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**CANADIAN  
CAR & FOUNDRY  
COMPANY  
LIMITED**

**THIRTY-EIGHTH  
ANNUAL  
REPORT  
1947**

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MONTREAL - CANADA

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port en langue FRANÇAISE.

# CANADIAN CAR & FOUNDRY COMPANY, LIMITED



## BOARD OF DIRECTORS

W. F. ANGUS	W. A. EDEN
HON. C. P. BEAUBIEN, K.C.	G. BLAIR GORDON
W. H. COVERDALE	WILLIAM HARTY
V. M. DRURY	J. C. NEWMAN

COLIN W. WEBSTER

## OFFICERS

V. M. DRURY, *President*

WILLIAM HARTY	- - -	<i>Executive Vice-President</i>
W. F. ANGUS	- - -	<i>Vice-President</i>
LYLE MCCOY	- - -	<i>Vice-President and General Manager</i>
DONALD H. FORSYTH	- - -	<i>Secretary</i>
A. HODGKINSON	- - -	<i>Comptroller and Treasurer</i>

## SOLICITORS

WAINWRIGHT, ELDER, LAIDLEY, LESLIE, CHIPMAN & BOURGEOIS  
MONTREAL

## AUDITORS

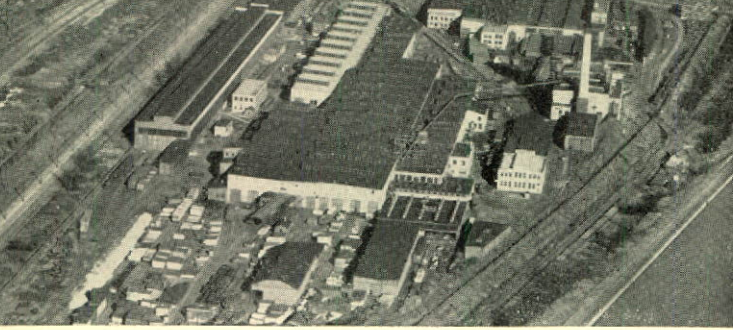
PRICE, WATERHOUSE & Co.

