40th Annual Report

CANADIAN CAR & FOUNDRY COMPANY LIMITED

MONTREAL
CANADA
1949

On peut, sur demande au secrétaire, obtenir des exemplaires de ce rapport en langue FRANÇAISE.

CANADIAN CAR & FOUNDRY COMPANY LIMITED

BOARD OF DIRECTORS

W. F. Angus
V. M. Drury
W. A. Eden
G. Blair Gordon
J. C. Newman
Colin W. Webster

OFFICERS

V. M. Drury, *President*
W. F. Angus, *Vice-President*
J. T. Asquith, *Vice-President and General Manager*
A. Hodgkinson, c.a., *Vice-President, Comptroller and Treasurer*
E. J. Cosford, *Vice-President i/c Sales*
Donald H. Forsyth, f.c.i.s., *Secretary*

SOLICITORS

Wainwright, Elder, Laidley, Leslie, Chipman & Bourgeois, *Montreal*

AUDITORS

Price, Waterhouse & Co.

BANKERS

Bank of Montreal
The Royal Bank of Canada

GENERAL OFFICES

621 Craig Street West, Montreal 3, Canada

FORTIETH ANNUAL REPORT

YEAR ENDED
SEPTEMBER 30, 1949

TO THE SHAREHOLDERS:

The Directors submit herewith the fortieth annual report of your Company and its wholly owned subsidiary Companies for year ended September 30, 1949.

The net profit amounts to $1,395,663 after providing for full depreciation and income taxes.

During the year an amount of approximately $1,600,000 was spent on improvements and extensions to the plants of your Company.

The net working capital is $9,835,995, a reduction of $589,748 from that of 1948.

Your Company's car plants of necessity have been devoted to the production of rolling stock for export throughout the major portion of the year. It is your Company's aim to maintain a balanced production of domestic and export work, however there was a lack of domestic work available at the time the export orders went into production. These export orders resulted in full occupation of plant facilities during the year, yet in effect this created an unbalanced operation, with consequent reduction in profit.

Your Fort William plant has been fully occupied during the year with the production of gasoline buses and trackless trolley coaches, for which a sustained demand prevails throughout Canada. It is gratifying to draw attention to the fact that at the present time some twenty-six of the principal cities in Canada now operate transit equipment manufactured by your Company. Your Fort William plant is completing an order for 100 PCC street cars for the city of Toronto, which brings the total number to 450 PCC cars now operated by the Toronto Transportation Commission.

Your Fort William plant also services the fleet of tank cars owned and operated by your partly owned subsidiary company, Canadian General Transit Company, Limited, and tank cars of other operators in the western area.

During the year, the lease of the property occupied by a section of your Aircraft Division terminated and it was considered advisable to consolidate this Division on property already owned by your Company at St. Laurent, through extension of these premises. This Division has continued to receive government orders for the modernization and modification of Harvard trainers for the RCAF and supplies spare parts for these trainers to many governments of the world under an exclusive license agreement which your Company has with North American Aviation Inc., of Los Angeles, California.

Your Company continues to produce the Norseman, which is still the standard utility aircraft for hinterland flying; is used extensively by the RCAF in many of its operations, including those of search and rescue; is in service with provincial forestry patrols and should meet the bush country operators' requirements for some considerable time to come.

The Agency of Canadian Car and Foundry Company, Limited (New York) and other award holders under the Mixed Claims Commission award of 1939 are implementing a programme for the recovery of the remaining amount owing under such award, and there is reasonable expectation that ultimate results will be favourable.

The operations of your partly owned subsidiary, Canadian General Transit Company, Limited, which include the leasing of tank cars for the movement of oil throughout the Country have had usual continuity. It is not expected that the projected installation of oil pipe lines will have any adverse effect on the general activity of your subsidiary company.

In reviewing your Company's over-all operations for the year, under circumstances which prevailed, the financial results can be considered satisfactory. Export business differs from domestic business, not only in the detail of manufacture but also in relation to general financial arrangements, which entails increased carrying charges.

In the early part of the year the procurement of essential material continued to offer difficulties which however, in the main, corrected themselves. The greater part of inventories are earmarked for this export work and will be consumed upon completion of these orders.

Present orders on the books of your Company should keep the car plants occupied for approximately six months of the fiscal year, and it is anticipated that substantial domestic orders from the two principal railways in Canada will be placed whenever rate revenues have been satisfactorily adjusted in accordance with the applications of the railways to the Board of Transport Commissioners for Canada.

Your Directors deeply regret to have to record the death on January 17, 1949 of the Honourable Charles Philippe Beaubien, K.C., who had served as a Director of your Company since July 15, 1918.

Your Directors also record with deep regret the passing of William Hugh Coverdale on August 10, 1949, who had served as a Director of your Company since October 23, 1944.

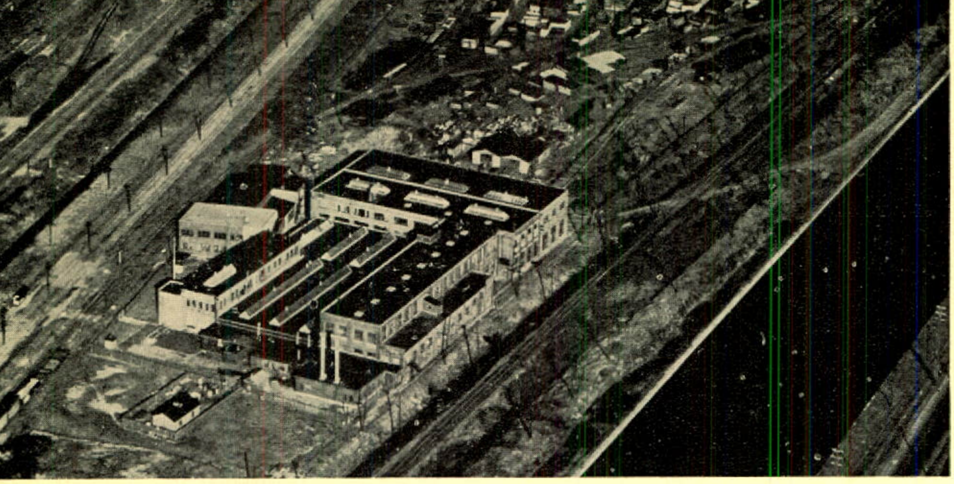
Mr. J. T. Asquith was appointed Vice-President and General Manager of your Company, effective as of April 25, 1949, succeeding Mr. Lyle McCoy, who retired on pension.

