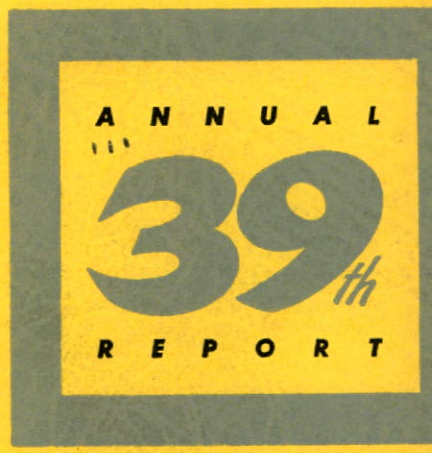


C
stock

**CANADIAN
CAR & FOUNDRY
COMPANY LIMITED**



MONTREAL • CANADA • 1948

PURVIS HALL
LIBRARIES
JUN 12 1953
MCGILL UNIVERSITY

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

BOARD OF DIRECTORS

W. F. ANGUS
HON. C. P. BRAUBIEN, K.C.
W. H. COVERDALE
V. M. DRURY
W. A. EDEN
G. BLAIR GORDON
LYLE MCCOY
J. C. NEWMAN
COLIN W. WEBSTER

**CANADIAN
CAR & FOUNDRY
COMPANY
LIMITED**

OFFICERS

V. M. DRURY, *President*
W. F. ANGUS, *Vice-President*
LYLE MCCOY, *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, LAIDLAY, LESLIE, CHIPMAN & BOURGEOIS
Montreal

AUDITORS

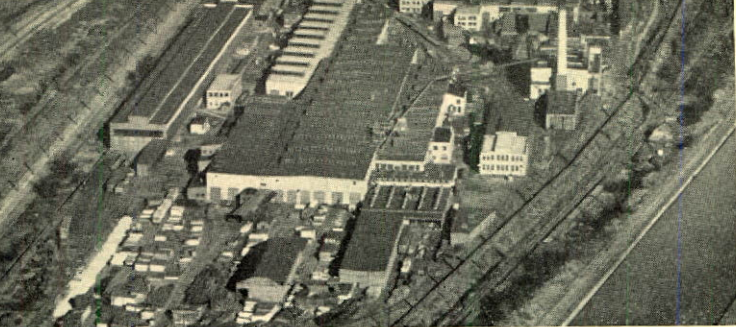
PRICE, WATERHOUSE & Co.