## BANKERS

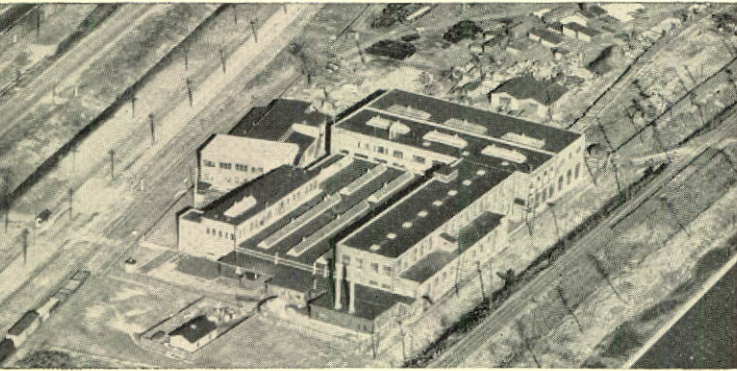
BANK OF MONTREAL  
THE ROYAL BANK OF CANADA

## GENERAL OFFICES

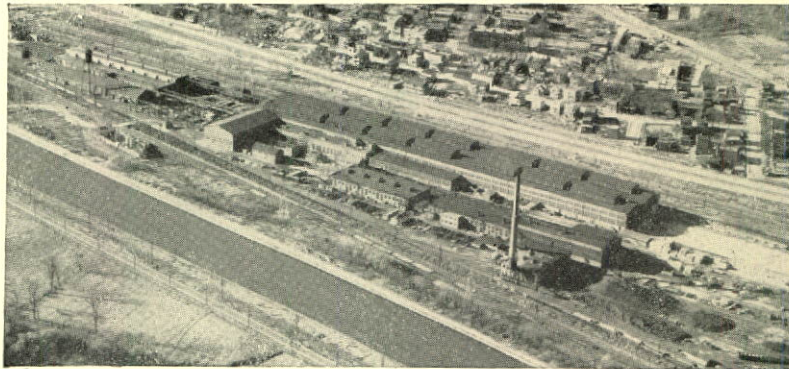
621 CRAIG STREET WEST,  
MONTREAL 3,  
CANADA



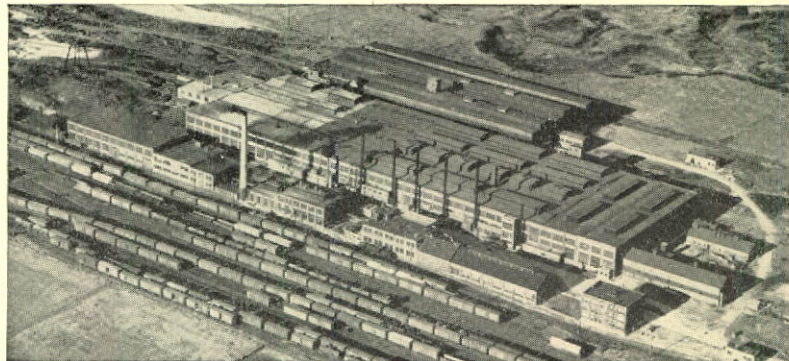
**TURCOT** MONTREAL



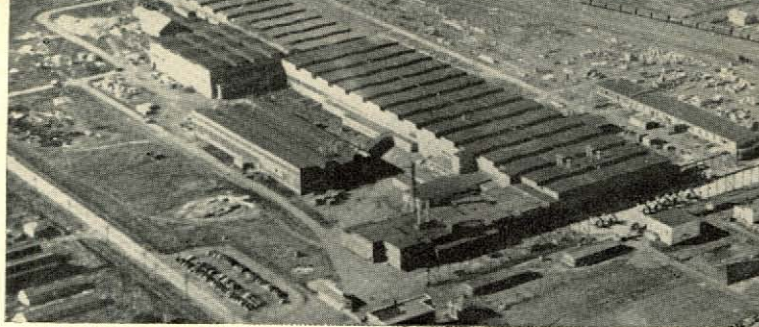
**TURCOT ANNEX** MONTREAL



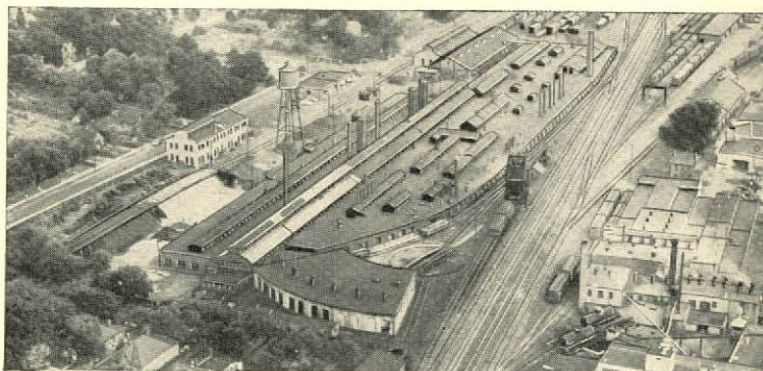
**DOMINION** MONTREAL



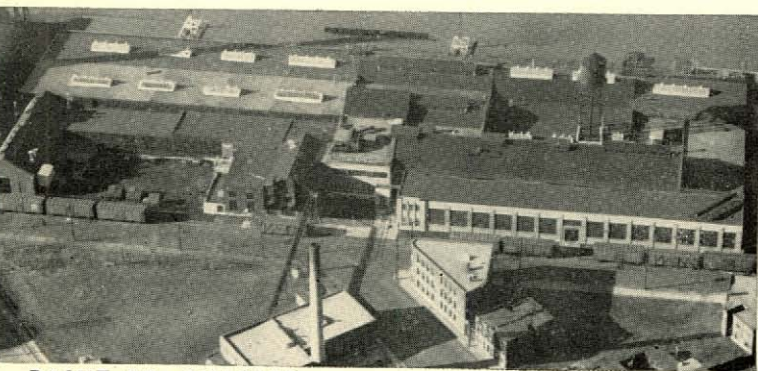
**LONGUE POINTE** MONTREAL



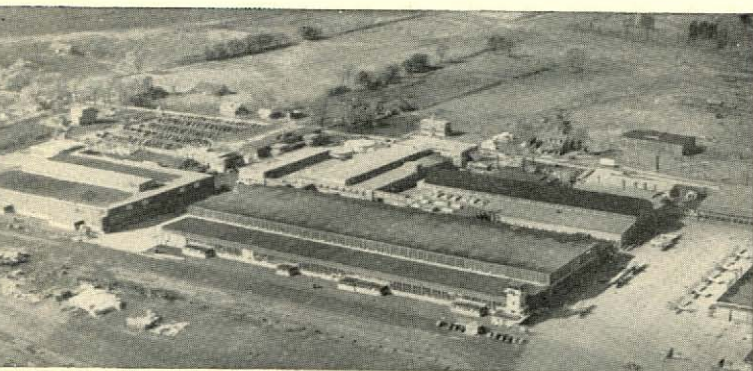
**FORT WILLIAM** ONTARIO



**BRANTFORD** ONTARIO



**POINT ST. CHARLES** MONTREAL



**AIRCRAFT** MONTREAL

# THIRTY-EIGHTH ANNUAL REPORT

*Year Ending September 30th, 1947*



## TO THE SHAREHOLDERS:

Your Directors submit herewith the thirty-eighth annual report of your Company and its wholly owned subsidiary Companies covering combined operations for year ending September 30th, 1947.

The net profit for the year amounts to \$712,682.88 after providing for depreciation and income tax, which compares with a net profit of \$1,215,538.48 in the previous year.

This decrease is mainly accounted for by the virtual cessation of activity in the car shops for a protracted period during the fiscal year, brought about by shortages of certain materials essential to manufacturing requirements. Since then the situation has substantially improved but will nonetheless continue for some time to act as a deterrent to a full realization of gross business now on the books of your Company.

The addition to Capital Assets during the year, after deducting depreciation, was \$1,454,074.44. Approximately the whole of this amount was accounted for by the purchase from War Assets Corporation of buildings, machinery and equipment which had already been built on our properties or installed and in use in our plants. It is felt the acquisition of these assets will prove to be of great benefit to the Company.

The net working capital is \$7,652,172.76, being an increase of \$1,277,425.67 from that of 1946.