The Directors appreciate the efficiency and loyalty with which the officers and employees have served your Company during the year, and wish to extend their thanks in recognition thereof to one and all concerned.

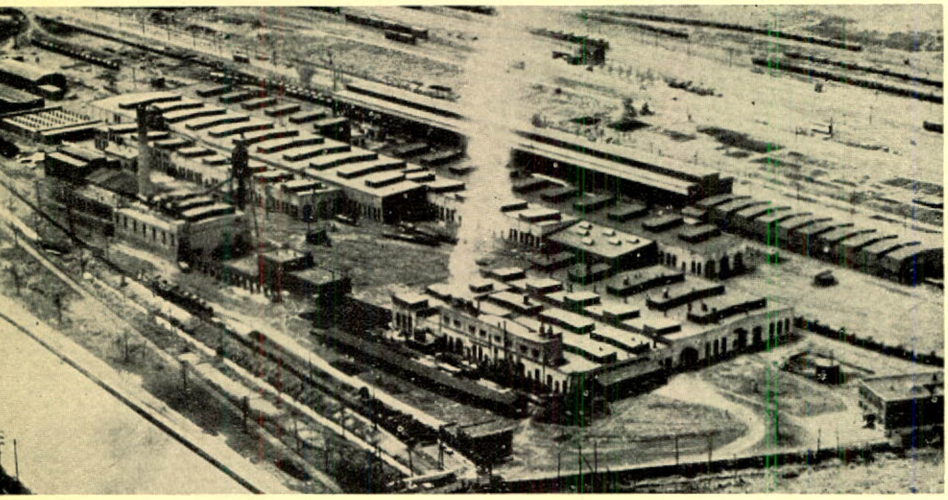
For the Directors,

V. M. DRURY
President

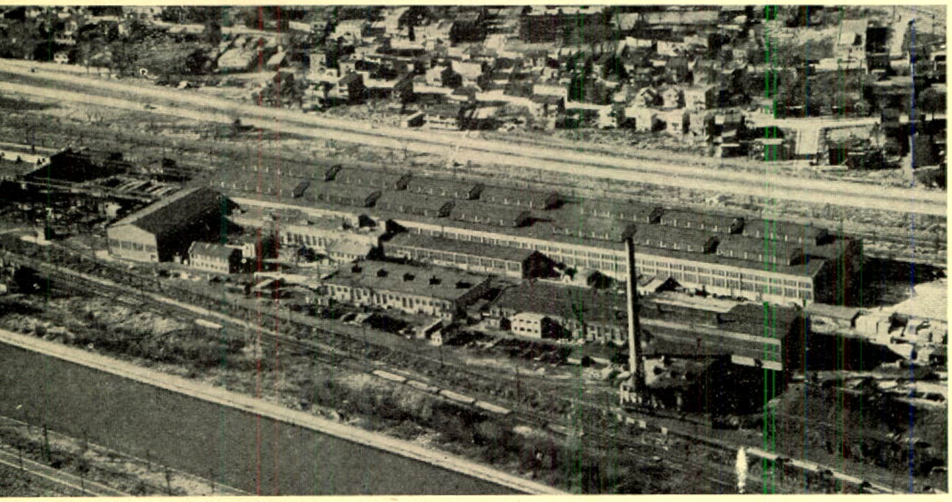
MONTREAL, November 28, 1949.



