



CANADIAN  
COMMERCIAL CORPORATION

SEVENTH ANNUAL REPORT  
TO THE  
MINISTER OF DEFENCE PRODUCTION

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APRIL 1, 1952 TO MARCH 31, 1953

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## CANADIAN COMMERCIAL CORPORATION

*A Company wholly owned by the Government of Canada*

Established by Canadian Commercial Corporation Act,  
Statutes of Canada 1946, 10 George VI Chap. 40 as amended by Statutes of Canada 1947, II George VI, Chap. 51,  
Statutes of Canada 1949, 13 George VI, Chap. 2,  
Statutes of Canada 1950, 14 George VI, Chap. 51 and  
Statutes of Canada 1951, 15 George VI, Chap. 13.

### DIRECTORS AND OFFICERS AS OF MARCH 31, 1953.

#### PRESIDENT

W. D. LOW

#### DIRECTORS

T. N. BEAUPRE,

*Assistant Deputy Minister,  
Department of Defence Production.*

G. M. GRANT,

*Co-ordinator of Production,  
Department of Defence Production.*

D. A. GOLDEN,

*Assistant Deputy Minister,  
Department of Defence Production.*

G. W. HUNTER,

*Financial Adviser,  
Department of Defence Production.*

C. R. SNELL,

*Co-ordinator, General Purchasing Branch,  
Department of Defence Production.*

#### OFFICERS

W. D. LOW

*President*

F. F. WADDELL,

*Secretary and Legal Adviser*

G. F. WEVILL,

*Comptroller*

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#### HEAD OFFICE

No. 4 Temporary Building, 56 Lyon Street  
Ottawa, Ontario

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#### BRANCH OFFICE

Washington, D.C.



**CANADIAN COMMERCIAL CORPORATION**

Ottawa, Canada

June 29, 1953.

The Right Honourable C. D. Howe,  
Minister of Defence Production,  
OTTAWA, Ontario.

Sir,

In accordance with Section 13 (1) of the Canadian Commercial Corporation Act, 1946, I have the honour to submit herewith the Annual Report of the Canadian Commercial Corporation, together with Balance Sheet and Statement of Income and Expenditure, as audited by the Auditor General of Canada, covering the year ending March 31, 1953.

Yours faithfully,

*(Signed) W. D. LOW,*

President.

ANNUAL REPORT  
OF  
CANADIAN COMMERCIAL CORPORATION

Fiscal Year Ending March 31, 1953

During the fiscal year ending March 31, 1953, the activities of the corporation fell into the following general categories:

(1) The purchase of goods and commodities in Canada for the governments of:

Australia	France	Pakistan
Bermuda	India	United Kingdom
Chile	Israel	United States of America

(2) During the fiscal year the Corporation continued to ship stores to the following other governments under uncompleted contracts placed in previous fiscal years:

Belgian Congo	
Indonesia	Portugal
New Zealand	South Africa

(3) The purchase of goods and commodities for the following agencies of the United Nations: The United Nations Relief Works Agency, International Children's Emergency Fund, Korean Reconstruction Agency and Relief Works Agency for Palestine Refugees.

(4) The purchase of goods and commodities, the procurement of services and the placing of contracts for various projects on behalf of the International Technical Co-operation Division of the Department of Trade and Commerce, as Canada's contribution to the governments of India, Ceylon and Pakistan under the auspices of the Colombo Plan.

(5) The shipment to recipient countries of stores included in Canada's contribution to the North Atlantic Treaty Organization.

(6) The importing of strategic materials for the Department of Defence Production.

Total Purchases for Export

The total value of goods, commodities, services and projects contracted for by the Corporation during the fiscal year amounted to \$238,166,854.00, including supplies sold to the Government of the United States for use in Canada.

### Total Imports

The total value of strategic materials imported by the Corporation on behalf of the Department of Defence Production during the fiscal year amounted to \$2,135,782.00.

