vice-President, Treasurer, and Director of Finance

F. G. Ballers
Secretary and Assistant Treasurer

G. G. Dewar
Assistant Secretary

AUDITORS

Clarkson, Gordon & Co.



Highlights of 1948

Sales volume established a new peacetime record of \$168,288,888, an increase of 12.7 per cent over the 1947 total.

Net profit of \$7,969,535 was equal to 4.73 per cent of sales volume, and \$4.80 per share.

Sales of 107,397 passenger cars, trucks, buses and tractors in 1948 compared with the previous year's total of 109,718.

Car and Truck Sales in Canada, totalling 63,955 vehicles, were the highest in the company's history.

Employment of an average of 14,298 persons over the year was the highest for any non-war year since the inception of the company. Wages and salaries for the year reached an all-time high total of \$40,491,557.

Total Assets of \$117,366,474 exceeded all previous totals and were \$8,016,079 greater than at the end of 1947.

Entirely New Monarch, Mercury, Ford and Meteor passenger car lines were brought into production in the second quarter of 1948.

Production of 97,015 cars and trucks was attained in 1948, the third highest output for any peacetime year in the company's history. The total compares with a record 101,185 cars and trucks in 1947, and the 1935-1939 average of 68,435. Ford of Canada maintained in 1948 its position as the largest automotive manufacturer in the Dominion, despite the major model changes which reduced output over a period of several weeks.

DIRECTORS' REPORT

To the Shareholders of Ford Motor Company of Canada, Limited:

The Board of Directors submits herewith the annual report of your company for the year ended December 31st, 1948, together with the report of your auditors.

Sales

Total sales for the year established a new peacetime record, amounting to \$168,288,888, an increase of 12.7 per cent over the total for 1947. The average annual sales volume for the five pre-war years 1935-1939 was \$44,171,141.

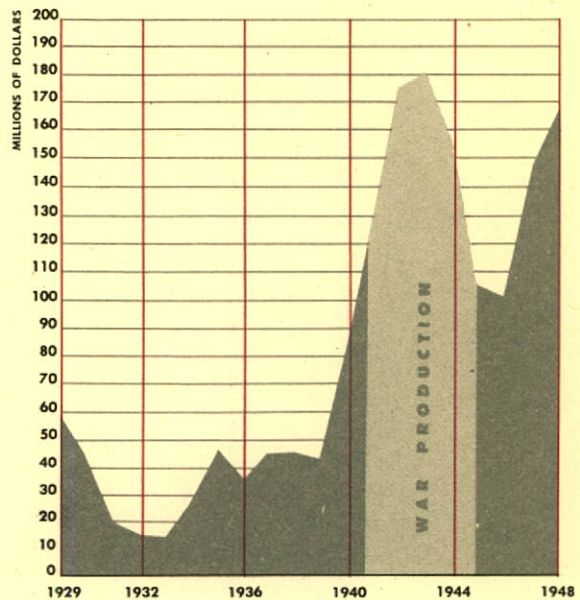
The number of passenger cars, trucks, buses and tractors sold by your company in 1948 was 107,397, as compared with 109,718 in 1947 and a 1935-1939 average of 69,124. The reduction in unit sales in 1948 was attributable in part to a cut-off of the supply of gas used in manufacturing operations in the Windsor plant during January and February,

with the result that production was sharply curtailed for 17 working days. There was also the unavoidable loss of output while the plant facilities were being converted for the manufacture of entirely new passenger cars.

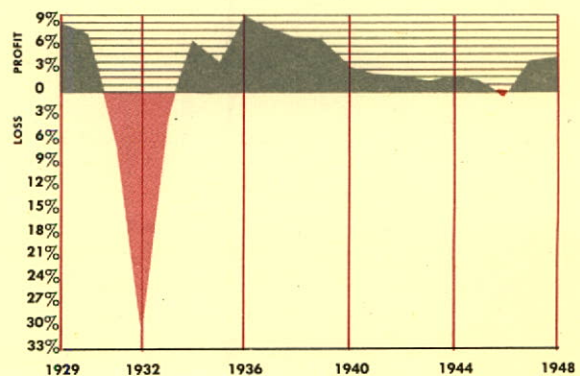
Included in the total sales were 1,295 passenger cars and 730 light commercial vehicles imported from Ford Motor Company, Limited, Dagenham, England. The total also embraces 8,597 Ford tractors imported from the United States, which compares with 1947 sales of 7,800 tractors.

Of the total number of passenger cars and trucks sold by your company in 1948, 64.7 per cent were marketed in Canada and 35.3 per cent were exported. In 1947 sales in Canada accounted for 59.6 per cent of the total. The dollar value of sales to overseas countries amounted to \$46,170,366, or 27.4 per cent of total sales, as compared with \$54,101,706, or 36.2 per cent of total sales, in 1947. Although export shipments of vehicles were fewer in number in 1948, totalling 34,845 as against 41,141 in 1947 and a 1935-1939 average of 38,619, nevertheless your company continued to be the largest Canadian exporter of cars and trucks.