TURCOT ANNEX
Montreal

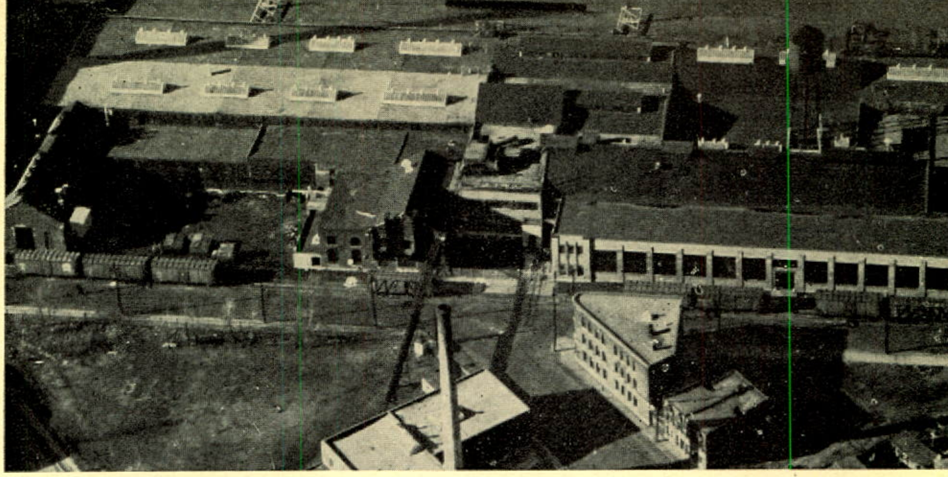


TURCOT
Montreal

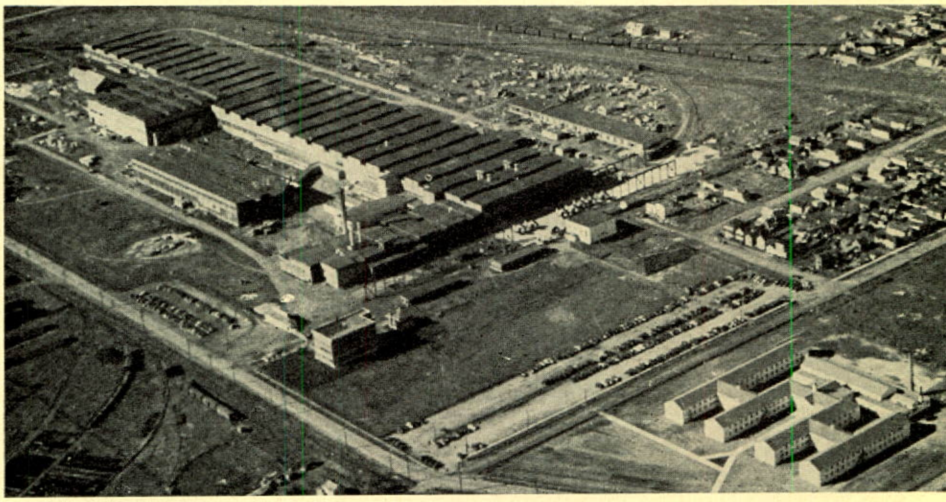


DOMINION
Montreal

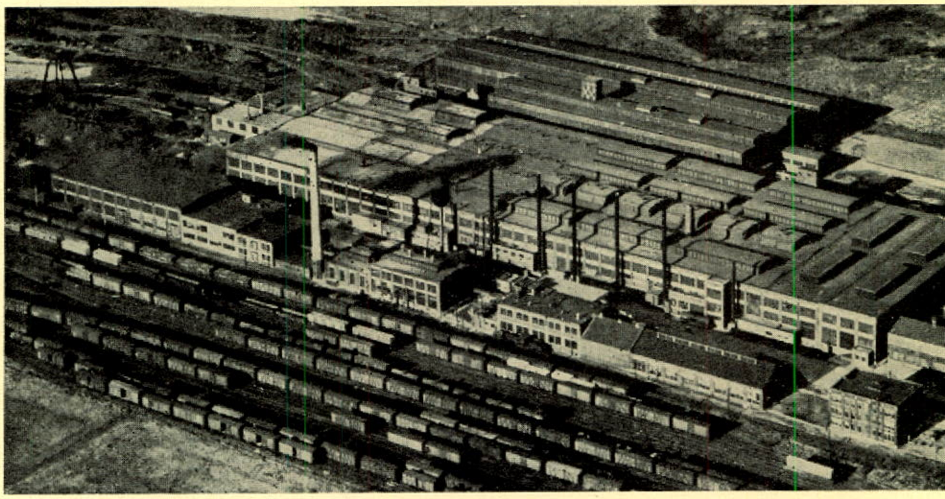
AMHERST
Nova Scotia



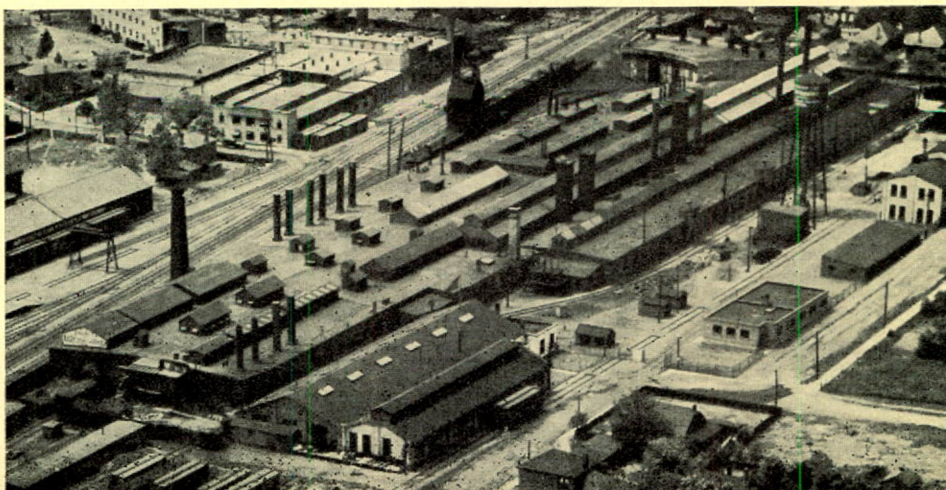
POINT ST. CHARLES
Montreal



FORT WILLIAM
Ontario



LONGUE POINTE
Montreal



BRANTFORD
Ontario

C A N A D I A N C A R & F O U N

and wholly owned

C O N S O L I D A T E D

As at Septe

A S S E T S

CURRENT ASSETS:			
Cash on hand and with bankers		$ 511,558.14	
Accounts receivable, less reserve of $50,000.00		5,666,402.88	
Stocks of manufactured and partly manufactured products, materials and supplies, valued on the basis of the lower of cost or market as determined by officials of the company, less reserve of $230,000.00 and less progress billings of $849,932.64 on contracts		18,305,787.71	
Prepayments on account of merchandise not yet received		355,328.64	
Unexpired insurance, prepaid taxes, etc.		267,426.16	$25,106,503.53
REFUNDABLE PORTION OF EXCESS PROFITS TAX			
(Assigned to War Assets Corporation)			163,500.95
INVESTMENT IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANIES:			
Investment, at cost		$ 850,000.00	
Current account		32,121.70	882,121.70
CAPITAL ASSETS:			
At depreciated reproductive values as appraised in 1930 by Canadian Appraisal Company Limited, plus the cost of subsequent additions (net):			
Land		$ 1,900,093.37	
Buildings, machinery and equipment	$23,720,068.28		
Less: Reserve for depreciation provided since above date	7,864,801.04	15,855,267.24	17,755,360.61
			$43,907,486.79

NOTES:

The net property value subject to future depreciation for income tax purposes is approximately $9,800,000.00.