It was also necessary for your Company to adopt a policy of long term purchasing of such materials as were available, as a means of supporting operations, resulting naturally in heavy and unbalanced inventories which perforce have been carried through the troublesome interval encountered. Whenever the general material flow resumes its normal course, deliveries of completed units will follow and inventories can then be liquidated into accounts receivable, with consequent reduction of bank loans.

While the operations of the Company were thus curtailed during the major part of the year, large orders are on hand and in immediate prospect, which offer a most encouraging outlook for your Company's forthcoming year.

On November 5th of the current year, thirty months from the commencement of operations, the 1,000th bus issued forth from the production line of your Automotive Division's Fort William Plant. It is most satisfying to your Company to have maintained such a schedule of manufacture, confronted as it was by difficulties common to its other operations. It is worthy of note that not only

has every principal city in Canada purchased Canadian Car-Brill equipment, but that the orders now on the books of your Automotive Division reflect a high percentage of repeat orders, which in effect would offer conclusive evidence of efficient operation and public acceptance thereof.

The Export Division of your Company has an impressive backlog of orders, and deliveries of rolling stock and automotive vehicles have been made to a number of other countries, with many more on a deferred list pending some relief in the critical class of materials.

The Company's activities in the field of aviation comprise the development of the Loadmaster, heavy duty air cargo carrier, and the operation of the St. Laurent Plants where, in addition to the building of the Norseman utility airplane, general reconditioning and repairing of other types of aircraft have occupied the Division.

The Agency of Canadian Car & Foundry Company, Limited has received official notification that a further payment is imminent under the Mixed Claims Commission Award of 1939. A sum of approximately \$9 million is the total amount of the balance due. The pending installment, the actual net amount of which has not as yet been finally determined, will be a payment on account of such amount outstanding.