20 YEAR TREND OF FORD OF CANADA SALES INCOME

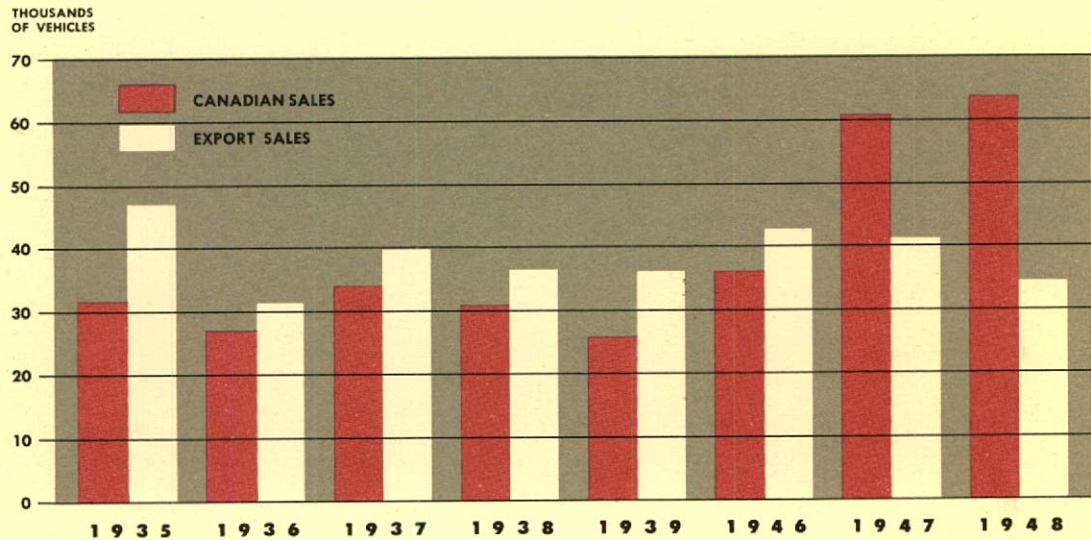


20 YEAR TREND OF FORD OF CANADA PROFIT AND LOSS
(Based on Percentage of Sales Income)

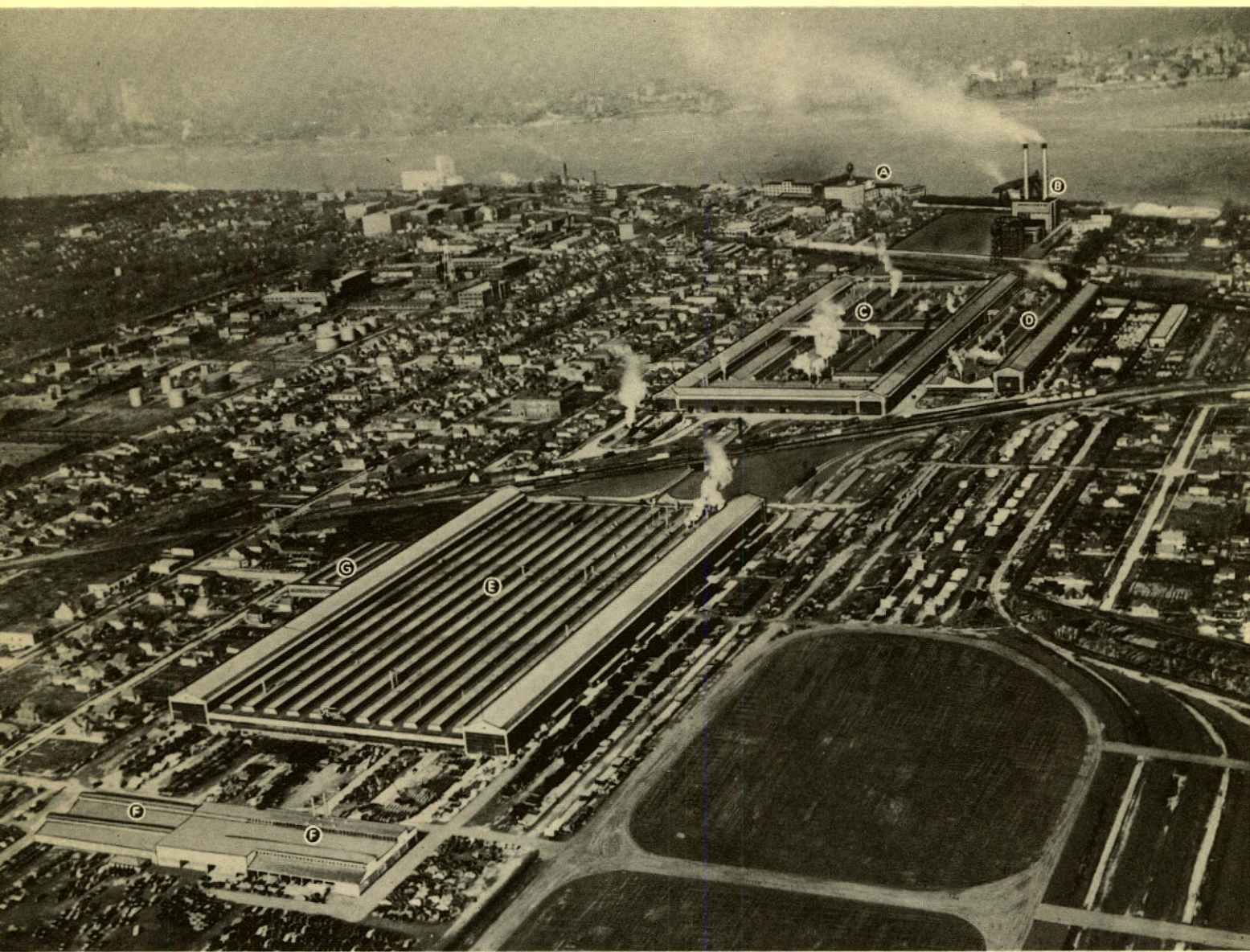


Passenger car and truck sales by your company in Canada in 1948 were the highest on record, numbering 63,955 vehicles as compared with 60,777 in 1947 and the 1935-1939 average of 30,144. Ford of Canada's total represents 28.8 per cent of all cars and trucks of Canadian or United States origin wholesaled in the Dominion during 1948, as against a comparable percentage of 26.2 in 1947. Your company accounted

DISTRIBUTION OF PASSENGER CAR AND TRUCK SALES



for 26.3 per cent of wholesale passenger car sales, and 33.3 per cent of wholesale truck sales, in Canada during the year. Vehicles of British or European origin are not included in these statistics, as no tabulations of sales of these vehicles are available.