Net expenditures aggregating $5,411,599.26 for buildings, machinery and equipment acquired in connection with war contracts have been fully depreciated and are carried at no value.

Approved on behalf of the Board:

V. M. DRURY, *Director*
W. F. ANGUS, *Director*

RY COMPANY, LIMITED

ubsidiary Companies

BALANCE SHEET

ber 30 1949

LIABILITIES

CURRENT LIABILITIES:			
Bank loans (secured under Section 88 of the Bank Act)		$ 9,885,000.00	
Accounts payable and accrued liabilities		4,224,879.11	
Income and other taxes		786,056.51	
War Assets Corporation, instalments falling due during 1950 in respect of the purchase of capital assets		372,550.67	
Amount due re exchange of Preference Shares under arrangement dated December 1 1942		2,022.15	$15,270,508.44
PURCHASE OF CAPITAL ASSETS:			
Amount owing to War Assets Corporation payable in annual instalments, in respect of the purchase of land, buildings, machinery and equipment, secured, in part, by assignment of refundable portion of excess profits tax and as to $108,000.00 by a chattel mortgage		$ 731,800.60	
Deduct: Instalments due during the year ending September 30 1950, shown under current liabilities		372,550.67	359,249.93
OPERATING AND MISCELLANEOUS RESERVES			342,214.61
CAPITAL STOCK:			
Convertible Non-Callable Class "A" shares of $20.00 each:			
Authorized — 500,000 shares	$10,000,000.00		
Issued — 400,000 shares		$ 8,000,000.00	
Note—Of the 269,992 Cumulative Participating (Redeemable) Preference shares called for redemption on February 18 1946, 1,361 have not yet been presented for payment and funds are held by the Company's bankers in trust therefor.			
Ordinary shares of no par value:			
Authorized — 1,200,000 shares			
Issued — 365,800 shares		9,145,000.00	17,145,000.00
SURPLUS ACCOUNTS:			
Capital surplus — Properties:			
Balance at September 30 1948	$ 680,766.90		
Less: Adjustments in respect of properties sold and equipment scrapped during the year	2,714.45	678,052.45	
Refundable portion of excess profits tax (Per contra)		163,500.95	
Earned surplus — Per attached statement		9,948,960.41	10,790,513.81
			$43,907,486.79

A. HODGKINSON, *Vice-President and Comptroller*

Submitted with our report to the Shareholders dated November 23 1949.

PRICE, WATERHOUSE & CO., *Auditors.*

CANADIAN CAR & FOUNDRY COMPANY LIMITED · *and wholly owned Subsidiary Companies*

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

For the Year Ending September 30 1949

Combined operating profit for the fiscal year ending September 30 1949, before taking into account the items shown below		$ 3,282,963.93
DEDUCT:		
Fees of directors and executive committee	$ 9,180.00	
Compensation of officers	132,154.34	
Legal expenses	9,897.34	
Interest charges on balance payable to War Assets Corporation	28,935.40	
Provision for depreciation	1,169,075.61	
Loss on disposal of capital assets	5,361.77	
		1,354,604.46
		$ 1,928,359.47
ADD:		
Dividends received from partly owned subsidiary companies	$ 123,500.00	
Income from Investments	441.58	
Net additional recovery from award to Agency of Canadian Car and Foundry Company, Limited	210,847.27	
		334,788.85
Profit for the fiscal year before providing for taxes on income		$ 2,263,148.32
DEDUCT:		
Provision for Dominion, Provincial and U.S. taxes on income		867,485.00
NET PROFIT FOR THE FISCAL YEAR		$ 1,395,663.32
Earned surplus at September 30 1948		9,319,097.09
		$10,714,760.41
DEDUCT:		
Dividends paid on —		
Convertible Non-Callable Class "A" Shares	$ 400,000.00	
Ordinary Shares	365,800.00	
		765,800.00
EARNED SURPLUS AT SEPTEMBER 30 1949		$ 9,948,960.41

AUDITORS' REPORT TO THE SHAREHOLDERS OF

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

We have examined the consolidated balance sheet of Canadian Car & Foundry Company, Limited and its wholly owned subsidiary companies as at September 30 1949 and the relative consolidated statement of profit and loss and earned surplus for the fiscal year ended on that date and have obtained all the information and explanations which we required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

Provision for depreciation of buildings, machinery and equipment for the year has been made in the amount of $1,169,075.61 which is the amount allowed for income tax purposes. On this basis we report that, in our opinion, the attached consolidated balance sheet and the relative consolidated statement of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the combined affairs of Canadian Car & Foundry Company, Limited and its wholly owned subsidiary companies as at September 30 1949 and the results of operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

