



THIRTY-SIXTH
ANNUAL REPORT

FOR FISCAL YEAR ENDED 28th AUGUST

1948

BEATTY BROS. LIMITED, FERGUS, ONTARIO

ESTABLISHED 1874

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BEATTY GRAND RIVER FACTORY, FERGUS, ONTARIO



BEATTY HEAD OFFICE AND MAIN FACTORY, HILL ST., FERGUS, ONTARIO



BEATTY SPENCER DIVISION FACTORY, PENETANGUISENE, ONTARIO



BEATTY BROS. LIMITED

Board of Directors

| | |
|--------------------|---------------|
| W. G. BEATTY | F. J. COOMBS |
| G. E. BEATTY | T. A. FARNELL |
| F. S. BEATTY | W. L. HAM |
| D. B. BEATTY | R. D. KERR |
| C. C. CALVIN, K.C. | W. J. MARTIN |

Officers

| | | |
|---|-------|--------------|
| <i>President</i> | ----- | W. G. BEATTY |
| <i>Vice-President and General Manager</i> | ----- | W. L. HAM |
| <i>Secretary-Treasurer</i> | ----- | R. D. KERR |
| <i>Comptroller</i> | ----- | D. RUSSELL |

Transfer Agents

IMPERIAL BANK OF CANADA
Toronto, Ontario

Registrar

TORONTO GENERAL TRUSTS CORPORATION
Toronto, Ontario

Auditors

CLARKSON, GORDON & COMPANY
Toronto, Ontario



Annual Report of Board of Directors

FOR THE YEAR ENDED 28TH AUGUST 1948

TO THE SHAREHOLDERS:

Your directors have pleasure in submitting the attached consolidated balance sheet of your company as at 28th August 1948 and the consolidated statements of profit and loss and earned surplus for the year ended that date, together with the report thereon of your auditors, Clarkson, Gordon & Co.

For the year ended 28th August 1948 sales were the highest in the company's history, having increased by 40 percent over the previous year. Adjustments of our selling prices were required to meet rising material costs and higher wages, but these adjustments have not resulted in any increase in profit margin; the larger earnings on the year's operations are the result of the increased sales volume and the elimination of excess profits taxes as from the 1st January 1948. Net profit for the year, after providing for taxes, amounted to \$1,138,976.54. A comparison of the operating results for the years 1947 and 1948 is shown below:

| | 1947 | 1948 |
|--|----------------|----------------|
| Profit from operations after deducting provision for depreciation and all operating charges..... | \$1,309,448.88 | \$1,739,094.04 |
| Income from investments..... | 59,413.13 | 29,124.74 |
| | 1,368,862.01 | 1,768,218.78 |
| Profit on sale of investments and fixed assets..... | 90,234.36 | 99,515.40 |
| | 1,459,096.37 | 1,867,734.18 |
| Provision for income and excess profits taxes..... | 664,357.48 | 728,757.64 |
| Net profit for the year..... | \$ 794,738.89 | \$1,138,976.54 |

Dividends totalling \$305,800.00 were paid during the year, payments for the first two quarters being at the rate of 50 cents per share and for the last two quarters at the rate of 60 cents per share.

Working capital at 28th August 1948 amounted to \$4,901,306.98, an increase since 30th August 1947 of \$441,433.38.

The increase is accounted for as follows:

| | |
|---|----------------|
| Net profit for the year..... | \$1,138,976.54 |
| Add provision for depreciation and amortization of engineering and development costs not requiring outlay of current funds..... | 267,833.03 |
| | 1,406,809.57 |

| | | | |
|--|--------------|--------------|----------------------|
| Recovery on account of refundable portion of excess profits taxes..... | | 45,537.49 | |
| Reduction in sundry assets, resulting from principal repayments on mortgages receivable, etc..... | | 6,702.73 | |
| | | | <u>1,459,049.79</u> |
| Applied as follows: | | | |
| Dividends paid to shareholders..... | \$305,800.00 | | |
| Additions to fixed assets (net)..... | 501,445.99 | | |
| Additional appropriation in respect of past service benefits to employees under retirement annuity plan..... | 210,370.42 | 1,017,616.41 | |
| Resulting in an increase in working capital of..... | | | <u>\$ 441,433.38</u> |