Largest automotive plant in the Dominion, and employing more persons than any other manufacturing industry in Canada, the factory of Ford Motor Company of Canada, Limited in Windsor, Ontario, occupies a 240-acre site and has 56 acres of floor area under roof. There are five miles of railway track and 11 miles of road serving the plant site. (A) Plant 1, overlooking the Detroit River, houses administrative offices, parts warehouses, and laboratories. (B) The power house has a capacity of 37,500 h.p., consumes an average of 300 tons of coal daily. (D) The foundry has the largest electric furnace installation in Canada. (C) Plant 2, with 18 acres of floor space, has more than 4,500 individually-powered machines. Its output of assembled motors, axles, and other parts is carried by an underground conveyor $1\frac{1}{2}$ miles long to Plant 4 (E) which houses the body-build, trim, paint, and final assembly lines. Final preparation of vehicles for shipment is carried out in (F). A new receiving building (G) was completed late in 1948.

Profits

Net profit after provision of \$1,000,000 against the contingency of a decline in inventory values was \$7,969,535, equal to \$4.80 per share. In 1947 the net profit was \$5,996,003, equal to \$3.61 per share, and the annual average net profit per share for the three post-war years 1946-1948 was \$2.75. The 1935-1939 average net profit was \$3,067,293, or \$1.84 per share.

The net profit in 1948 was equal to 4.73 per cent of sales volume, which compares with 4.01 per cent in 1947; with an average of 3.27 per cent for the three post-war years; and with an average of 6.94 per cent for the pre-war years 1935-1939 inclusive.

Largely because of abnormally high costs resulting from the change-over to the production of entirely new passenger car models, your company's operating profit for 1948, at \$10,419,940, was considerably below that for 1947, which was \$12,920,708.

Dividends received from overseas subsidiary companies amounted to \$2,362,722, as compared with \$1,136,344 in 1947. The Australian and South African companies did not pay dividends in 1947 because of having to conserve their funds to finance plant expansion projects, but resumed dividend payments in 1948.

Total profit in 1948 before taxes on income and provision against the contingency of a decline in inventory values was \$12,926,535, as compared with \$14,154,003 in 1947. Taxes on income in 1948 were lower than in the previous year because of the repeal of the Excess Profits



Really eight machines in one, coupled together to form a single unit 100 feet long, this newly-installed giant in the machine shop of Ford of Canada performs ten milling and boring operations automatically on the cylinder block for an automobile engine. It was installed during 1948 as part of the \$11,000,000 re-tooling and plant rearrangement program which preceded the introduction of new truck and passenger car models.

Tax Act, and the inventory provision in 1948 was \$1,000,000 less than in 1947. The final result for the year was an increase in profit over 1947 of \$1,973,532.

*Current
Assets*

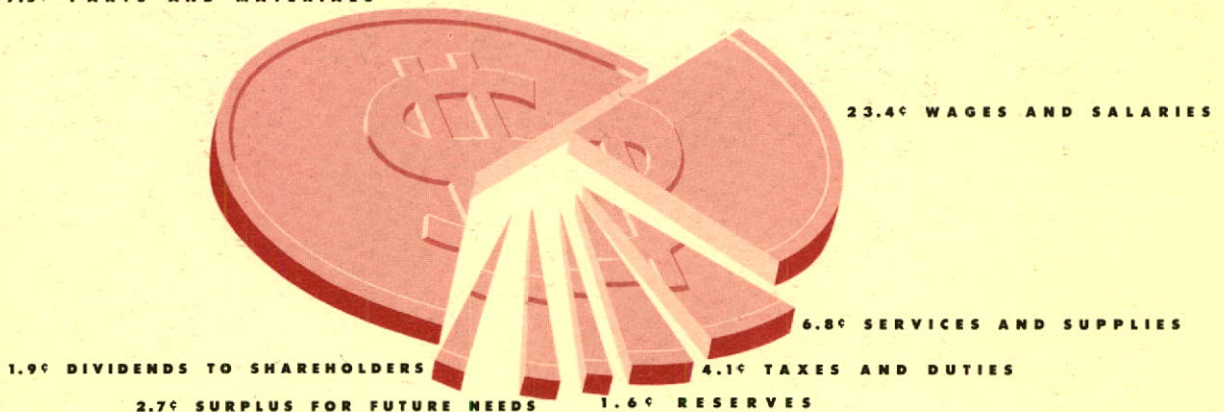
The value of cash and bonds at December 31st, 1948, amounted to \$8,671,524, and was \$9,574,674 less than at the end of 1947.

Accounts receivable from trade debtors, overseas subsidiary companies, and the Dominion Government for drawback and refund of customs duties, at the year-end totalled \$19,728,692 as compared with \$8,335,790 at the end of the previous year. The reason for the increase in accounts receivable lay principally in the fact that shipments of new products did not move in volume to overseas territories until late in the year and were particularly heavy in November and December, as compared with the same period of 1947. Domestic shipments also were much higher in December, 1948, as compared with the same month of the previous year. These circumstances resulted in abnormally high outstanding accounts at the year's end.

It was considered advisable at the end of 1948 to add \$1,000,000 to the \$2,000,000 reserve set up in 1947, as a further provision against

Please turn to Page 14

DISTRIBUTION OF FORD OF CANADA'S 1948 INCOME DOLLAR
59.5¢ PARTS AND MATERIALS



STATEMENT OF INCOME AND EXPENDITURE

For the year ended December 31st, 1948

(With a comparative statement for the year ended December 31st, 1947)

	1948	1947
Operating profit of the Canadian factory and branches after all operating charges (1)	\$ 10,419,940	\$ 12,920,708
Dividends (less tax withheld at source) received from overseas subsidiary companies.....	2,362,722	1,136,344
Profit on sale of fixed assets and investments.....	59,728	35,182
Interest on bonds.....	84,145	61,769
	12,926,535	14,154,003
Profit before taxes on income and provision against the contingency of decline in inventory values.....	12,926,535	14,154,003
Provision for taxes on income in Canada.....	3,957,000	6,158,000
Provision against the contingency of decline in inventory values.....	1,000,000	2,000,000
	4,957,000	8,158,000
Net profit for the year.....	\$ 7,969,535	\$ 5,996,003

(1) Included in operating charges for 1948 are the following items: Provision for depreciation \$1,700,373; Executive officers' remuneration \$275,470; Solicitors' fees \$30,138; and Directors' fees \$2,000.