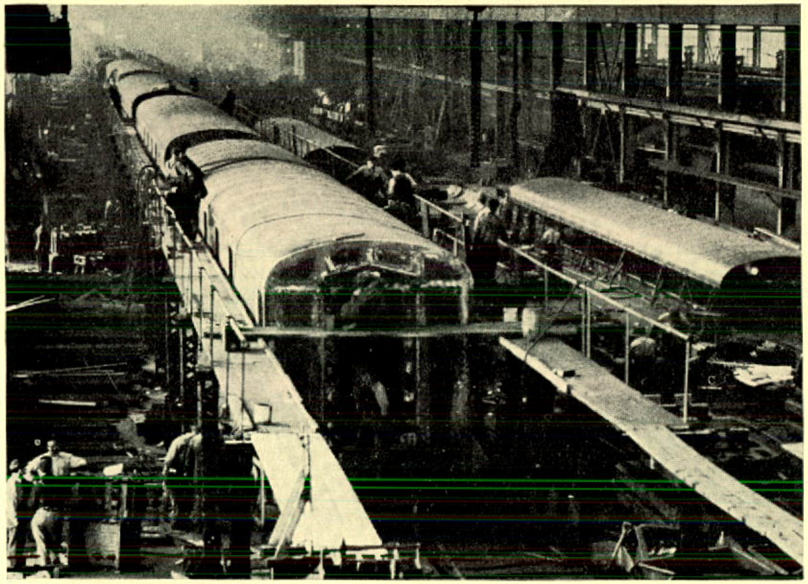
We also report that the earnings of partly owned subsidiary companies are included in the accompanying financial statements only to the extent of dividends received.

PRICE, WATERHOUSE & CO.,
Auditors.

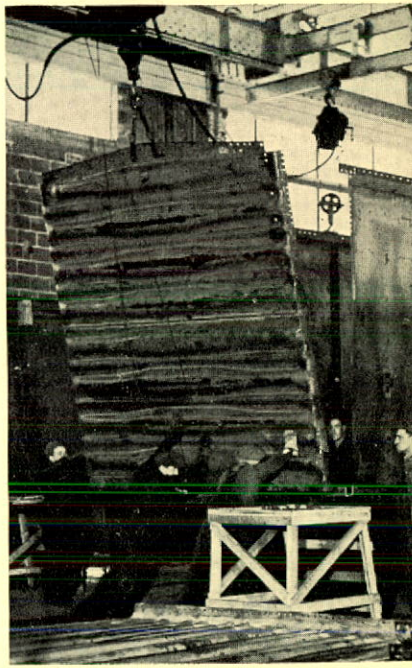
MONTREAL, November 23 1949.

A FEW OF THE MANY PRODUCTS MANUFACTURED BY YOUR COMPANY FOR DOMESTIC AND FOREIGN MARKETS

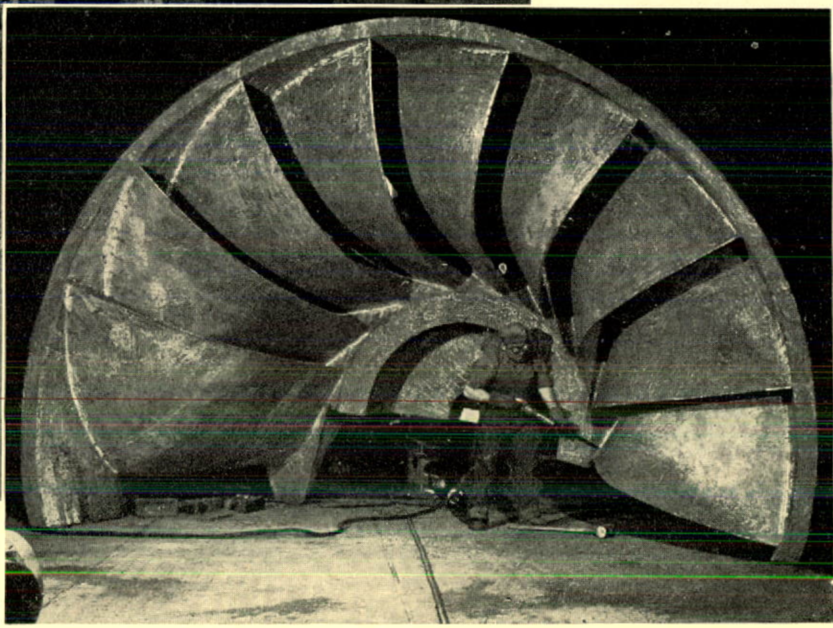
Canadian Car-Brill trolley and motor coaches in production at Fort William