The program of plant extension and improvement started at the close of the war was continued during the year. An extension to the Fergus factory of 40,000 square feet was completed and is now in use. A further extension of 52,000 square feet to the Fergus plant to provide increased warehouse and shipping facilities and a new boiler house are under construction and will be completed early in 1949. At the Spencer Division, Penetanguishene, the additions to plant are completed and in use and a two story building is nearing completion, the ground floor of which will be used for a general office and the second floor for engineering and research. At the plant of the company's subsidiary, The James Stewart Manufacturing Company Limited, at Woodstock, a new building having an area of 18,600 square feet is nearing completion which, with the installation of new machine tools, will improve the operation and increase the output of this plant. Substantial additions were also made to the machinery and equipment at other plants. Total additions to fixed assets during the year were \$501,445.99 (net).

At 1st July 1945 the company instituted a retirement annuity plan for its employees. Since that date there has been a very considerable increase in the cost of living and in the general level of wages throughout the country. After careful consideration your directors reached the conclusion that the original scale of pensions was no longer adequate and recommended to the shareholders that the past service annuities be increased by 50% in each case. This received unanimous approval at the last annual meeting of the shareholders and accordingly an additional payment of \$210,370.42 for past service was made during the year and charged to earned surplus.

The demand for the company's products continues at a high level and sales are currently exceeding those of 1948. Shortages of some raw materials, principally steel, may result in some curtailment of output, but the outlook for the year is generally very satisfactory.

It is with deep regret that we record the death on 8th July 1948 of Mr. J. J. Rutherford. Mr. Rutherford had been employed by the company for thirty years and had been a director since 1926.

At the last annual meeting Mr. D. B. Beatty, son of the late M. J. Beatty, was elected to the Board of Directors.

The Directors wish to express their sincere appreciation to the employees of the company for their loyalty and co-operation during the past year.

On Behalf of the Board,

Wm. G. Beatty
President

Fergus, Ontario.
8th December, 1948



Beatty Br

(INCORPORATED UNDER THE

CONSOLIDATED BALANCE SHEET

Assets

Current:

| | | |
|---|--|---------------------|
| Cash on hand and in banks..... | | \$ 119,920.89 |
| Investment in Dominion Government bonds at cost (market value \$378,150.00)..... | | 380,225.00 |
| Accounts receivable (less reserve for doubtful accounts \$268,993.53)..... | | 1,263,361.77 |
| Accrued interest on investments..... | | 2,514.39 |
| Inventories as determined and certified by the management, valued as follows— | | |
| Raw materials—at cost (which is less than market) | | |
| Work-in-process and finished goods—at cost of material and labour.... | | 4,429,070.61 |
| Prepaid insurance, taxes, etc..... | | 63,312.76 |
| Life insurance—cash surrender value..... | | 311,769.06 |
| | | <u>6,570,174.48</u> |

Sundry:

| | | |
|--|---------------|------------|
| Refundable portion of excess profits taxes (estimated)..... | \$ 190,151.79 | |
| Mortgages, agreements of sale and sundry securities (less reserves)..... | 57,783.03 | |
| Investment in wholly-owned subsidiary company—not consolidated— (The Fergus Housing Company Limited—shares and advances at cost less reserves of \$10,000)..... | 13,639.41 | |
| Unamortized engineering and development costs..... | 126,250.00 | 387,824.23 |

Fixed:

| | | |
|--------------------------------------|---------------------|-----------------------|
| Buildings and equipment—at cost..... | 3,010,209.86 | |
| Less reserve for depreciation..... | 1,748,307.52 | |
| | <u>1,261,902.34</u> | |
| Land—at cost..... | 86,771.78 | 1,348,674.12 |
| Goodwill, patents and patterns..... | | 1.00 |
| | | <u>\$8,306,673.83</u> |



os. Limited

DOMINION COMPANIES ACT)

