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Annual Report

FOR THE YEAR ENDED DECEMBER 31st, 1947

THE ROBERT MITCHELL CO., LIMITED

APR 1 1948

McGILL UNIVERSITY



THE ROBERT MITCHELL CO., LIMITED

BOARD OF DIRECTORS

FRANK B. COMMON, K.C.

S. C. HOLLAND

W. TAYLOR-BAILEY

R. O. JOHNSON

R. N. WATT

EXECUTIVE OFFICERS

President & Managing Director S. C. HOLLAND

Executive Vice-President R. N. WATT

Vice-Pres. & Secretary-Treasurer H. S. MCGEE

P. E. LEFEBVRE, *Asst. Secretary*

W. J. WHELAN, *Asst. Treasurer*

R. W. ROWAT

G. ALAN JOHNSON

Vice-Pres. & General Manager

Vice-Pres. & Technical Executive

Bankers The Royal Bank of Canada

Solicitors Montgomery, McMichael, Common, Howard, Forsyth & Ker

Transfer Agents Montreal Trust Company, Montreal-Toronto

Registrars The Royal Trust Company, Montreal-Toronto

Auditors P. S. Ross & Sons

THE ROBERT MITCHELL CO., LIMITED

Ninety-seventh Annual Report

Presented to the Shareholders at the Annual Meeting held on April 22nd, 1948

TO THE SHAREHOLDERS:

Your Directors submit herewith the Ninety-seventh Annual Report of your Company and its wholly owned subsidiary, The Garth Company, together with the Consolidated Balance Sheet, Statement of Profit and Loss and Surplus Accounts for the year ended December 31st, 1947.

During the year a revision of the arrangement with Ekco Products Company, Chicago, Illinois, was undertaken. Among other things it was mutually agreed to cancel the option to purchase 27,600 shares unissued Capital Stock at \$30.00 per share to which reference was made in last year's Annual Report. The volume of Ekco business was somewhat smaller than anticipated due to certain manufacturing difficulties as well as to a shortage of essential materials and the narrowing of export markets.

The result of the year's operations shows a Net Profit of \$80,052.55 equivalent to \$1.10 per share as compared with \$35,837.48 or \$0.49 per share in 1946. Depreciation was provided for in the amount of \$81,000.00 compared with \$50,000.00 during 1946, such amounts being the maximums allowed your Company as depreciation on its Fixed Assets.

Fixed Assets comprising machinery, equipment and buildings were increased by \$189,983.26 during the year, the bulk of such expenditures representing equipment to manufacture Ekco products. These additional Capital Expenditures, along with other heavy demands for cash, were financed through the usual means of bank credit and the bank loan appearing on the Balance Sheet in the amount of \$620,000.00 reflects the year end position.

It will be noted that the Company's First Mortgage Bond of \$500,000.00 is held by the Montreal Trust Company for safekeeping and is not currently being used for collateral purposes.

Orders and contracts on hand for execution during the coming year are substantial and apply as well to your wholly owned subsidiary, The Garth Company.

Representations made by your Company to the Department of National Revenue have resulted in a considerable increase in your Company's Standard Profits Base. The net betterment to your Company is reflected in the Balance Sheet and is indicated as follows:

THE ROBERT MITCHELL CO., LIMITED

EARNED SURPLUS — CREDIT

Income and Excess Profit Taxes recoverable from Dominion Government based on final tax assessments for the years 1941-1945 inclusive, which give effect to the revision of the Company's Standard Profits. . . \$1,269,118.02

DEFERRED SURPLUS — DEBIT

Reduction in amounts previously determined as the Refundable Portion of Excess Profits Tax in respect of the years 1942-1944 inclusive. 300,943.06

NET INCREASE IN SURPLUS. \$ 968,174.96

Earned Surplus has been increased materially due to credit in the amount of \$1,269,118.02 arising from the return of Excess Profits Tax as above and \$80,052.55 from the transfer of the year's Net Profit. Deferred Surplus is reduced by \$300,943.06 by adjustments affecting the Refundable Portion of Excess Profits Tax as aforementioned.

It is our sad duty to record the death on September 2nd, 1947, of Mr. W. L. Bayer, who for many years was a Director and member of the Executive Committee of your Company. His ability and advice were at all times of great value to your Board and his presence will be greatly missed.

Mr. W. Taylor-Bailey, a Director of your Company, was elected to fill the vacancy on the Executive Committee.

Your Directors again record their sincere appreciation of the services and co-operation rendered the Company by the Officers and all Employees during the past year.

The Books of your Company have been audited by Messrs. P. S. Ross & Sons, Chartered Accountants, whose certificate is attached.

S. C. HOLLAND,
President and Managing Director

Montreal, March 15th, 1948.

THE ROBERT MITCHELL CO., LIM



CONSOLIDATED BALANCE SHEET

Assets

CURRENT:

Cash on Hand and in Bank	\$	50,503.96
Accounts Receivable—Trade, less Reserve		921,175.01
Excess Profits Taxes Recoverable		1,269,118.02
Deposits		14,722.11
Inventories		646,048.13

(Based on physical inventories as at 30th November 1947 adjusted for transactions to 31st December 1947 and valued at cost or market whichever was lower)

Total Current Assets		\$2,901,567.23
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Refundable Portion of Excess Profits Tax . . . (A)		422,319.17
Cash Surrender Value of Life Insurance Policies . . .		11,257.60
Investments		4.00

Deferred Charges:

Cost of special purpose tools and equipment for manufacture of Ekco products (B)	\$	223,614.18
Other		23,943.38
		247,557.56

FIXED:

Valuation based on Appraisal made by officials of the Company as at 31st December 1936 with subsequent additions at cost—

Land and Buildings	\$1,368,420.99	
Plant and Machinery	955,050.08	2,323,471.07
		2,323,471.07

Goodwill		1.00
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		\$5,906,177.63
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NOTES: (A) \$259,340.36 assigned as security against the Bank Loan and \$120,171.87 against an account payable.