Roomettes in production at Dominion Plant

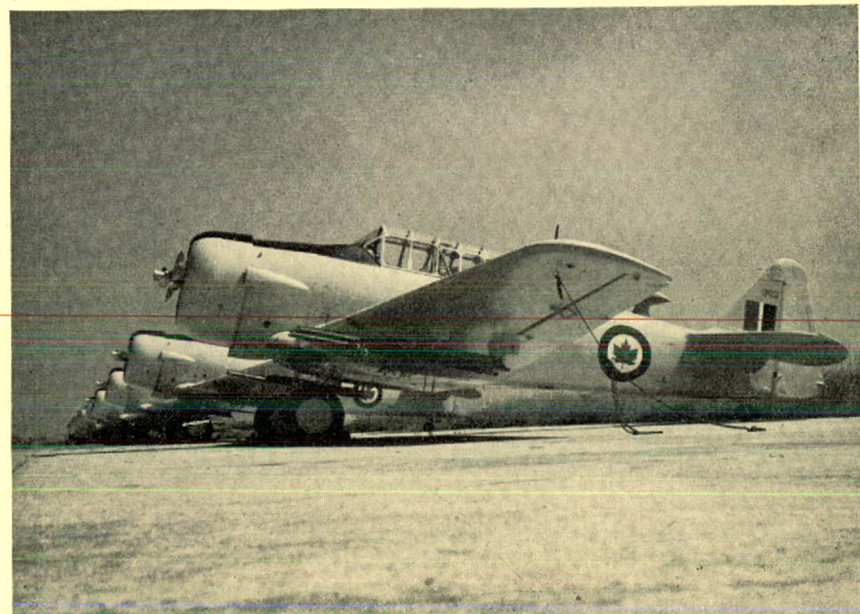


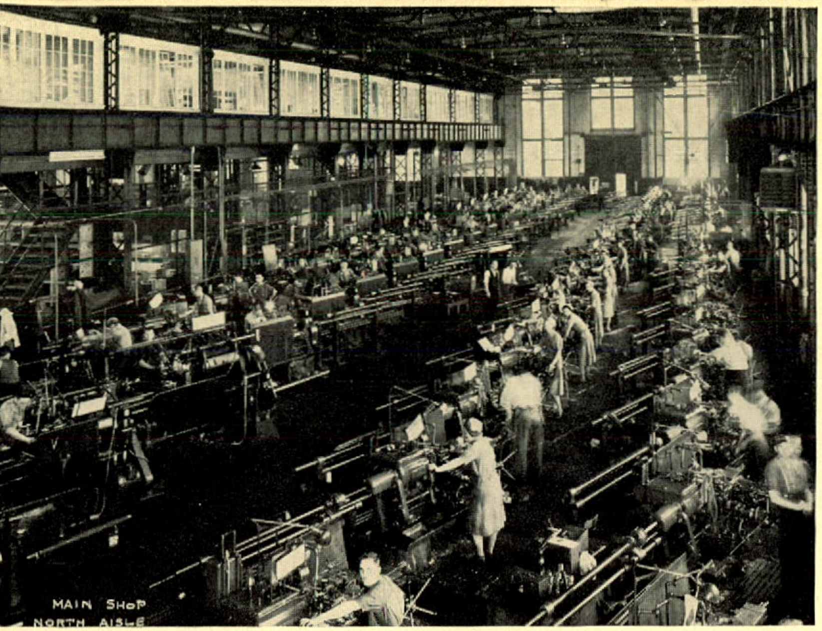
Steel box car end



Hydro casting—half section

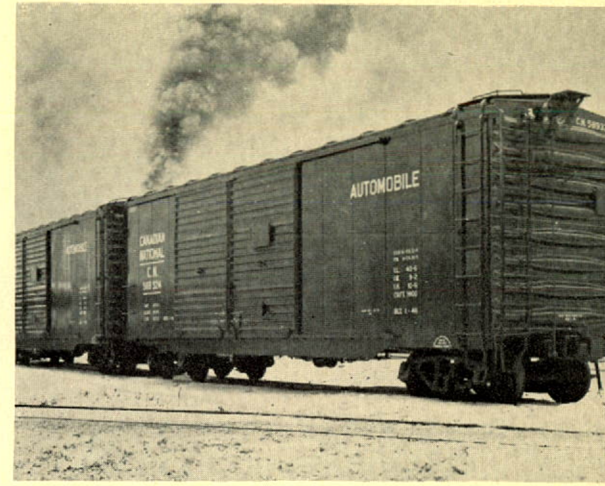
Harvard Trainers



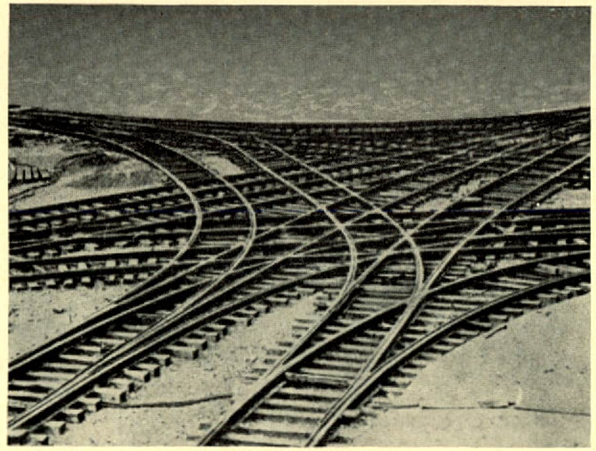


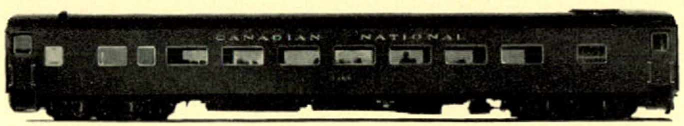
Machine Shop—Point St. Charles Plant

Norseman V



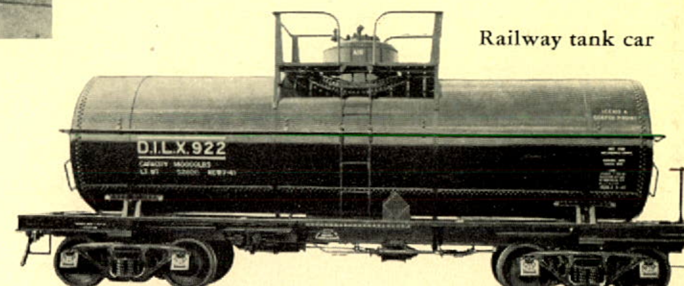
Steel sheathed automobile box car