BANKERS

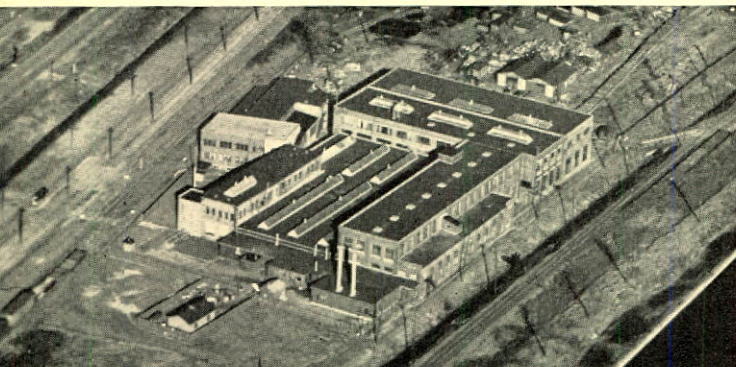
BANK OF MONTREAL
THE ROYAL BANK OF CANADA

GENERAL OFFICES

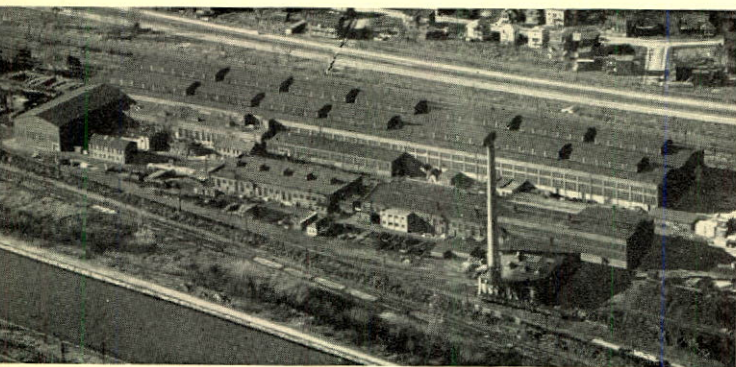
621 CRAIG STREET WEST, MONTREAL 3, CANADA



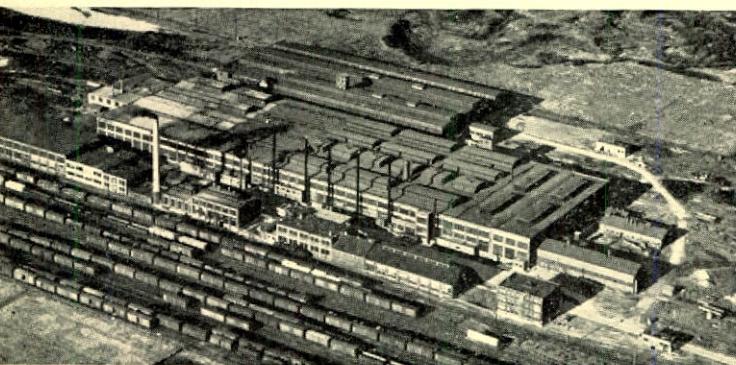
TURCOT
MONTREAL



TURCOT ANNEX
MONTREAL



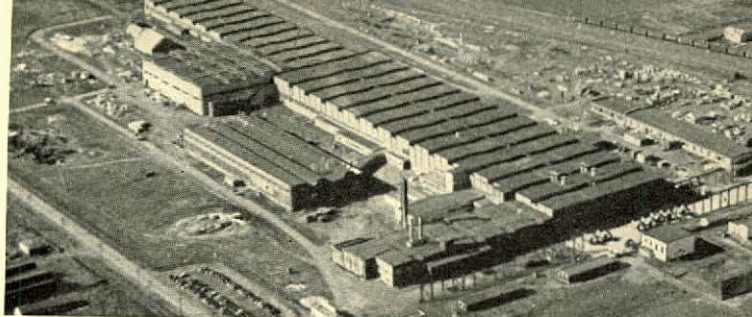
DOMINION
MONTREAL



LONGUE POINTE
MONTREAL

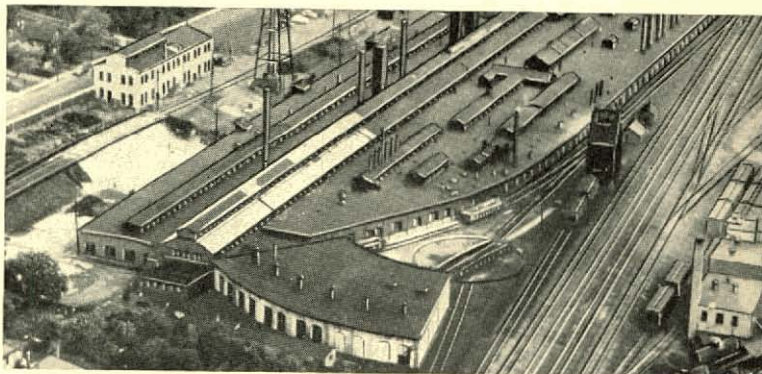
FORT WILLIAM

ONTARIO



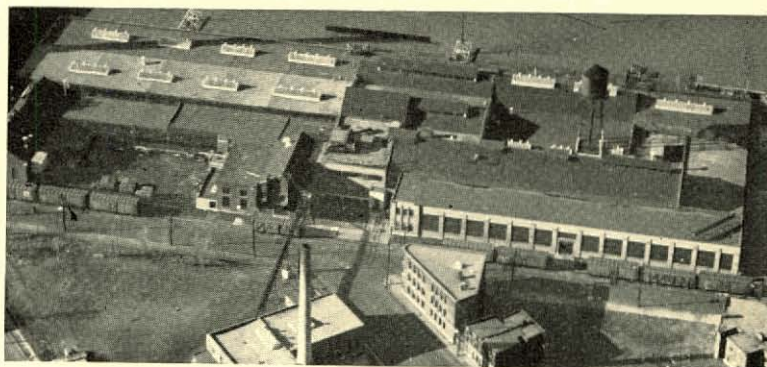
BRANTFORD

ONTARIO



POINT ST. CHARLES

MONTREAL



AIRCRAFT

MONTREAL



T H I R T Y - N I N T H A N N U A L R E P O R T
Year Ending September 30th, 1948

TO THE SHAREHOLDERS:

Your Directors submit herewith the thirty-ninth annual report of your Company and its wholly owned subsidiary Companies covering combined operations for year ending September 30th, 1948.

