

BEATTY BROS. LIMITED

FERGUS · ONTARIO

Beatty

Thirty-Third
ANNUAL REPORT

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FOR FISCAL YEAR ENDED SEPTEMBER FIRST

1945

BEATTY BROS. LIMITED

BOARD OF DIRECTORS

W. G. BEATTY	W. L. HAM
G. E. BEATTY	R. D. KERR
C. C. CALVIN, K.C.	W. J. MARTIN
F. J. COOMBS	D. R. POTTER
T. A. FARNELL	J. J. RUTHERFORD

OFFICERS

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

TRANSFER AGENT

IMPERIAL BANK OF CANADA

TORONTO, ONT.

REGISTRAR

TORONTO GENERAL TRUSTS CORPORATION

TORONTO, ONT.

AUDITORS

CLARKSON, GORDON, DILWORTH AND NASH

TORONTO, ONT.

ANNUAL REPORT OF BOARD OF DIRECTORS

FOR THE YEAR ENDED 1ST SEPTEMBER, 1945



TO THE SHAREHOLDERS:

Your directors have pleasure in submitting herewith the consolidated balance sheet of your company as at 1st September, 1945, and consolidated statements of profit and loss and earned surplus for the year ended that date, together with the report thereon of your auditors, Messrs. Clarkson, Gordon, Dilworth & Nash.

Sales during the year increased substantially, partly as a result of the easing of restrictions on the manufacture of barn and stable equipment and hardware lines and partly as a result of the operation of the Spencer Division, which was purchased in May, 1944, and was operated for only three and a half months of the 1944 fiscal period. War supply sales were maintained at practically the same level as in the previous year. The manufacture of appliances continued to be greatly restricted under government regulation at a fraction of the pre-war volume.

The operating profit for the year before provision for income and excess profits taxes was \$949,394.81. After providing for taxes on income a net profit of \$457,394.81 remained, of which \$58,000. represents the refundable portion of excess profits taxes which will not be received for some years.

The company's application for determination of standard profits by the Board of Referees under the Excess Profits Tax Act has now been adjudicated. This has made it possible to transfer to earned surplus account the contingent reserve for taxes which was provided in 1941, in the amount of \$157,632.20.

During the year the balance of the outstanding 7% second preferred stock of the company (5,612 shares) was redeemed at a cost of \$625,569.82. This completes the redemption of the preferred share capital totalling \$1,929,600. Your company now has no bank loans, funded debt or other senior securities carrying fixed interest or dividends and all earnings now accrue to the Class A and Class B shareholders.

Following the approval of shareholders given at the last annual meeting, a retirement annuity plan was instituted to provide pensions for the company's employees. The plan is a contributory one, the cost being shared by the company and the employees. The cost of pensions in respect of past service of employees is, however, borne entirely by the company and an amount of \$400,000. has been appropriated from surplus account for this purpose.

As a result of the redemption of the second preferred shares and other factors the working capital of the company was reduced during the year by \$817,302.59, as summarized in the following statement showing the source and application of funds:

FUNDS PROVIDED:

Net profit for the year per profit and loss statement.....	\$ 457,394.81	
Add provisions for depreciation, etc., charged to operations but not requiring an outlay of current funds.....	61,215.86	
	<u>\$ 518,610.67</u>	
Less refundable portion of taxes for the year included in profits (not a current asset).....	58,000.00	
Total funds provided from operations.....		\$ 460,610.67
Realizations in respect of mortgages receivable and other non-current advances and investments.....		9,580.85
Total funds provided.....		<u>\$ 470,191.52</u>

APPLIED AS FOLLOWS:

Dividends paid to shareholders.....	\$ 203,585.00	
Purchase of fixed assets (net).....	55,339.29	
Investments in mortgage receivable.....	3,000.00	261,924.29
Balance.....		<u>\$ 208,267.23</u>
Deduct:		
Cost of redemption of 5612 second preferred shares.....	\$ 625,569.82	
Appropriation in respect of past service benefits to employees under retirement annuity plan.....	400,000.00	1,025,569.82
Resulting in a decrease in working capital of.....		<u>\$ 817,302.59</u>

The company's working capital position at 1st September, 1945, is still exceptionally strong, viz. \$4,401,128.68 and is ample for present requirements.