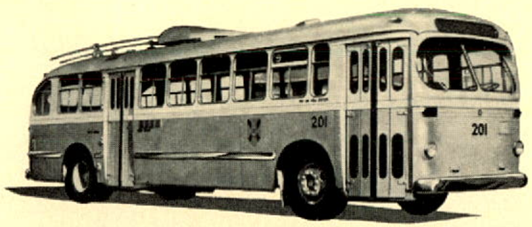

Special track lay-out



First class passenger coach

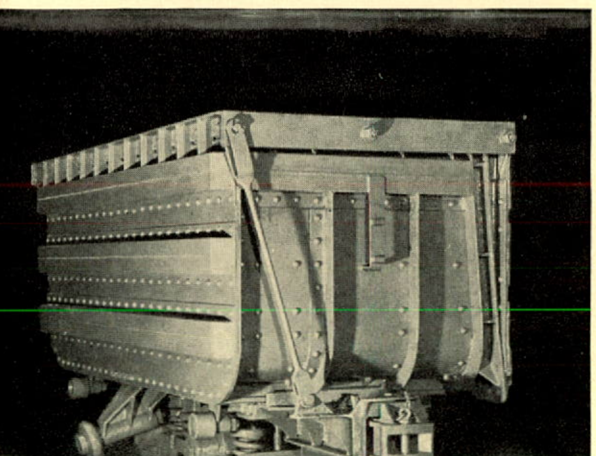
Railway tank car



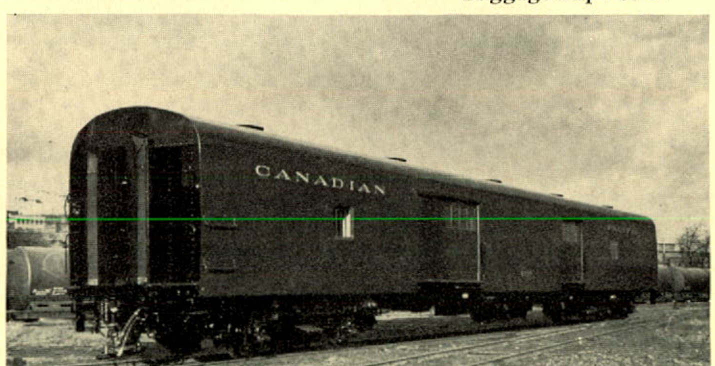


Canadian Car-Brill trolley coach

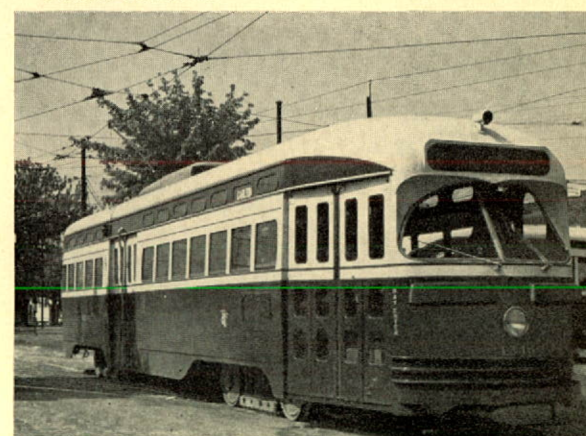
Tipple mining car



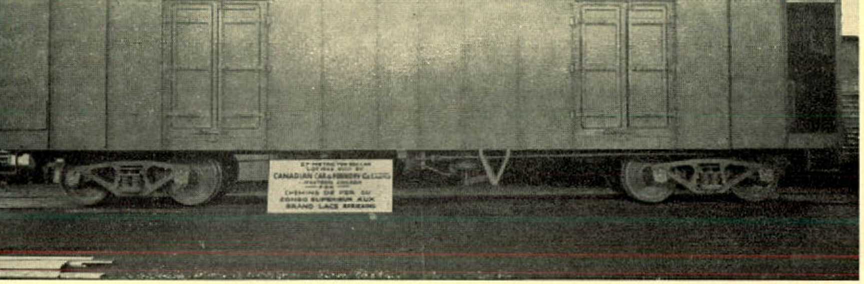
Baggage-Express car



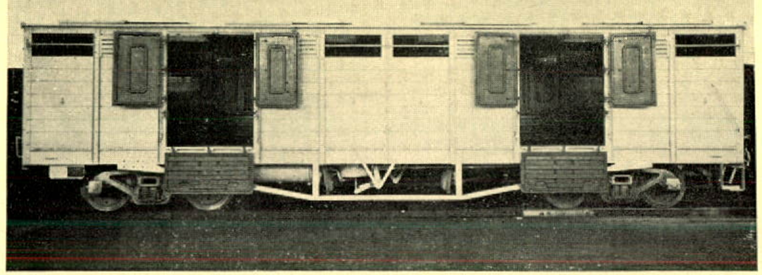
P.C.C. street car