The net profit for the year amounts to \$2,580,445 after providing for depreciation and income taxes, which compares with a net profit of \$712,683 in the previous year. This increase reflects general activity in your Company's plants which prevailed throughout the major portion of the period involved, and allowed for substantial realization of gross business on the books of your Company.

The value of capital assets shows a decrease of \$591,124, after cost of additions and improvements, less depreciation, set up during the year. Capital expenditure for modernization of equipment, plant improvements and extensions now totals \$2,454,000, which has been expended from 1945 to the end of the current fiscal year. Outstanding under authorized capital expenditures appropriation is an amount of approximately \$600,000 which may be expended during the forthcoming year.

The net working capital is \$10,425,743, being an increase of \$2,503,005 over that of 1947.

Your Company has adhered to its policy of purchasing materials in short supply whenever and wherever procurable, and inventories are accordingly heavy and to some extent unbalanced. However, the bulk of these materials will be consumed in the manufacture of products for which your Company has firm orders and, upon fulfillment of scheduled programme of production, inventories will have decreased and bank loans will have been reduced proportionately. It is worthy of note that inventories so carried comprise materials which are at all times readily marketable.

Present orders on the books of your Company should keep your plants occupied well into 1950.

The production of buses and trackless trolley coaches conformed to domestic and export requirements, and the Fort William plant of your Company will, in addition, henceforth service tank car equipment, and will undertake the construction of street cars, upon completion of the transfer of this operation from Turcot (Montreal) to the Fort William plant, which has ample facilities for work of this nature, and its production capacity for buses and trackless trolley coaches will be unaffected. No major capital expense is involved.

The export market for your Company's products was sustained, but the acceptance of orders is governed naturally by availability of requisite materials and the ability of the purchaser to pay in hard currency.

The Aircraft Division is occupied with the production and sale of Norseman aircraft, the modification of Harvard Trainers for the account of the RCAF, and is engaged in the overhaul and repair of aircraft used by the Royal Canadian Navy in conjunction with aircraft carrier operations.

The Agency of Canadian Car and Foundry Company, Limited, in association with other award holders, is in active pursuit of further payments under the Mixed Claims Commission Award of 1939. The suit entered against the Agency of the Company by the Estate of W. W. Butler, heretofore shown on the balance sheet as a contingent liability, has now been resolved and settlement thereof has been reflected in the accounts.

Your partly owned subsidiary, Canadian General Transit Company, Limited, has had another satisfactory year of operation, during which the leasing of tank cars has been maintained at usual levels.

The year concluded has been a profitable one for your Company and immediate prospects are favourable. Nevertheless, it should be borne in mind that car orders now in hand represent a replacement programme of the railways which to a considerable extent was created by the restrictions imposed upon them in the matter of equipment during the war years, and the present orders, when completed will, in large measure, adjust this deficiency in rolling stock to normal operational requirements.

The material situation continues to be critical and especially is this true as regards steel plate, which is one of the most essential materials used in the manufacture of many types of railway cars. The Government and its agencies are doing everything possible to assist the steel industry and kindred trades in respect of increased output, but the demand remains far in excess of the supply.

Your Directors deeply regret to have to record the death on February 12, 1948 of Mr. William Harty, Executive Vice-President and a Director of your Company.

Mr. Lyle McCoy, Vice-President and General Manager of your Company, was appointed a Director on April 26th, 1948.

The Directors, in recognition of the commendable manner in which the employees have carried out their duties during the past year, wish to extend thanks to the officers and employees of your Company for services so well and truly rendered.