### Sales to United States Military Departments

Of the above mentioned sum of \$238,166,854.00, the sum of \$207,254,605.00 represents sales to the United States Military Departments. Co-operation between the Corporation and the United States Military Departments has continued to develop satisfactorily, and the Ottawa offices established by the United States Air Force and the Detroit Ordnance District of the United States Army have greatly facilitated the transaction of business between the Corporation and those United States Military Departments.

### Colombo Plan

The Corporation, under the Colombo Plan administration, entered into contracts for stores, services and projects in connection with Canada's contribution to the governments of India, Ceylon and Pakistan. These included an air and geological survey of natural resources; an engineering survey in respect of irrigation schemes and hydro-electric power projects; the construction of a cement plant; agricultural machinery and related equipment for a model livestock farm; trucks and buses for transportation systems; railway ties; fishing boats and a fishing trawler.

The total value of the foregoing was \$15,963,234.00.

### UNKRA

During the fiscal year the Corporation entered into an agreement with the United Nations Korean Reconstruction Agency under which the Corporation undertook to act as its purchasing agent in Canada. As a result of this agreement the Corporation placed contracts in Canada to the value of \$5,099,750.00. These contracts included the purchase of 500 tons of paper and 66,000 tons of barley.

### Procurement by the Corporation

Procurement of goods and commodities from Canadian suppliers for the purposes of the Corporation's operations, are processed by means of requisitions placed by the Corporation with the purchasing and production branches of the Department of Defence Production, after the Corporation has settled with the recipient government, department, or international organization all the terms of contract, including specifications, price, delivery, method of payment and general conditions of sale. Payment for the goods is made to the Corporation by the recipient government, department, or international organization, and the Corporation in turn arranges payment to the Canadian supplier. Other countries and international organizations are thus able to obtain goods in Canada at prices which, with few exceptions, are no higher than the Government of Canada would pay if it were buying for its own account. Where Canada is already buying the same type of goods for its own use, the requirements of other countries and international organizations may, in many cases, be obtained from current production with considerable saving to the purchaser.

### Staff

The total staff of the Corporation as at March 31, 1953, totalled 49 persons including all executive officers and administrative personnel at its head office in Ottawa, Canada, and at its office in Washington, D.C.



AUDITOR GENERAL'S OFFICE

Ottawa, June 24th, 1953.

Dear Sir,

Re: Canadian Commercial Corporation

The audit of the accounts of the Canadian Commercial Corporation for the year ended March 31, 1953, has been completed and, in accordance with Section 87 of the Financial Administration Act, my report on the results of the examination of the accounts and the attached financial statements is submitted herewith.

Unabsorbed losses on United States Government Contracts \$247,083

The balance in the above account arises mainly from losses incurred on firm price contracts where stores, purchased from Canadian suppliers, have been furnished to the U.S. Government on a "dollar for dollar" basis notwithstanding the depreciated position of U.S. currency in terms of Canadian dollars.

The account also includes a loss to date of \$11,528 on a contract with the U.S. Government for certain munitions. As the estimated total loss on this contract may be \$211,500, the balance of \$199,972 is shown on the Balance Sheet as a "Contingent Liability". An appeal has been made to the U.S. Government for relief against this loss.

By agreement, any losses, including net losses resulting from fluctuations in exchange rates, may be recovered out of any excess profits or renegotiation refunds which may be obtained.

No provision has been made in the accounts against the losses recorded to date.

Subject to the foregoing, I certify that, in my opinion,

1. proper books of accounts have been kept by the Corporation;
2. the Financial Statement has been prepared on a basis consistent with that of the preceding year and is in agreement with the books of account; also, the Balance Sheet and the accompanying Statement of Income and Expenditure, respectively, give a true and fair view of the state of the Corporation's affairs as at March 31, 1953, and of the results of the Corporation's operations for the fiscal year; and
3. the transactions of the Corporation that have come under my notice have been within the Corporation's powers under the Financial Administration Act, the Canadian Commercial Corporation Act and any other Act applicable to the Corporation.

Yours faithfully,

(Signed) J. Hopkinson

Assistant Auditor General.