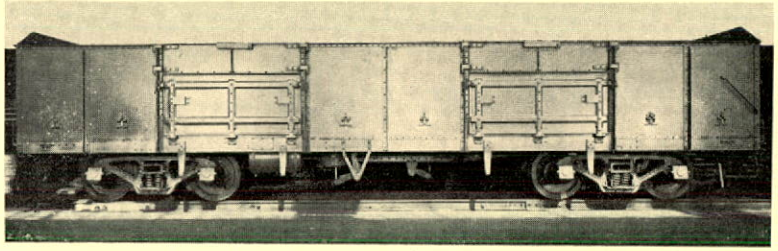
SOME RAILWAY CARS EXPORTED



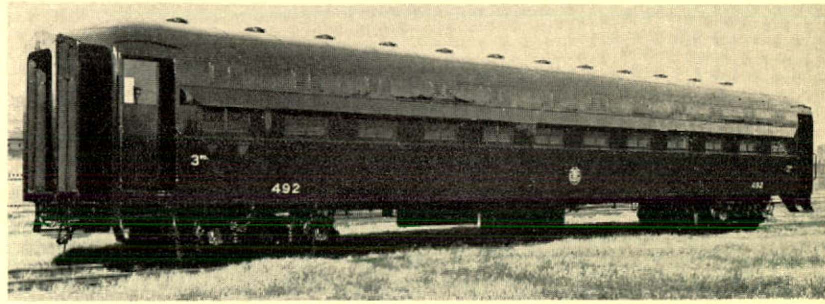
To Belgian Congo



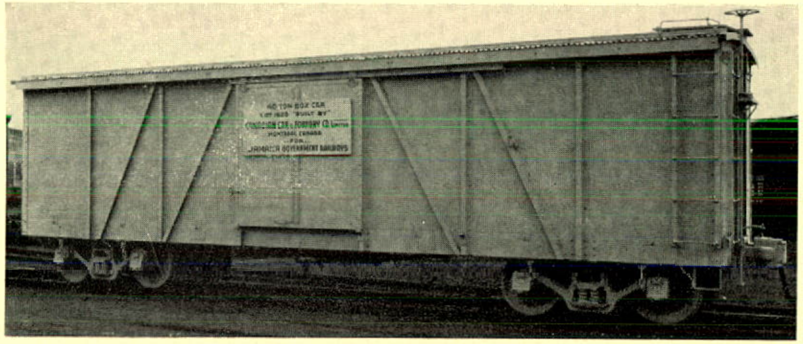
To South Africa



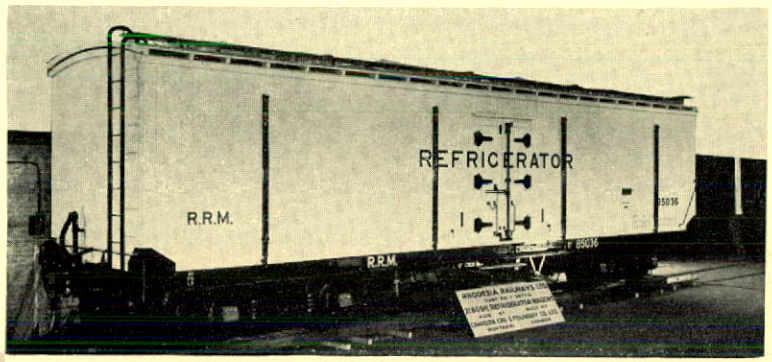
To South Africa



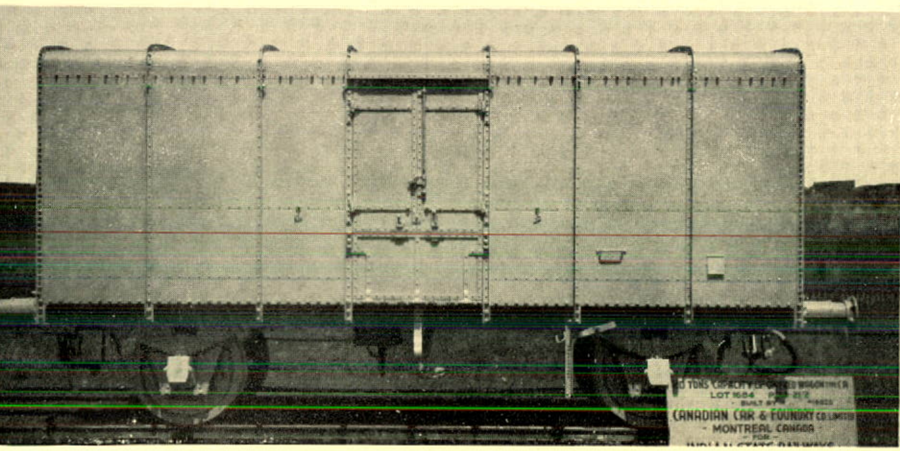
To Trinidad



To Jamaica

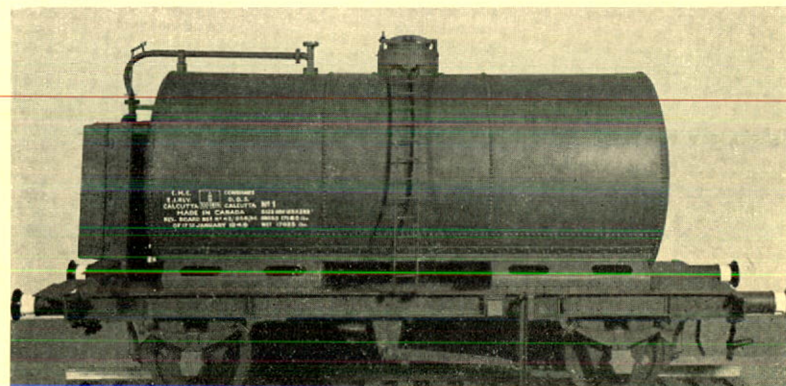


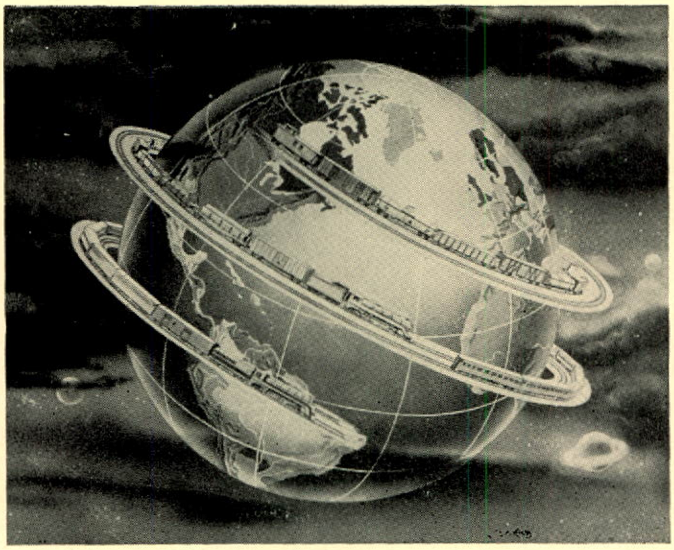
To Rhodesia



To India

To India





AROUND THE WORLD