ET AS AT 28TH AUGUST 1948

Liabilities

Current:

| | | |
|--|---------------|---------------------|
| Bank advances—secured..... | \$ 203,431.15 | |
| Accounts payable and accrued charges..... | 944,246.33 | |
| Provision for taxes (including income and excess profits taxes)..... | 521,190.02 | |
| | | <u>1,668,867.50</u> |

Capital stock:

| | | |
|---|--------------|--|
| Authorized— | | |
| 200,000 Common shares of no par value | | |
| Issued and outstanding— | | |
| 139,000 Common shares of no par value | 1,475,000.00 | |

| | | |
|---------------------|--------------|---------------------|
| Earned surplus..... | 5,162,806.33 | 6,637,806.33 |
| | | <u>6,637,806.33</u> |

Approved on behalf of the Board

| | | |
|------------|---|-----------|
| W. L. Ham | } | Directors |
| R. D. Kerr | | |

\$8,306,673.83



Beatty Bros. Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 28TH AUGUST 1948

| | |
|---|------------------------------|
| Profit from operations after deducting provision for depreciation and all operating charges (x) | \$1,739,094.04 |
| Income from investments | 29,124.74 |
| | 1,768,218.78 |
| Profit on sale of investments and fixed assets | 99,515.40 |
| | 1,867,734.18 |
| Provision for income and excess profits taxes | 728,757.64 |
| Net profit for the year | <u><u>\$1,138,976.54</u></u> |

(x) The following items are included in the operating charges deducted before determining the profit from operations:

| | |
|--|--------------|
| Provision for depreciation | \$184,083.03 |
| Remuneration of executive officers, salaried directors, counsel and solicitors | 85,313.25 |
| Other directors' fees | 866.66 |

CONSOLIDATED STATEMENT OF EARNED SURPLUS

| | |
|---|------------------------------|
| Earned surplus at 30th August 1947 | \$4,530,049.28 |
| Add: | |
| Net profit for the year | 1,138,976.54 |
| Overprovision for depreciation in prior years | 2,059.87 |
| Adjustment of refundable portion of prior years' excess profits taxes | 7,891.06 |
| | 5,678,976.75 |
| Deduct: | |
| Additional appropriation in respect of past service benefits to employees under retirement annuity plan | \$210,370.42 |
| Dividends paid— | |
| 4 quarterly dividends totalling \$2.20 per share | 305,800.00 |
| | 516,170.42 |
| Earned surplus at 28th August 1948 | <u><u>\$5,162,806.33</u></u> |

Auditor's Report to the Shareholders

E R C CLARKSON & SONS
TRUSTEES RECEIVERS LIQUIDATORS
ESTABLISHED 1864

ARTHUR YOUNG, CLARKSON, GORDON & CO
ACCOUNTANTS AND AUDITORS
OFFICES IN PRINCIPAL CITIES OF U.S.A.

Clarkson, Gordon & Co.

Chartered Accountants

G T CLARKSON
H D LOCKHART GORDON
W L GORDON J O GLASSCO
C A PATTERSON G A ADAMSON
G G RICHARDSON J R M WILSON
H C DELL S P CLARKSON
W G ROSS A H WAIT
A J LITTLE R W E DILWORTH
H C DIXON D L GORDON
H S HANSON A H FISHER

15 WELLINGTON STREET WEST

Toronto 1
CANADA

TORONTO, MONTREAL
HAM LTON, LONDON
WINNIPEG, VANCOUVER

TELEPHONE WAVERLEY 2751

To the shareholders of Beatty Bros. Limited:

We have made an examination of the consolidated balance sheet of Beatty Bros. Limited as at 28th August 1948 and of the consolidated statements of profit and loss and earned surplus for the year ended on that date. In connection therewith we examined or tested accounting records of the company and obtained all the information and explanations we required from its officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year but we did not make a detailed audit of the transactions.