Your partly owned subsidiary company, Canadian General Transit Company, Limited, continues to lease its tank cars to private industries throughout the Dominion. Its operational scope can develop and broaden in direct ratio to industrial progression and expansion. The fleet of tank cars, which has been augmented within the past year, is considered the minimum required for the normal needs of the country. Your parent company benefits not only from the earnings of this partly owned subsidiary, but also directly, through orders placed with your Company for the manufacture of tank car equipment and the maintenance and servicing thereof.

The past year has been a particularly trying one for your officers and employees alike and your Directors wish to extend their thanks to each and every member of the organization in full appreciation of tireless effort and loyalty of purpose in the struggle toward the common goal of sustained industry, which of itself can ensure national and individual economic security.

For the Directors,

V. M. DRURY,  
President.

MONTREAL, December 29th, 1947.

# CANADIAN CAR & FOUNDATION

AND WHOLLY OWNED SUBSIDIARY

## CONSOLIDATED

September 30, 1945

EXPRESSED IN CANADIAN DOLLARS

### ASSETS

#### CURRENT ASSETS:

Cash on hand and with bankers .....	\$ 162,206.37	
Investment in Government Bonds (Market value \$232,095.00) .....	227,039.06	
Accounts receivable, less reserve of \$50,000.00 .....	3,585,071.68	
Net amount recoverable in respect of income and excess profits taxes .....	1,584,101.89	
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 \$1,604,461.46 on contracts .....	16,906,797.14	
Prepayments on account of merchandise not yet received .....	462,437.01	\$22,927,653.15

<b>DEFERRED CHARGES</b> .....		270,565.30
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#### INVESTMENT IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANY:

Investment at cost .....	\$ 470,625.00	
Current account .....	201,383.29	672,008.29

#### INVESTMENT IN CENTRAL AIRCRAFT CORPORATION AT COST .....

75,000.00

#### CAPITAL ASSETS:

Land, buildings, machinery and equipment at depreciated reproductive values as appraised in 1930 by the Canadian Appraisal Company Limited, plus the cost of subsequent additions (net):

Land .....	\$ 1,852,316.57	
Buildings, machinery and equipment ..	\$21,719,617.96	
Less: Reserve for depreciation provided since above date .....	5,715,103.98	16,004,513.98
		17,856,830.55

#### NOTES:

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

Expenditures re war contracts aggregating \$6,025,852.80, which have been fully depreciated, are carried at no value.

#### REFUNDABLE PORTION OF EXCESS PROFITS TAX (Assigned to War Assets Corporation) .....

	\$ 699,758.01	
Less: Reduction arising out of adjustment to excess profits tax .....	483,693.72	216,064.29

\$42,018,121.58

*Approved on behalf of the Board:*

V. M. DRURY, *Director*

W. F. ANGUS, *Director*



# DRY COMPANY, LIMITED

BSIDIARY COMPANIES

## BALANCE SHEET

er 30 1947

NADIAN DOLLARS)

### LIABILITIES

#### CURRENT LIABILITIES:

Bank loans (secured under Section 88 of the Bank Act)	\$ 6,895,000.00	
Accounts payable and accrued liabilities	7,393,707.84	
Provision for income and other taxes	720,101.87	
War Assets Corporation, instalments falling due during 1948 in respect of the purchase of fixed assets	259,112.48	
Amount due re exchange of Preference Shares under arrangement dated December 1 1942	7,558.20	\$15,275,480.39

#### PURCHASE OF FIXED 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	\$ 1,427,304.00	
Deduct: Proportion thereof falling due during the year ending September 30 1948 and shown under Current Liabilities:—		
Due March 31 1948, \$303,675.82, less \$52,563.34 of the refundable portion of excess profits tax assigned thereagainst	\$ 251,112.48	
Due May 12 1948	8,000.00	
	259,112.48	1,168,191.52