For the Directors,
V. M. DRURY,
President.

MONTREAL, NOVEMBER 22ND, 1948.

CONSOLIDATED

September

ASSETS

CURRENT ASSETS:

Cash on hand and with bankers.....	\$	558,504.68	
Investment in Government Bonds (Market value \$226,200.00).....		227,039.06	
Accounts receivable, less reserve of \$50,000.00.....		5,787,078.26	
Net amount recoverable in respect of income and excess profits taxes paid.....		247,733.41	
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 com- pany, less reserve of \$230,000.00 and less progress billings of \$2,374,349.33 on contracts.....		17,466,979.11	
Prepayments on account of merchandise not yet received....		320,095.06	
Unexpired insurance, prepaid taxes, etc.....		296,985.55	\$24,904,415.13

REFUNDABLE PORTION OF EXCESS PROFITS TAX

(Assigned to War Assets Corporation).....			163,500.95
---	--	--	------------

INVESTMENT IN AND ADVANCES TO PARTLY OWNED
SUBSIDIARY COMPANY:

Investment, at cost.....	\$	470,625.00	
Current Account.....		27,871.73	498,496.73

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.....	\$22,091,004.53		
Less: Reserve for depreciation provided since above date.....	6,725,391.03	15,365,613.50	17,265,706.87

NOTES:

The net property value subject to future depreciation for income tax purposes is approximately \$9,250,000.00.

Net expenditures aggregating \$5,445,432.49 for buildings, machinery and equipment acquired in connection with war contracts have been fully depreciated and are carried at no value.

\$42,832,119.68

Approved on behalf of the Board:

V. M. DRURY, Director

W. F. ANGUS, Director

DRY COMPANY, LIMITED

Subsidiary Companies

BALANCE SHEET

30 1948

LIABILITIES

CURRENT LIABILITIES:

Bank loans (secured under Section 88 of the Bank Act).....	\$ 6,835,000.00	
Accounts payable and accrued liabilities.....	6,418,380.38	
Income and other taxes.....	858,542.48	
War Assets Corporation, instalments falling due during 1949 in respect of the purchase of capital assets.....	363,015.99	
Amount due re exchange of Preference Shares under arrange- ment dated December 1 1942.....	3,733.20	\$14,478,672.05

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 assign- ment of refundable portion of excess profits tax and as to \$108,000.00 by a chattel mortgage.....	\$ 1,100,015.36	
Deduct: Instalments due during the year ending September 30 1949, shown under current liabilities.....	363,015.99	736,999.37

OPERATING AND MISCELLANEOUS RESERVES 308,083.32

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 (Redeem- able) Preference shares called for redemption on February 18 1946, 2,762 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 1947.....	\$ 686,207.78	
Less: Proportion of net loss in respect of properties sold and equipment scrapped during the year.....	5,440.88	680,766.90
Refundable portion of excess profits tax (Per contra).....	163,500.95	
Earned surplus — Per attached statement.....	9,319,097.09	10,163,364.94
		<u>\$42,832,119.68</u>

A. HODGKINSON, *Vice-President and Comptroller*

Submitted with our report to the Shareholders dated November 22 1948.

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 1948

Combined operating profit for the fiscal year ending September 30 1948, before taking into account the items shown below.....		\$ 4,901,226.27
DEDUCT:		
Fees of directors and executive committee.....	\$ 9,880.00	
Compensation of officers.....	139,070.24	
Legal expense (including amount paid in settlement of Butler suit together with costs in connection therewith).....	181,811.56	
Interest charges on balance payable to War Assets Corporation.....	47,172.31	
Investments written off.....	73,750.00	
Provision for depreciation.....	1,077,376.13	1,529,060.24
		<u>\$ 3,372,166.03</u>
ADD:		
Dividend received from partly owned subsidiary company.....	\$ 94,125.00	
Income from investments.....	5,180.00	
Net additional recovery from award to Agency of Canadian Car and Foundry Company, Limited..	538,666.27	
Profit on disposal of capital assets.....	30,272.73	668,244.00
		<u> </u>
Profit for the fiscal year before providing for taxes on income.....		\$ 4,040,410.03
DEDUCT:		
Provision for Dominion, Provincial and U.S. taxes on income.....		<u>1,459,965.00</u>
NET PROFIT FOR THE FISCAL YEAR.....		\$ 2,580,445.03
Earned surplus at September 30 1947.....	\$ 7,224,094.28	
ADD: Adjustment of taxes on income applicable to prior years.....	207,197.78	7,431,292.06
		<u> </u>
		\$10,011,737.09
DEDUCT:		
Dividends paid on —		
Convertible Non-Callable Class "A" shares.....	\$ 400,000.00	
Ordinary shares.....	292,640.00	692,640.00
		<u> </u>
EARNED SURPLUS AT SEPTEMBER 30 1948.....		<u>\$ 9,319,097.09</u>