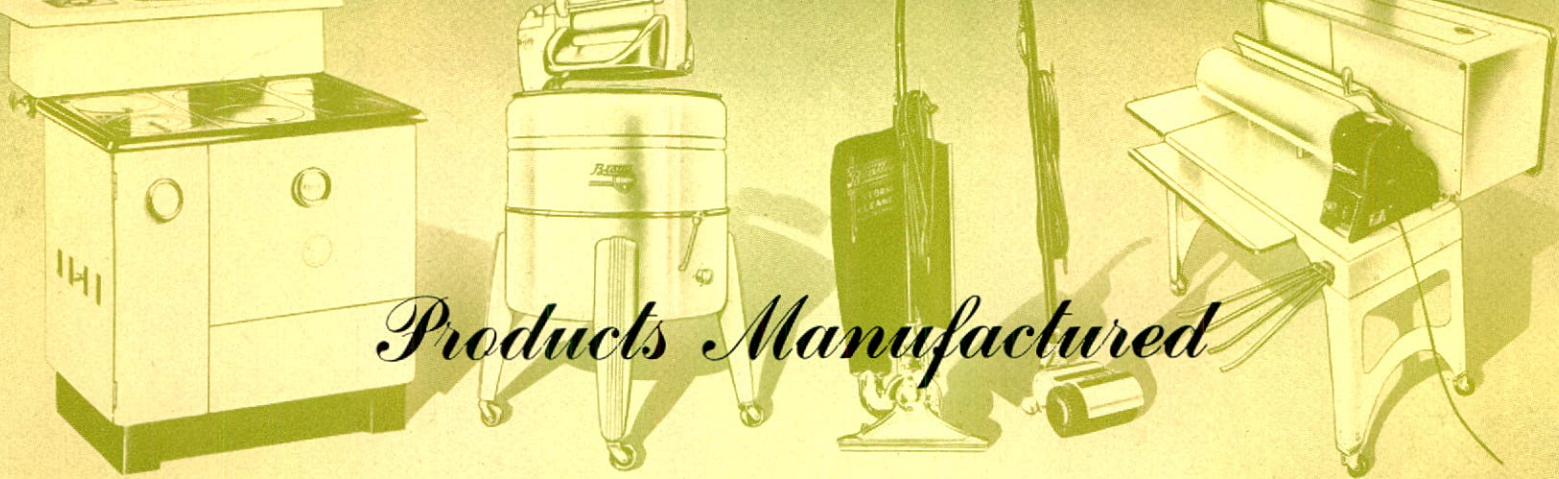
We report that in our opinion the accompanying consolidated balance sheet and the related statements of profit and loss and earned surplus have been drawn up so as to exhibit a true and correct view of the state of the consolidated companies' affairs at 28th August 1948 and the results of their operations for the year according to the best of our information, the explanations given us and as shown by the books.

In accordance with Section 114 of the Dominion Companies Act, we report that the net profit of the wholly-owned subsidiary company which is not consolidated (The Fergus Housing Company Limited) for its last fiscal year has not been included in the accompanying consolidated statement of profit and loss.

Toronto, Canada,
1st December 1948.

Clarkson, Gordon & Co.

Chartered Accountants.



Products Manufactured

ELECTRICAL APPLIANCES — LAUNDRY EQUIPMENT

Floor Waxers and Polishers Clothes Racks Ironing Machines Ceiling Driers Tub Benches and Tub Drainers
 Ironing Tables Washing Machines (*Electric, Engine, and Hand*) Laundry Tubs Vacuum Cleaners

PUMPING EQUIPMENT

Cistern and Well Pumps and Fittings Pump Jacks Electric and Engine Drive Pumps Sump Pumps
 Shallow and Deep Well Pumps Hand and Power Pumps Windmills Water Pressure Systems

BARN AND STABLE EQUIPMENT

Barn Door Track Sanitary Steel Pens Bull Staffs Sanitary Steel Cow Stalls Water Bowls
 Floor Trucks and Feed Carriers Steel Supporting Columns Hay Carriers, Forks, Slings, etc.
 Steel Storage Tanks Horse Stable Fittings Steel Hog Troughs Manure Carriers Ventilators

STOVES AND FURNACES

Stoves—*Coal and Wood* Jacket Heaters Warm Air Furnaces—*Coal, Wood, Gas and Oil*