#### OPERATING AND MISCELLANEOUS RESERVES... 303,083.32

#### CAPITAL STOCK:

Convertible Non-Callable Class "A": Authorized 500,000 shares of \$20.00 each	\$10,000,000.00	
Issued 400,000 shares of \$20.00 each	\$ 8,000,000.00	
NOTE—Of the 269,992 Cumulative Participating (Redeemable) Preference shares called for redemption on February 18 1946, 4,773 have not yet been presented for payment and funds are held by the Company's bankers in trust therefor.		
Ordinary: Authorized 1,200,000 shares of no par value		
Issued 365,800 shares of no par value	9,145,000.00	17,145,000.00

#### SURPLUS ACCOUNTS:

Capital surplus—Properties: Balance at September 30 1946	\$ 691,542.91	
Less: Proportion of net loss in respect of properties sold and equipment scrapped during the year	5,335.13	\$ 686,207.78
Earned surplus—Per attached statement	7,224,094.28	
	\$ 7,910,302.06	
Refundable portion of excess profits tax (Per contra)	216,064.29	8,126,366.35

CONTINGENT LIABILITY—A suit was entered in the year 1944 against the Agency of Canadian Car and Foundry Company, Limited, by the Estate of W. W. Butler, a former President of that Company, for additional compensation in the amount of \$1,168,000.00. The Company does not admit liability in respect of such claim and on the advice of counsel it is being contested.

A. HODGKINSON,  
Comptroller and Treasurer

\$42,018,121.58

Submitted with our report to the Shareholders dated December 29 1947

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 1947

Combined net operating profit for the fiscal year ending September 30 1947, before taking into account the items shown below..		\$1,043,899.30
ADD:		
Dividends received from partly owned subsidiary company.....	\$ 258,843.75	
Income from investments.....	6,276.99	265,120.74
		\$1,309,020.04
ADD:		
Amount recovered on termination of war contracts.....		668,148.09
		\$1,977,168.13
DEDUCT:		
Fees of directors and executive committee....	\$ 9,700.00	
Compensation of officers.....	131,032.00	
Legal expense.....	20,131.81	160,863.81
		\$1,816,304.32
DEDUCT: Provision for depreciation:		
Loss arising through disposal of capital assets.....	\$ 27,086.05	
Normal depreciation.....	740,722.07	
Special depreciation.....	13,600.77	781,408.89
		\$1,034,895.43
DEDUCT:		
Provision for Dominion and Provincial income taxes.....		322,212.55
Net profit for the year.....		\$ 712,682.88
Earned surplus at September 30 1946.....		\$5,387,608.69
ADD:		
Adjustments of excess profits and other taxes in respect of prior years.....	1,816,442.71	7,204,051.40
		\$7,916,734.28
DEDUCT:		
Dividends paid on—		
Convertible Non-Callable Class "A" shares	\$ 400,000.00	
Ordinary shares.....	292,640.00	692,640.00
		\$7,224,094.28
EARNED SURPLUS AT SEPTEMBER 30 1947.....		\$7,224,094.28

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 1947, and the relative consolidated statement of profit and loss and earned surplus. In connection therewith we have examined or tested the accounting records of these companies and other supporting evidence and have received all the information and explanations we have required but we did not make a detailed audit of all the transactions.

The liability for Dominion income and excess profits taxes up to September 30 1946 has been reviewed by the taxation authorities and provision therefor made in amounts deemed adequate. Provision for depreciation for the year has been made in the amount of \$754,322.84 which is the amount allowed for income tax purposes.