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 1948 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.

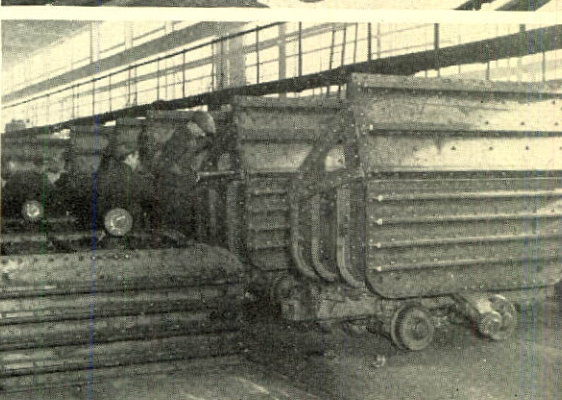
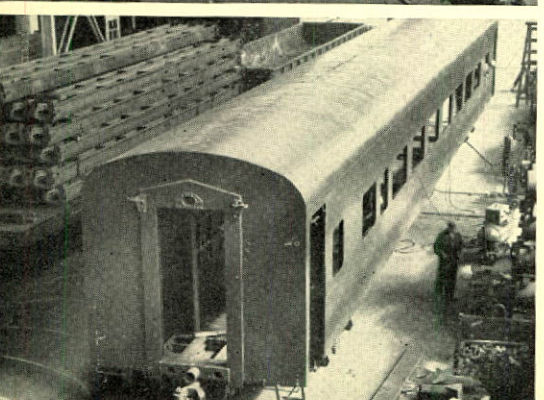
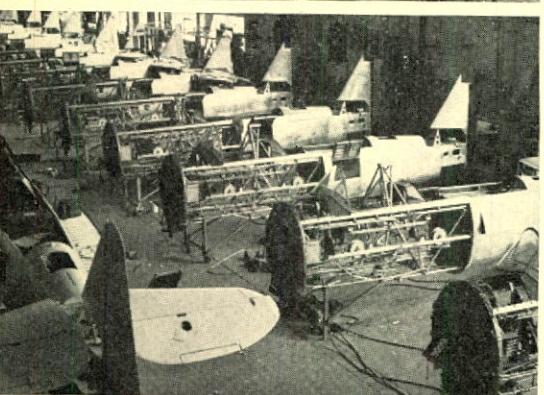
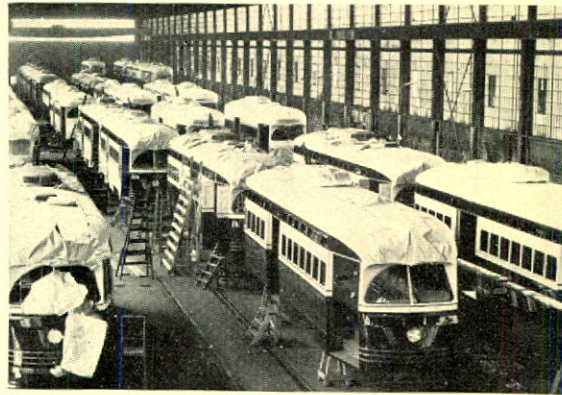
Provision for depreciation of buildings, machinery and equipment for the year has been made in the amount of \$1,077,376.13 which is the amount allowed for income tax purposes. On this basis we report that, in our opinion, the attached consolidated balance sheet and the relative consolidated statement 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 1948 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 the partly owned subsidiary company are included in the accompanying financial statements only to the extent of dividends received.