Corresponding items charged in 1947 were: Provision for depreciation \$1,404,392; Executive officers' remuneration \$208,142; Solicitors' fees \$20,575; and Directors' fees \$2,553.

STATEMENT OF EARNED SURPLUS

For the year ended December 31st, 1948

(With a comparative statement for the year ended December 31st, 1947)

	1948	1947
Earned surplus at beginning of year.....	\$ 34,670,818	\$30,300,140
Net profit as per statement of income and expenditure.....	7,969,535	5,996,003
Final settlement of war contract termination claims including profit thereon, less provision for income taxes.....	—	448,375
	42,640,353	36,744,518
Less:		
Dividends paid on—		
Class "A" shares.....	3,177,920	1,986,200
Class "B" shares.....	140,000	87,500
	3,317,920	2,073,700
Earned surplus at end of year.....	\$ 39,322,433	\$ 34,670,818

BALANCE SHEET

DECEMBER 31, 1948

(With comparative balance sheet for 1947)

Assets

	1948	1947
CURRENT ASSETS		
Cash on hand and in banks.....	\$ 5,371,518	\$ 11,813,577
Bonds of the Dominion of Canada, at cost less amortization of premium..... <small>(Market value December 31st, 1948—\$3,235,350)</small>	3,300,006	6,432,621
Accounts Receivable		
Trade accounts.....	8,347,067	4,154,091
Overseas subsidiary companies.....	10,433,586	3,211,399
Drawback and refund of customs duties.....	948,039	970,300
Inventories..... <small>(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, less provision of \$3,000,000 against the contingency of decline in inventory values — the corresponding provision at December 31st, 1947 was \$2,000,000).</small>	21,837,442	19,659,072
	50,237,658	46,241,060
OTHER ASSETS		
Prepaid expenses and deferred charges.....	4,261,069	1,895,123
Portion of taxes on income, refundable under the Excess Profits Tax Act.....	1,186,664	1,703,000
Shares of subsidiary companies, at cost.....	11,623,733	11,623,733
	17,071,466	15,221,856
FIXED ASSETS		
Land, buildings, machinery and equipment, at cost.....	50,057,349	47,887,478
Patents.....	1	1
	\$117,366,474	\$109,350,395

Auditors' Report

We have examined the balance sheet of Ford Motor Company of Canada, Limited surplus for the year ended that date. In connection therewith we made a general examination, examined or tested the accounting records of the company. We received a true and correct view of the state of the company's affairs at December 31st, 1948, and the explanations given us and as shown by the books.

As required by the Dominion Companies Act, Section 114, we report that net profit for the year ended December 31st, 1948, was \$1,117,366,474, less provision for dividends of \$1,117,366,474, leaving an excess of such dividends of \$0.

Toronto, Canada, January 28th, 1949.

E S H E E T

31st, 1948

as at December 31st, 1947)

Liabilities

	1948	1947
CURRENT LIABILITIES		
Accounts payable and accrued charges.....	\$ 18,193,573	\$ 11,409,022
Due to an overseas subsidiary company.....	—	494,121
Sales, excise and income taxes in Canada.....	3,791,622	7,445,102
	<u>21,985,195</u>	<u>19,348,245</u>
 RESERVES		
For depreciation of buildings, machinery and equipment.....	37,179,746	36,452,232
General Reserve	5,500,000	5,500,000
	<u>42,679,746</u>	<u>41,952,232</u>
 CAPITAL		
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	13,379,100
70,000 shares class "B" no par value }		
 EARNED SURPLUS.....	 39,322,433	 34,670,818
	<u>\$117,366,474</u>	<u>\$109,350,395</u>

Approved on behalf of the Board,

R. M. SALE, Director

G. G. KEW, Director

Report to Shareholders

as at December 31st, 1948 and the statements of income and expenditure and earned surplus have been reviewed by us in connection with our annual review of the accounting methods and, without making a detailed audit of the transactions, we have obtained all the information and explanations we required from its officers and employees.

The statements of income and expenditure and earned surplus have been drawn up so as to exhibit a true and correct view of the financial position of the company at December 31st, 1948 and of the results of its operations for the year, according to the best of our information.

The statements of income and expenditure and earned surplus of the subsidiary companies for the year ended December 31st, 1948 have been taken from the statements of the subsidiary companies, as reported to us by their auditors, were in the aggregate in agreement with the statements of the company.

CLARKSON, GORDON & CO.
Chartered Accountants

DIRECTORS' REPORT *Continued from Page 10*

the contingency of a decline in inventory values. Taking these provisions into consideration, inventories at the end of 1948 were valued at \$21,837,442, compared with \$19,659,072 at the end of 1947.

Total current assets at December 31st, 1948, stood at \$50,237,658, which was \$3,996,598 greater than the total at the end of 1947. Current assets were 2.28 times current liabilities.

*Other
Assets*

Prepaid expenses and deferred charges at the end of 1948 exceeded those at December 31st, 1947, by \$2,365,946, and consisted principally of tooling costs incurred for the production of new cars and trucks. These costs will be absorbed over a period of time as a charge against the cost of production of the relative vehicles.

The portion of taxes on income refundable under the Excess Profits Tax Act, was reduced in 1948 from \$1,703,000 to \$1,186,664. It is expected that a further payment will be made to the company in 1949 of \$770,000 in respect of taxes paid for the year 1943, and that the remainder will be refunded in the year 1950.