The Right Honourable C. D. Howe,  
Minister of Defence Production,  
Ottawa, Ontario.

# CANADIAN COMMER

(Incorporated under the Canadian  
Balance Sheet as

## A S S E T S

### GENERAL

Cash on hand and in bank .....	\$ 6,241,063
Government of Canada Treasury Bills due May 8, 1953, at cost .....	2,995,290
Investments — \$186,200 Government of Canada Bonds, at amortized cost (market value \$174,014).....	190,114
Advances and progress payments to suppliers .....	72,247,415
Accounts and claims receivable .....	6,056,491
Unabsorbed losses on United States Government contracts .....	247,083
Inventory of materials and equipment, at cost, as determined and certified by the management .....	355,693

88,333,149

### AGENCY

#### ASSETS

Cash in bank, including accrued interest .....	18,447,356
Government of Canada Treasury Bills due May 8, 1953, at cost .....	698,810
Advances and progress payments to suppliers .....	2,053,487

21,199,653

Approved on behalf of the Board

(Sgd.) W. D. LOW  
*President*

(Sgd.) G. W. HUNTER  
*Director*

# COMMERCIAL CORPORATION

(Canadian Commercial Corporation Act)  
at March 31, 1953

## LIABILITIES AND CAPITAL

### ACCOUNT

#### LIABILITIES

Accounts payable and accrued liabilities.....	\$	2,545,057	
Advance payments by foreign governments .....		74,781,587	
Deferred credits — surcharge.....		159,908	
Employees' funds — staff savings plan: Pay deductions (with interest) repayable on separation, etc. ....		7,271	\$ 77,493,823

#### CAPITAL AND SURPLUS

Government of Canada: Advance for working capital provided under Section 8 of the Canadian Commercial Corporation Act .....		10,000,000	
Surplus: Balance at March 31, 1952.....	\$838,281		
Less—Prior year's adjustments for losses on exchange .....	7,251		
	831,030		
Excess of income over expenditure for the year ended March 31, 1953, per Schedule 1 .....	8,296	839,326	10,839,326
			<u>88,333,149</u>

### ACCOUNT

#### LIABILITIES

Accounts payable .....	1,147,717
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#### OBLIGATIONS TO PRINCIPALS

Representing advances from agencies of various governments (including Cana- da) and certain international bodies....	<u>20,051,936</u>
	<u>21,199,653</u>

#### CONTINGENT LIABILITIES

Possible loss on uncompleted contract.....	199,972
Claims pending .....	91,589
	<u>291,561</u>

The accounts of Canadian Commercial Corporation for the fiscal year ended March 31, 1953 have been examined under my direction to the extent considered appropriate and all the information and explanations which have been required have been received. I certify that the above Balance Sheet and the attached Statement of Income and Expenditure are in accordance with the Corporation's books and that, subject to the eventual recovery of Unabsorbed Losses on United States Government Contracts as reported upon to the Minister of Defence Production, copy herewith, they are, in my opinion, properly drawn up so as to give a true and fair view of the state of the Corporation's affairs as at March 31, 1953, and of its income and expenditure for the fiscal year, respectively.

(Sgd.) J. HOPKINSON  
Assistant Auditor General.

**CANADIAN COMMERCIAL CORPORATION**

Statement of Income and Expenditure for the year ended March 31, 1953

INCOME

Purchase surcharge from various governments (including Canada) and international agencies .....	\$200,617	
Interest and other income .....	<u>11,698</u>	\$212,315

EXPENDITURE

Salaries: Executive officers .....	\$ 54,166	
Others .....	<u>119,309</u>	
		173,475
Travel expenses .....		10,467
Rent, light and heat .....		6,622
Telephone, telegraph and postage .....		4,255
Printing, stationery and office supplies .....		2,695
Unemployment insurance .....		823
Interest on employees' retirement fund deposits .....		204
Maintenance of office equipment .....		79
Other expenses .....		<u>5,399</u>
		<u>204,019</u>
Excess of income over expenditure		<u><u>8,296</u></u>

