CONVEYORS

Factory and Warehouse Floor Trucks Monorail Systems

WOODENWARE

Laundry Equipment Ladders Painters' Equipment

OTHER LINES

Brooder Stoves Grain Grinders Grinder Plates

BEATTY BROS. LIMITED

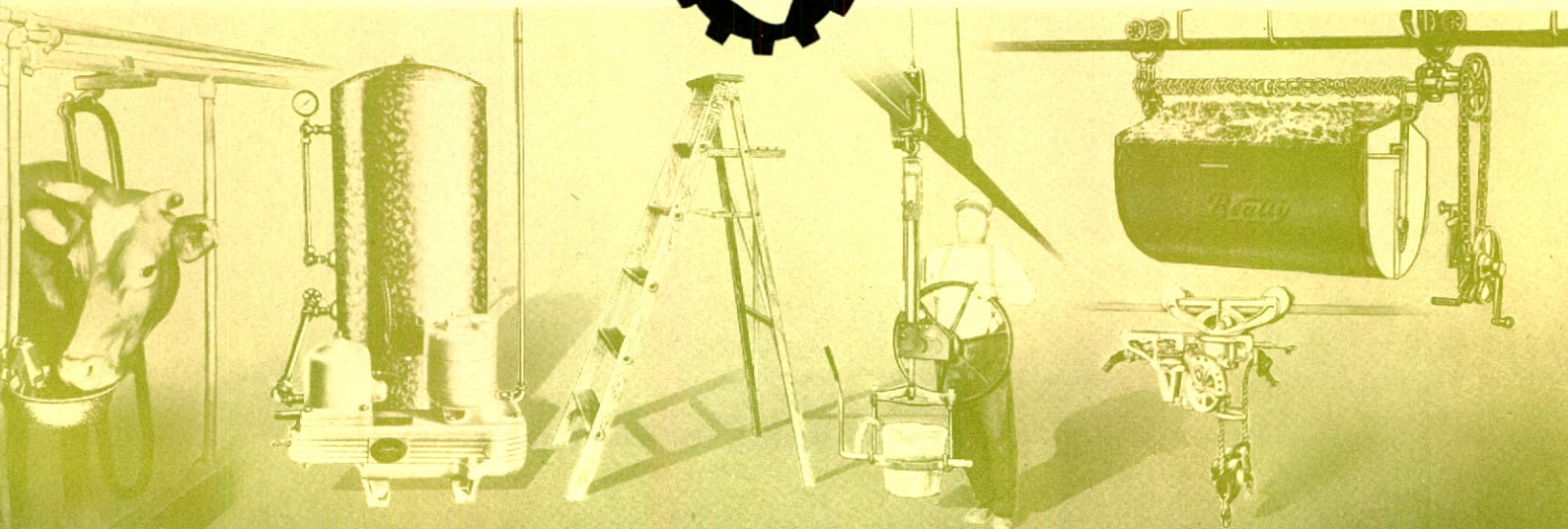
HEAD OFFICE FERGUS ONTARIO

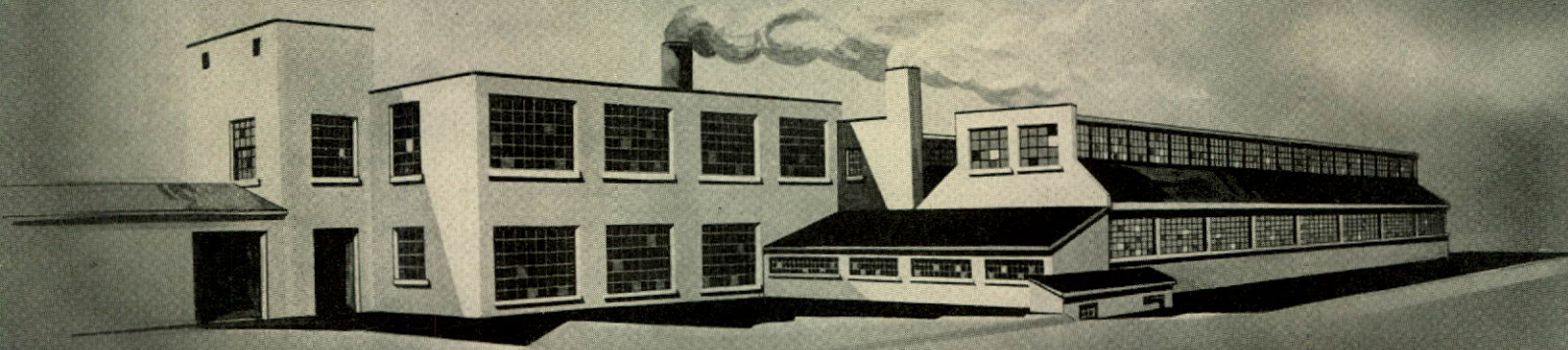
BRANCH WAREHOUSES

SAINT JOHN, N.B. - MONTREAL, P.Q.
 WINNIPEG, MAN. - EDMONTON, ALTA.