*Fixed
Assets*

Total fixed assets of your company at the end of 1948 amounted to \$50,057,349, an increase of \$2,169,871 over the total at December 31st, 1947. Machinery and equipment valued at \$2,173,800 was installed during 1948, and two building projects were nearing completion at the end of the year. One of these is a new parts distribution depot on the

western outskirts of Toronto, providing a floor area of 84,000 square feet, while the other is a receiving building, 27,000 square feet in area, adjoining Plant 4 at Windsor, designed to improve the facilities for unloading and receiving materials delivered by motor transport. These projects added \$871,078 to fixed assets. Miscellaneous additions to plant cost \$162,539.

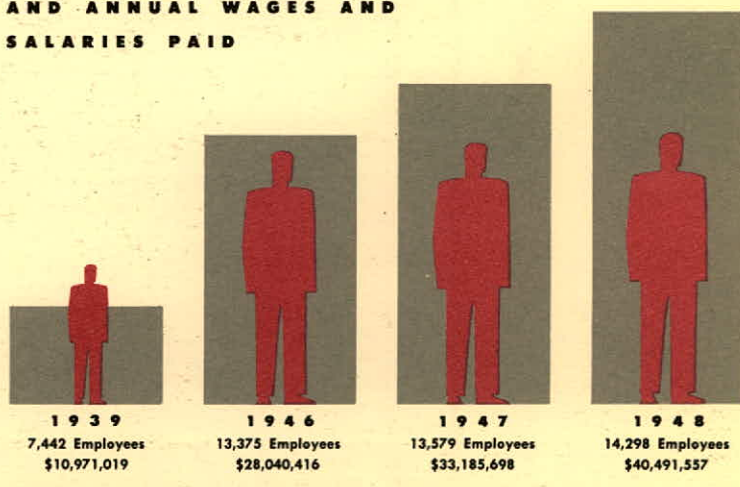
Principal deletions from fixed assets were machinery and equipment originally valued at \$1,037,546, disposed of owing to obsolescence, and upon which depreciation reserve amounted to \$972,859.

Accounts payable and accrued charges totalled \$18,193,573 at the end of 1948, compared with \$11,409,022 at December 31st, 1947. These accounts were all current, and the increase is a reflection of the sustained high level of production attained in the closing months of the year in contrast with a partial shutdown in December, 1947.

Liabilities

The amount of taxes payable in Canada, \$3,791,622, is about equally divided between taxes on income and on sales. Approximately one-half of the income tax on 1948 profits was paid during the year and the balance will be paid in the first six months of 1949.

FORD OF CANADA EMPLOYMENT AND ANNUAL WAGES AND SALARIES PAID



Earned Surplus

After transferring to Earned Surplus the 1948 profit of \$7,969,535, and charging dividends of \$3,317,920, the balance remaining at the end of the year was \$39,322,433. This compares with \$34,670,818 at December 31st, 1947, the increase being \$4,651,615.

Four quarterly dividends, and four extra dividends, each of 25 cents per share, were paid in 1948, making a total of \$2.00 per share and representing a disbursement of \$3,317,920. Four quarterly dividends and one extra dividend, each of 25 cents, were paid in 1947, and in 1946 one dividend of 25 cents per share was paid.