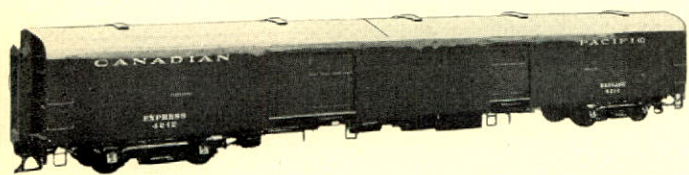
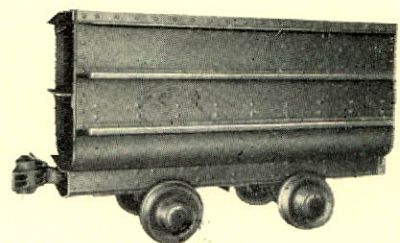
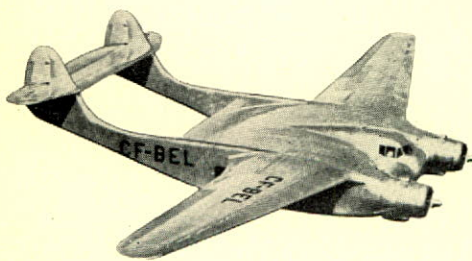
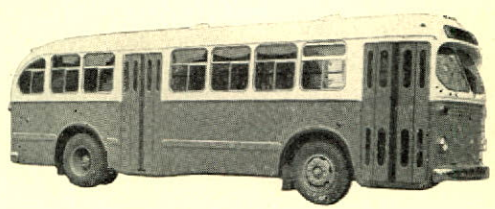
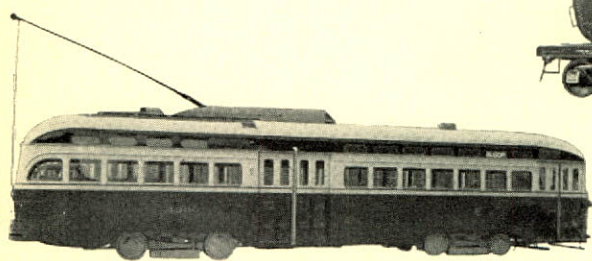
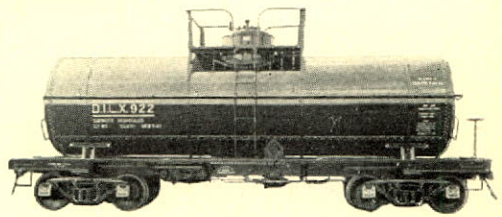
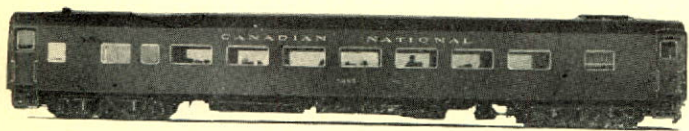
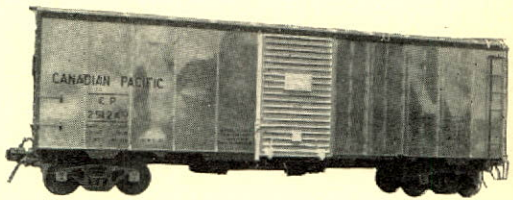
PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, NOVEMBER 22 1948.

A FEW OF THE MANY PRODUCTS PRODUCED BY



CANADIAN CAR & FOUNDRY COMPANY, LIMITED



CANADIAN CAR PRODUCTS ARE KNOWN
AND USED IN THE FOLLOWING COUNTRIES

ANTIGUA	JAMAICA
BAHAMAS	MEXICO
BARBADOS	NEWFOUNDLAND
BELGIAN CONGO	NIGERIA
BELGIUM	PORTUGUESE EAST AFRICA
BRAZIL	RHODESIA
BRITISH GUIANA	RUSSIA
CHINA	SOUTH AFRICA
COLOMBIA	TRINIDAD
DOMINICAN REPUBLIC	TUNISIA
FRANCE	TURKEY
FRENCH MOROCCO	UNITED STATES
INDIA	VENEZUELA