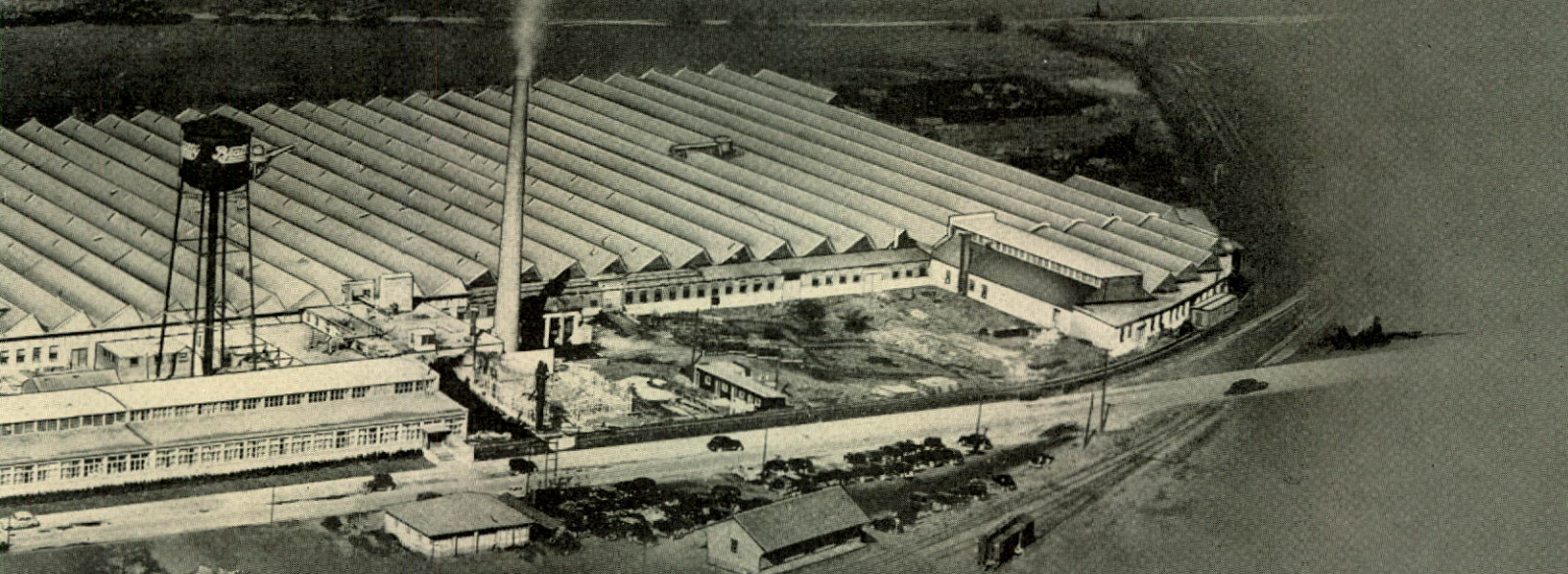


BRITISH COLUMBIA REPRESENTATIVE
 McLENNAN, McFEELY and PRIOR LIMITED,
 VANCOUVER, B.C.





BEATTY CHELSEA GREEN FOUNDRY, LONDON, ONTARIO



BEATTY HEAD OFFICE AND MAIN FACTORY, HILL ST., FERGUS, ONTARIO



BEATTY BROS. (TENBURY) LIMITED
LEDBURY, ENGLAND

JAMES STEWART MANUFACTURING CO., LTD. WOODSTOCK, ONTARIO