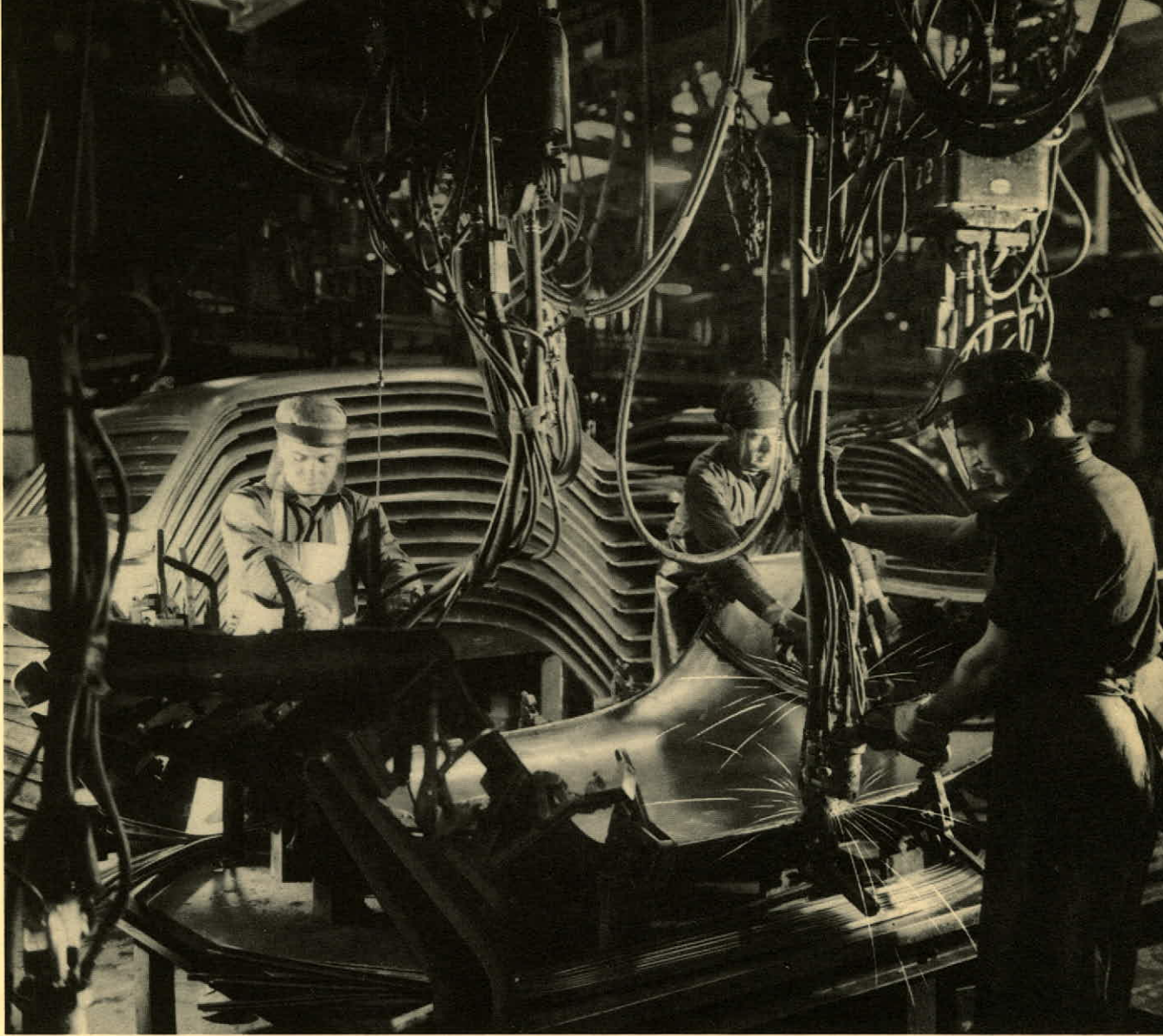
Subsidiary Companies' Earnings

The combined earnings of Ford of Canada's wholly-owned subsidiary companies in Australia, New Zealand, South Africa, India and Singapore, amounted to \$5,474,044, which compares with \$5,253,475 in 1947.

The combined surpluses of these companies at the end of 1948 were \$19,727,292, an increase of \$3,871,412 over 1947. The profits and surpluses of subsidiary companies are not consolidated with those of your company.

Production

In January your company introduced the new Ford and Mercury truck lines which had gone into production during the preceding month. Between March 1st and June 1st, the entirely new Monarch, Mercury, Meteor and Ford passenger cars were brought into production and substantial output of



Skilled metal workers and welders prepare and assemble the steel panels which go into the sturdy bodies for Ford-built passenger cars. After each component of the body has been welded into place, each square inch of surface is given a final buffing and polishing before the body moves on to the spray booths for rust-proofing treatment and painting. They emerge from the baking ovens with the sleek and shining finish for which all Ford of Canada vehicles are famed.

all lines was attained by midsummer. The change-over to the new 1949 lines of cars was carried out with a much smaller loss of output, and much less disruption of employment, than had been experienced in major changes of the kind in the past.

Despite the change-over, Ford of Canada produced 97,015 cars and trucks in 1948, third highest total for any peacetime year in the company's history and 4,170 units less than the peacetime record set in 1947. The average annual output for the five pre-war years 1935-1939 was 68,435.

Your company continued to be the Dominion's largest automotive manufacturer, having produced 36.6 per cent of all cars and trucks made in Canada in 1948.

Employment

Ford of Canada had more employees in 1948 than in any peacetime year since its inception. Over the year the average number of persons on the company's roll was 14,298, which compares with 13,579 in 1947, and 7,442 in 1939. Of the 1948 total, 13,452 persons were employed in the plants and offices in Windsor and 846 in district sales offices and parts depots throughout the Dominion.

A nine-cents-per-hour wage increase for hourly-rated employees was made effective June 12th, 1948, and provision also was made for payment for two additional statutory holidays annually, bringing the total to six. Salary adjustments were made effective as of June 16th, 1948.

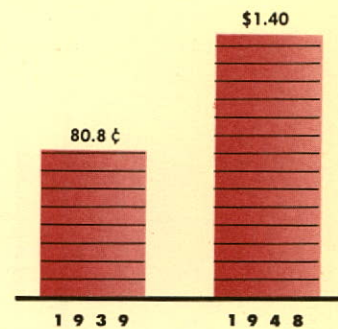
For employees in the Windsor plant having more than 320 hours of service, the June 12th increase brought the minimum hourly rate to \$1.22. The basic average rate for hourly-rated employees in Windsor at the end of the year was \$1.29. Taking into account not only actual wage increases, but the additional costs of overtime and off-shift premiums, vacations with pay, paid statutory holidays and insurance, the average

TEN YEAR TREND OF AVERAGE ANNUAL WAGE OF HOURLY-RATED EMPLOYEES OF FORD OF CANADA
(Includes paid Vacations and paid Statutory Holidays)

1939	\$ 1,287
1940	\$ 1,875
1941	\$ 2,107
1942	\$ 2,168
1943	\$ 2,352
1944	\$ 2,293
1945	\$ 1,683
1946	\$ 1,954
1947	\$ 2,292
* 1948	\$ 2,639

* All foremen were transferred to the Salary Roll January 1, 1948

AVERAGE COST OF ONE HOUR OF LABOUR IN FORD OF CANADA WINDSOR PLANT



(1948 figure takes into account not only actual wage increases, but the additional costs of overtime and off shift premiums, vacations with pay, paid statutory holidays and insurance.)

cost of an hour of labour in the Windsor plant at the end of 1948 had gone up from the 1939 average of 80.8 cents to \$1.40.

At December 31st, 93 per cent of the eligible employees of the company were participating in the contributory life and disability insurance plan which was inaugurated in December, 1946. A total of 7,133 claims

aggregating \$541,058 were paid during 1948. The company's share of the cost of the plan was 27 per cent of the total, the balance being contributed by the employees.