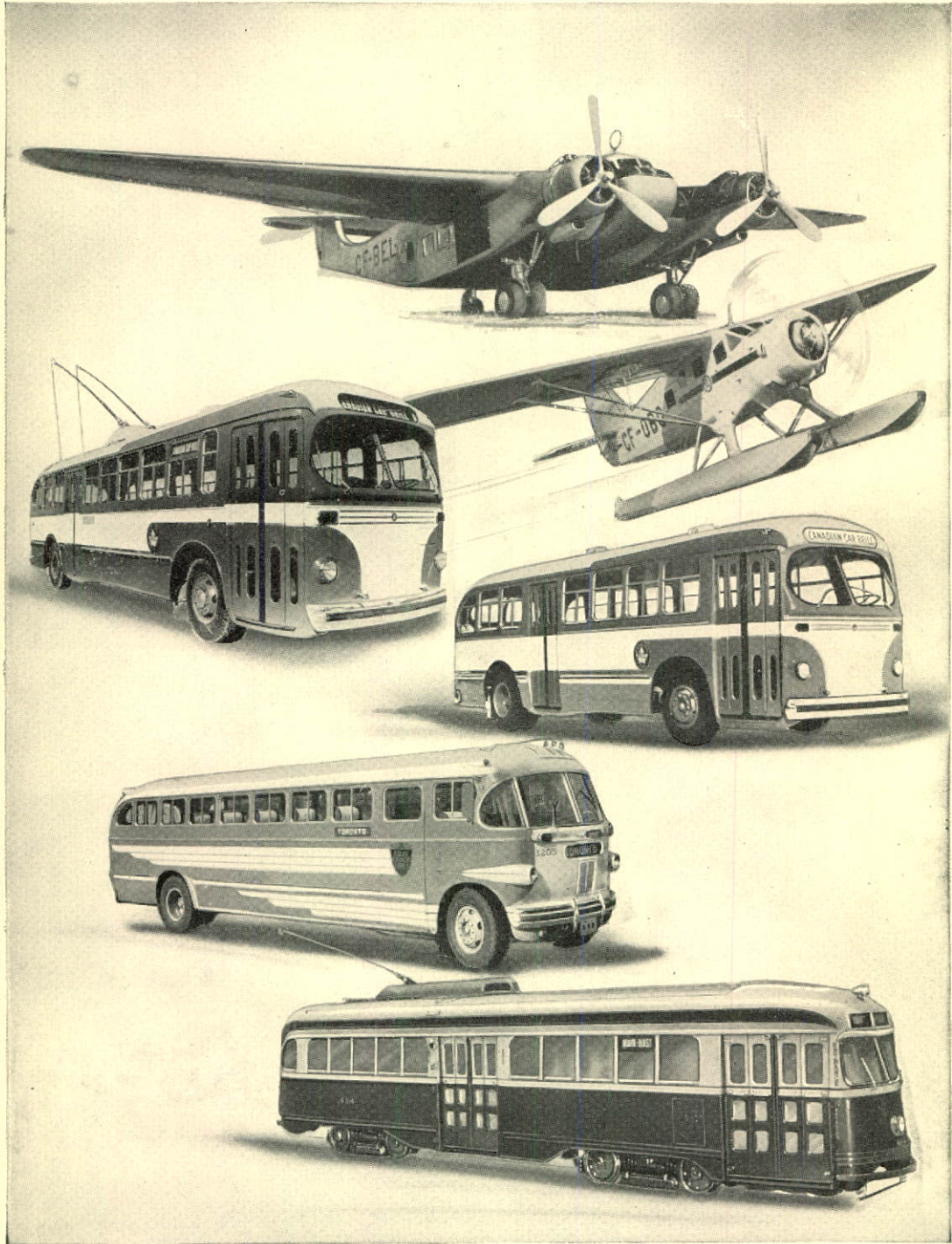
On the above basis we report that the attached consolidated balance sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Canadian Car & Foundry Company, Limited, and its wholly owned subsidiary companies as at September 30 1947, according to the best of our information and the explanations given to us and as shown by the books of the companies; and that the relative consolidated statement of profit and loss and earned surplus fairly presents the results of the combined operations of the companies.

In accordance with the provisions of Section 114 of the Companies Act 1934, we also report that dividends received from the partly owned subsidiary and included in the attached accounts represent, in part, the earnings of the subsidiary for the year and, to the extent of \$136,000.00, a distribution from its accumulated profits of prior years.