With the lifting of wartime restrictions output of our regular line of products for civilian consumption is increasing as materials become available. It is anticipated that a further increase in sales volume will be realized in the coming year, particularly in the appliance lines for which a large consumer demand has been accumulating during the war.

It is with deep regret that your directors record the death of Mr. A. C. Deacon, an employee of the company for almost thirty-five years and a director since 1929, who had made exceptional contributions in the development of the company's manufacturing facilities and latterly in the production of war supplies. Mr. C. C. Calvin, K.C., was elected to the board at the last annual meeting. His wide experience in corporate matters is proving to be of great value to us.

With the cessation of hostilities we welcome the return to the company of those employees who have served in the armed forces. To them we owe a great debt of gratitude for a job well done. To the employees who have so ably assisted the company throughout the difficult war years the directors express their sincere appreciation.

On behalf of the Board,

WM. G. BEATTY, *President.*

BEATTY BRO

(INCORPORATED UNDER THE

CONSOLIDATED

AS AT 1ST SEP

ASSETS

CURRENT:

Cash on hand and in banks.....	\$	73,640.78
Investments in marketable securities—at cost:		
Dominion Government bonds.....	\$2,728,997.50	
United Kingdom and Commonwealth of Australia bonds (held subject to exchange restrictions).....	106,646.73	
		<u>2,835,644.23</u>
(Market value of investments \$2,906,267.37)		
Accounts receivable (less reserve for doubtful accounts \$113,290.41).....		468,784.00
Accrued interest on investments.....		25,967.67
Inventories of raw materials, work in process and finished goods, as determined and certified by the management, valued at not more than the lower of cost or market.....		1,625,982.48
Prepaid insurance, taxes, etc.....		26,317.87
Life Insurance—cash surrender value.....		271,729.01
		<u>\$5,328,066.04</u>

SUNDRY:

Refundable portion of excess profits taxes (estimated).....	\$	276,799.89
Mortgages, agreements of sale and securities of other companies (less reserves).....	79,189.56	
Investment in The Fergus Housing Company Limited (a wholly owned subsidiary) at cost less reserves:		
Shares.....	\$13,500.00	
Advances.....	11,141.95	24,641.95
		<u>380,631.40</u>

FIXED:

Land, buildings and equipment at cost.....	\$1,919,796.28	
Less reserve for depreciation.....	1,357,705.87	
		<u>562,090.41</u>

GOODWILL, PATENTS AND PATTERNS..... 1.00

\$6,270,788.85

OS. LIMITED

(DOMINION COMPANIES ACT)

BALANCE SHEET DECEMBER, 1945

LIABILITIES

CURRENT:

Accounts payable and accrued charges.....	\$ 472,153.02
Provision for taxes (including Income and Excess Profits taxes)	454,784.34
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	\$ 926,937.36

CAPITAL STOCK:

AUTHORIZED:

40,000 Redeemable first preferred shares of \$100 each (whereof 12,500 shares issued and redeemed).

7,000 7% Cumulative convertible redeemable second preferred shares of \$100 each whereof issued and redeemed 6,796 shares (of which 5,612 shares redeemed during current year).

100,000 Class A common shares of no par value.

100,000 Class B common shares of no par value.

ISSUED AND OUTSTANDING:

39,000 Class A common shares of no par value }
100,000 Class B common shares of no par value } \$1,475,000.00

EARNED SURPLUS.....	3,868,851.49	
	<hr/>	5,343,851.49

CONTINGENT LIABILITY:

No provision has been made for any amount which may be payable in respect of renegotiation of war contracts.

Approved on behalf of the Board.