Prices

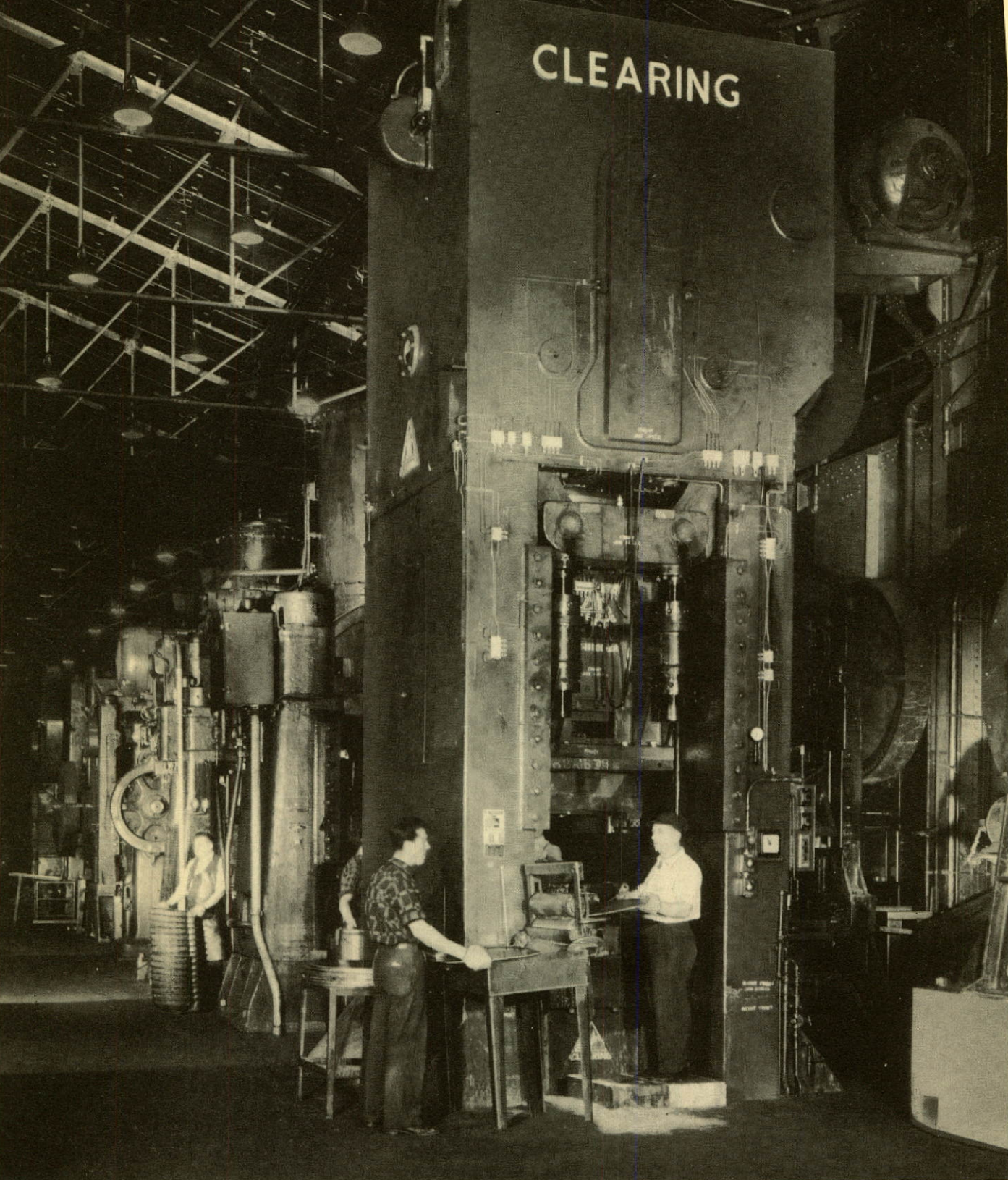
With the introduction of entirely new lines of passenger cars in the late spring and early summer, there were general adjustments in prices. These were necessarily higher than the prices of previous models, because of greater production costs.

Effective August 1st, 1948, the Dominion Government abandoned the sliding scale of excise taxes on passenger cars which had been in effect since November 17th, 1947, as part of the United States dollar conservation program. In place of this scale, the Government restored the former excise tax of 10 per cent of the wholesale price. The eight per cent sales tax was unchanged.

In 1948 the total amount of sales and excise taxes on products sold by your company in the Canadian market was \$17,005,988. This huge sum was necessarily charged to our customers in the prices of our products, but it was collected entirely for the account of the Dominion Government.

Export Market

All overseas markets of your company are now restricted as to imports of our vehicles, owing to the shortage of dollars. Until the closing months of 1948, South Africa had had no restrictions of any kind on vehicle



Towering high above its fellows in the pressed steel department of Ford of Canada, the giant Clearing press is capable of turning out oil pans and flywheel housings for Ford-built vehicles at a rate of eight-per-minute. Thick steel discs are inserted, subjected to a pressure of 700 tons, and shaped in a matter of seconds into the desired form. The big press was installed during the re-tooling and plant rearrangement program last year.

imports, but measures adopted by the government of that country in November resulted in a sharp curtailment of the number of cars and trucks your company had expected to sell in the South African market in 1949.

The limitations imposed upon imports of Canadian vehicles by overseas countries will be reflected in reduced shipments by Ford of Canada. The operations of overseas subsidiary companies, however, are expected to be maintained at a reasonably high level, through increased sales of Ford products manufactured in England, so long as the required sterling exchange continues to be available, and no additional import restrictions are imposed.

Ford Motor Company of South Africa, Limited completed in October a new plant at Port Elizabeth, at a cost of \$3,415,000, replacing a factory built in 1930 which had become inadequate for the needs of the company.