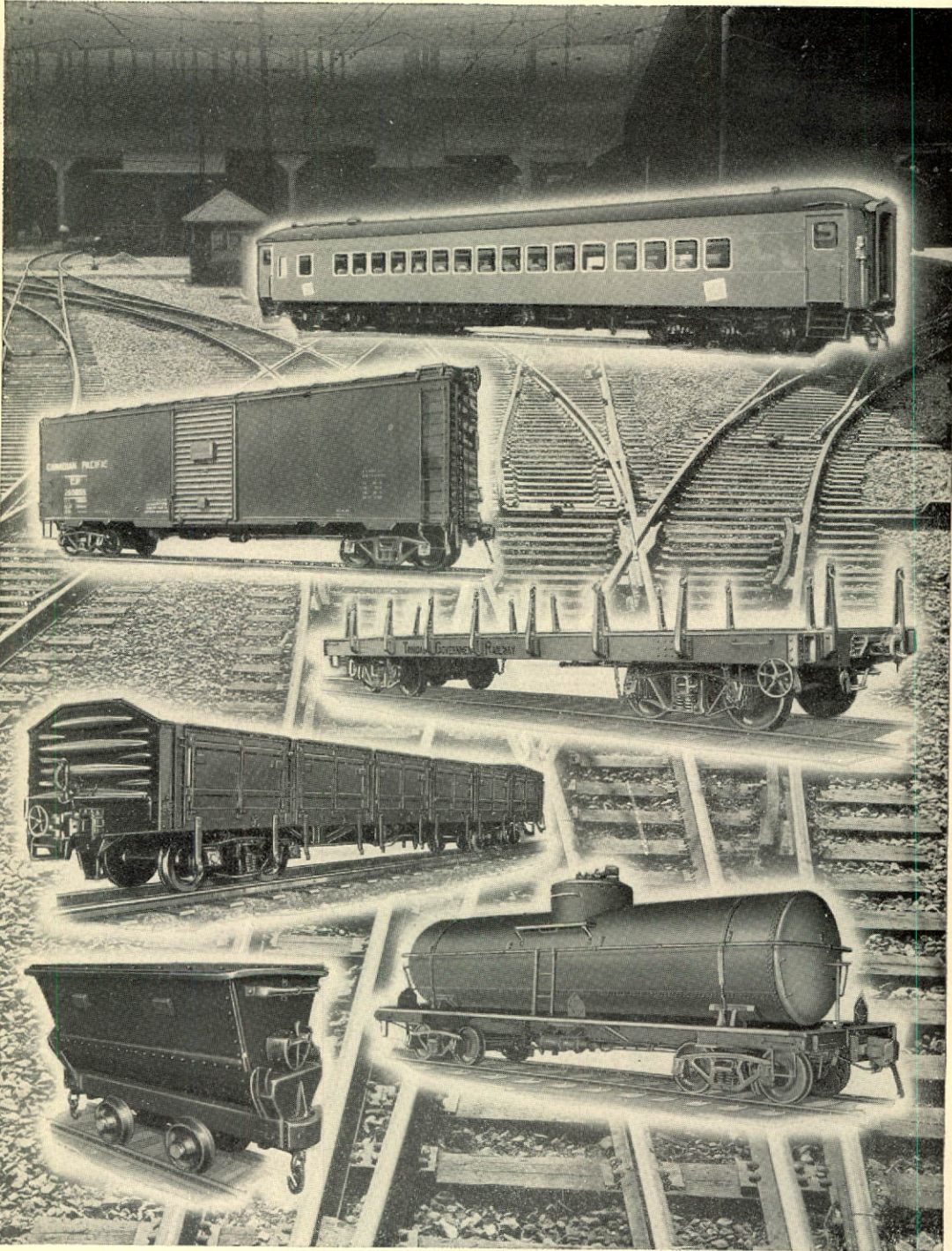
PRICE, WATERHOUSE & Co.,  
*Auditors.*

MONTREAL, December 29 1947.

# 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  
BAHAMAS  
BARBADOS  
BELGIAN CONGO  
BELGIUM  
BRAZIL  
BRITISH GUIANA  
CHINA  
COLOMBIA  
DOMINICAN REPUBLIC  
FRANCE  
FRENCH MOROCCO  
INDIA

JAMAICA  
MEXICO  
NEWFOUNDLAND  
NIGERIA  
PORTUGUESE EAST AFRICA  
RHODESIA  
RUSSIA  
SOUTH AFRICA  
TRINIDAD  
TUNISIA  
TURKEY  
UNITED STATES  
VENEZUELA