(B) Recoverable from Ekco Products Company over the three year period ending 31st December, 1950 (one third per year).

(C) At 31st December 1947 there was no outstanding liability on the \$500,000.00 First Mortgage Bond of The Robert Mitchell Co., Limited, which is being held in safekeeping.

Approved on behalf of the Board:

S. C. HOLLAND, *Director*

R. N. WATT, *Director*

ITED AND THE GARTH COMPANY

ET AS AT 31st DECEMBER, 1947

Liabilities

CURRENT:

Bank Loan (Section 88) (A)	\$ 620,000.00	
Accounts Payable and Accrued Liabilities	573,039.60	
Sales Taxes Payable	10,349.34	
Provision for Income and Excess Profits Taxes	57,059.26	
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Total Current Liabilities		\$1,260,448.20
Reserve for Depreciation		1,575,692.65

CAPITAL STOCK:

Authorized—100,000 Shares of No Par Value	
Issued — 72,400 Shares	\$1,064,400.00

SURPLUS:

Capital Surplus	73,757.17	
Earned Surplus	1,509,560.44	
Deferred Surplus (Refundable Portion of Excess Profits Tax)	422,319.17	3,070,036.78
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\$5,906,177.63

AUDITORS' REPORT TO THE SHAREHOLDERS

THE ROBERT MITCHELL CO., LIMITED,
MONTREAL.

1ST MARCH 1948

We have made an examination of the books of account of The Robert Mitchell Co. Limited and of its wholly owned subsidiary, The Garth Company, for the year ended 31st December 1947 and have obtained all the information and explanations we have required.

In our opinion, the attached Balance Sheet and relative Profit and Loss and Surplus Accounts are properly drawn up so as to exhibit a true and correct view of the state of affairs of the combined companies as at 31st December 1947 according to the best of our information and the explanations given to us and as shown by the books.

P. S. ROSS & SONS,
Chartered Accountants.

THE ROBERT MITCHELL CO., LIMITED AND THE GARTH COMPANY

*Consolidated Profit and Loss and Surplus Accounts
for the Year Ended 31st December, 1947*

PROFIT AND LOSS ACCOUNT

Profit on Operations		\$ 282,321.17
Less: Executive Officers' Salaries	\$ 44,700.00	
Fees of Directors and Executive Committee	5,762.50	
Legal Fees	2,522.60	52,985.10
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Profit for the year before charging Depreciation		\$ 229,336.07
Less: Reserved for Depreciation		81,000.00
		<hr/>
		\$ 148,336.07
Less: Provision for Income and Excess Profits Taxes		68,283.52
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Net Profit for the year transferred to Surplus Account		<u>\$ 80,052.55</u>

SURPLUS ACCOUNT

CAPITAL SURPLUS:		
Balance at credit—1st January 1947	\$ 60,385.88	
Add: Profit on Sale of Fixed Assets	13,371.29	
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Balance at credit—31st December 1947		\$ 73,757.17
EARNED SURPLUS:		
Balance at Credit—1st January 1947	\$ 160,389.87	
Add: Net Profit for the year	80,052.55	
Prior years' adjustments of Income and Excess Profits Taxes, excluding reduction in refundable portion of Excess Profits Tax transferred from Deferred Surplus	1,269,118.02	
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Balance at credit—31st December 1947		1,509,560.44
DEFERRED SURPLUS—Refundable Portion of Excess Profits Tax		
Balance at credit—1st January 1947	\$ 723,262.23	
Less: Prior years' Adjustments	300,943.06	
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Balance at credit—31st December 1947		422,319.17
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		<u>\$2,005,636.78</u>

THE ROBERT MITCHELL CO., LIMITED AND THE GARTH COMPANY



ESTABLISHED 1851

FABRICATORS AND FOUNDERS OF

Brass Copper Monel Manganese Bronze Bronze Aluminum Magnesium (Elektron)
 Grey Iron Ni-Hard Ni-Resist Ni-Tensyliron

STANDARD PRODUCTS

Railway Car Fittings	Mitchell Adlake Bus Sash
Mitchell-Clerk Aluminum Windows	Mitchell Diner Products
Metal Stampings	Screw Machine Products
Mitchell Inco Monel Sinks	Precision Centrifugal Castings
Pressure Die Castings	Mitchell Cutler Mail Chutes
Bronze Memorial Tablets	Aluminum Kitchen Ware
Mitchell Watrous Products	Mitchell Thermosash Windows
Tools and Dies, Jigs, Fixtures, Gauges	Pulp and Paper Testing Apparatus
Co-Z-Air Electric Space Heaters	

*Cutlery

*Commercial Bakeware

*Pressure Cookers

*Domestic Bakeware

*Made exclusively for Ekco Products Company (Canada) Limited

PROCESSES

Controlled Atmosphere Brazing Heat Treating Anodizing Electric Aluminum Spot Welding

PLANTS

750 Belair Avenue, Montreal

64 Monkland Boulevard, St. Laurent



ESTABLISHED 1828

750 Belair Avenue, Montreal

GARTH — CONTRACT DIVISION

Contracts executed for complete installation of plumbing, heating, power piping, ventilating and air conditioning equipment.

GARTH — WHOLESALE DIVISION

Steam Specialties Piping Lubricating Devices Fittings Valves Fire Protection Equipment