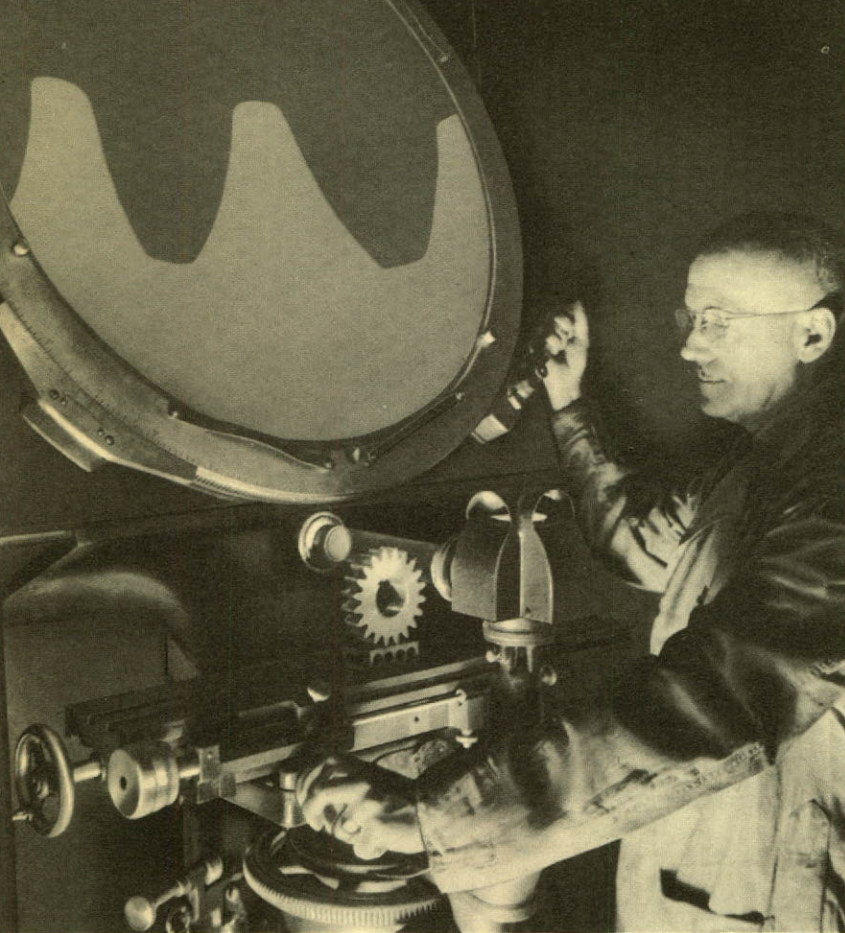
On behalf of the Board,

D. B. GREIG,

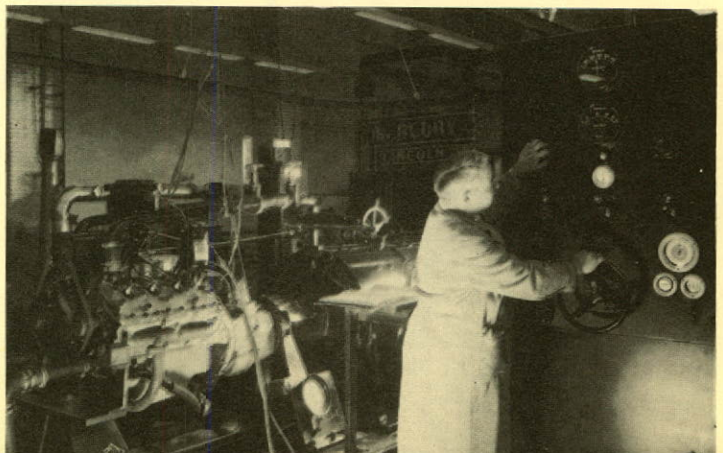
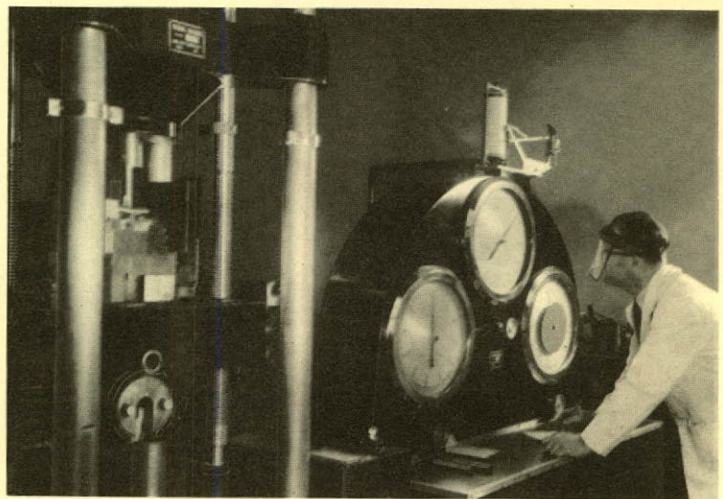
President

Windsor, Ontario

March 2nd, 1949.



Safeguarding the quality of materials and parts that go into Ford-built passenger cars and trucks, expert technicians and the latest devices of science are employed in unceasing tests. A comparator, which magnifies a part or tool as much as 100 times on the circular screen, enables hairline checking of accuracy in machining. An x-ray machine of 220,000 volt capacity penetrates to the heart of metal parts to detect flaws that are invisible to the eye. Tensile strength of steel is tested in a machine exerting a pull of up to 100,000 pounds; cylinder head bolts, for example, must withstand a 16,000-pound pull before failure. Test engines are run at speeds equivalent to 40 to 70 miles per hour, for an average period of 200 hours, in dynamometer tests to determine oil consumption and other factors. These are but a few of the laboratory tests. Quality standards in manufacturing also are maintained by inspectors at every stage of production.



Ford Motor Company of Canada, Limited

**SERVING CANADA AND WIDESPREAD
OVERSEAS TERRITORIES**

Head Office and Factory

Windsor, Ontario

Canadian District Sales Offices

Halifax, N.S.	Saint John, N.B.	Montreal, Que.
Toronto, Ont.	Winnipeg, Man.	Regina, Sask.
Calgary, Alta.		Vancouver, B.C.

Canadian Parts Depots

Saint John, N.B.	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