W. L. HAM }
R. D. KERR } *Directors*

\$6,270,788.85

BEATTY BROS. LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 1st SEPTEMBER, 1945

Profit from operations after deducting depreciation and all operating charges (*).....	\$	838,006.90
Income from investments.....		99,542.74
		\$ 937,549.64
Profit on sale of fixed assets.....	\$	8,782.67
Profit on sale of investments.....		3,062.50
		11,845.17
		\$ 949,394.81
Provision for income and excess profits taxes.....	\$	550,000.00
Less refundable portion thereof.....		58,000.00
		492,000.00
Net profit for the year.....	\$	457,394.81

(*) Included in the operating charges deducted before determining the profit from operations are the following items:

Depreciation.....	\$	56,215.86
Remuneration of executive officers and salaried directors.....		64,667.09
Other directors' fees.....		525.00
Legal fees.....		1,566.55

CONSOLIDATED STATEMENT OF EARNED SURPLUS

Earned surplus at 2nd September, 1944.....	\$3,921,779.30
Add:	
Net profit for the year.....	\$ 457,394.81
Contingent reserve for income and excess profits taxes no longer required.....	157,632.20
	\$4,536,806.31
Deduct:	
Appropriation in respect of past service benefits to employees under retirement annuity plan.....	\$ 400,000.00
Premium paid on the purchase for cancellation and redemption of 5,612 shares of Second Preferred stock.....	64,369.82
	464,369.82
	\$4,072,436.49
Deduct dividends paid:	
On Second Preferred at 7%.....	\$ 25,585.00
On Class A Common—totalling \$2.00 per share.....	78,000.00
On Class B Common—totalling \$1.00 per share.....	100,000.00
	203,585.00
Earned surplus at 1st September, 1945.....	\$3,868,851.49

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of
Beatty Bros. Limited,
Fergus, Ontario.

We have made an examination of the Consolidated Balance Sheet of Beatty Bros. Limited as at 1st September, 1945, 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.

In accordance with Section 114 of the Dominion Companies Act, we report that nothing has been included in income for the year in respect of the profits of subsidiary companies not consolidated (The Fergus Housing Company Limited and Beatty Bros. (N.Z.) Limited). The investment in and advances to the latter company have been fully reserved against, pending the final settlement of outstanding New Zealand tax matters.

No provision has been made for any amount which may be payable in respect of renegotiation of war contracts, subject to which, we report that in our opinion, based upon our examination, the accompanying consolidated balance sheet and 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 1st September, 1945, and the results of their operations for the year, according to the best of our information, the explanations given to us and as shown by the books.

CLARKSON, GORDON, DILWORTH & NASH

Chartered Accountants,

Auditors

Toronto, Canada,
2nd January, 1946.

PRODUCTS MANUFACTURED

BARN AND STABLE EQUIPMENT

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

CONVEYORS

Factory and Warehouse Floor Trucks	Monorail Systems
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ELECTRIC APPLIANCES—LAUNDRY EQUIPMENT

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

PUMPING EQUIPMENT

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

STOVES (SPENCER DIVISION)

Jacket Heaters	Stoves—Coal and Wood	Spencer Self-Feeding Boilers
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WOODENWARE

Butter Workers	Laundry Equipment (ironing tables, Clothes racks, tub benches)
Churns (hand, electric and engine drive)	Painters' Equipment (Painters' lad- ders, paste tables, trestles and ex- tension trestles)
Ladders (step, extension, painters', fire, fruit, household)	

OTHER LINES

Brooder Stoves	Grain Grinders	Grinder Plates
Line Shafting and Pulleys		Silo Irons

BEATTY BROS. LIMITED

HEAD OFFICE
FERGUS, ONTARIO

BRANCH WAREHOUSES

SAINT JOHN, N.B.

MONTREAL, QUE.

WINNIPEG, MAN.

EDMONTON, ALTA.

LONDON, ENGLAND

British Columbia Representative

MCLENNAN, McFEELY & PRIOR LTD.
Vancouver, B.C.

PLANTS

HILL STREET PLANT	- - -	Fergus, Ontario
GRAND RIVER PLANT	- - -	Fergus, Ontario
CHELSEA GREEN FOUNDRY	- - -	London, Ontario
SPENCER DIVISION	- - -	Penetanguishene, Ontario

