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CANADA  
IRON FOUNDRIES  
LIMITED



ANNUAL  
REPORT  
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# CANADA IRON FOUNDRIES LIMITED



## *Directors*

J. A. KILPATRICK	-	-	-	-	-	-	Montreal, P.Q.
C. L. JOBB	-	-	-	-	-	-	Montreal, P.Q.
T. McC. HUTCHISON	-	-	-	-	-	-	Montreal, P.Q.
A. J. MITCHELL	-	-	-	-	-	-	Toronto, Ont.
D. W. FRASER	-	-	-	-	-	-	New York N.Y.
WM. B. GIVEN, Jr.	-	-	-	-	-	-	New York, N.Y.
W. J. LANGSTON	-	-	-	-	-	-	Montreal, P.Q.

## *Officers*

J. A. KILPATRICK  
*Chairman of the Board*

C. L. JOBB  
*President*

W. J. LANGSTON  
*Vice-President*

M. S. GROGAN  
*Secretary-Treasurer*

## *General Offices*

MARK FISHER BUILDING  
760 Victoria Square  
MONTREAL, P.Q.

TWENTY-SECOND ANNUAL REPORT OF THE  
DIRECTORS OF CANADA IRON FOUNDRIES  
LIMITED

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YEAR ENDED DECEMBER 31st, 1937

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*Submitted to the Shareholders at the Annual General Meeting  
of the Company at Montreal, April 12th, 1938*

Your Directors beg to submit herewith Report of the Company's operations for the year ended December 31st, 1937, together with Profit and Loss Account and Balance Sheet, certified to by your Auditors.

Your Directors are pleased to report an increased earning in all departments of your foundry plants during the year; profits of \$376,611.64 as compared with \$197,739.05 for the previous year. Earnings from your subsidiary foundry plants also show an increase as compared with 1936.

No improvement in volume of business was experienced by your subsidiary Company, Pressure Pipe Company of Canada Limited, operations of that Company again showing a loss for the year.

Since 1932 there has been a marked decrease in the demand for Cast Iron Pressure Pipe. During the five years prior to that date (1928-1932 inclusive) total consumption of Cast Iron Pressure Pipe by Cities, Municipalities and Industry in Canada was approximately 275,000 tons or an average of 55,000 tons per year. During the last five years (1933-1937 inclusive) the total demand throughout the Country was approximately 65,000 tons or an average of 13,000 tons per year, resulting in a material decrease in the tonnage of pipe produced by your Company's Plants during that period.

Your Executive have endeavoured to develop other lines to offset this loss in tonnage and have met with some measure of

success, having secured Canadian rights to manufacture certain lines of machinery, one being a complete line of rolling mill equipment from the Lewis Foundry & Machine Company, Pittsburgh, U.S.A. The most important part of this equipment is the Lewis Three High Automatic Sheet Mill. One of these mills was installed in Canada, two were exported to Europe in 1937, and two are now under construction for export to India. Your Directors are hopeful of developing further business along these lines.

A dividend of 5% on the Preferred Shares has been declared, 1½% having been paid on November 15th, 1937; the balance of 3½% payable on April 30th to Shareholders of record April 15th, 1938.

Including the balance brought forward of \$896,740.07, Interest and Returns on Investments, the Profit and Loss Account, after charges for Depreciation, Maintenance of non-operating Plants, Dominion and Provincial Income Taxes, Remuneration to Salaried Directors, Legal Fees and Investment Reserve, shows a balance of \$972,543.65, carried forward to earned surplus.

During the year under review an expenditure of approximately \$135,000.00 was made by your Company and subsidiaries for plant betterment, equipment and machine tools, \*this amount being charged to Capital Account.

All Plants of your Company have been kept in a good state of repair.

Your Directors wish to convey to the Staff and all Employees an expression of their appreciation for efficient and loyal service during the past year.

Submitted on behalf of the Board.

C. L. JOBB,  
*President.*

March 3rd, 1938.

# CANADA IRON FOUNDRIES, LIMITED

BALANCE SHEET DECEMBER 31, 1937

## ASSETS

### CAPITAL ASSETS:

Real Estate, Buildings, Machinery, etc., and Goodwill (acquired October 1, 1915), at cost, plus additions less Realizations to date.....	\$6,202,353.86	
<i>Less:</i> Reserve for Depreciation.....	3,167,742.73	
		\$3,034,611.13

### SHARES IN AND AMOUNTS OWING BY SUBSIDIARY COMPANIES:

Shares—At Cost or under.....	\$2,953,397.25	
Amounts owing.....	238,635.45	
		3,192,032.70

### CURRENT ASSETS:

Inventories—As determined and certified by responsible officials of the Company and valued as follows:		
Raw Materials and Supplies at the lower of Cost or Market, Work in Progress and Manufactured Product at Manufacturing Cost.....	\$ 830,763.31	
Accounts and Bills Receivable, less Reserve for Doubtful Debts.....	502,335.49	
Government Bonds and other Marketable Securities, at cost less Reserve (Market Value \$113,091.00).....	112,635.78	
Other Securities—at Cost.....	22,850.47	
Cash in Banks and on Hand.....	121,072.45	
		1,589,657.50

### DEFERRED CHARGES TO FUTURE OPERATIONS:

Insurance, Taxes, etc., unexpired.....	1,979.05	
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\$7,818,280.38

## LIABILITIES

### CAPITAL STOCK:

#### *Authorized:*

45,000 6% Non-Cumulative Preference Shares of \$100.00 each.....	\$4,500,000.00
18,000 Common Shares of \$100.00 each.....	1,800,000.00
	\$6,300,000.00

#### *Issued:*

38,778 6% Non-Cumulative Preference Shares of \$100.00 each.....	\$3,877,800.00
15,989 Common Shares of \$100.00 each.....	1,598,900.00
	\$5,476,700.00

*(Note: The Preference Shares are subject to Redemption by tender, at prices not exceeding \$100.00 per Share.)*

### CURRENT LIABILITIES:

Accounts Payable, Pay Rolls, etc.....	\$ 203,995.99
Provision for Dominion and Provincial Income Taxes.....	64,754.50
Dividend of 3½% on Preference Shares payable April 30, 1938.....	135,723.00
Unclaimed Dividends.....	19,198.62
	423,672.11

UNCLAIMED WAGES AND OTHER UNADJUSTED CREDITS 9,364.62

GENERAL RESERVE..... 936,000.00

### EARNED SURPLUS:

Balance as per Statement herewith..... 972,543.65

#### *Approved on behalf of the Board:*

(Sgd.) J. A. KILPATRICK } *Directors.*  
CHAS. L. JOBB }

\$7,818,280.38

#### *To the Shareholders:*

#### CANADA IRON FOUNDRIES LIMITED—

We have examined the Books and Accounts of Canada Iron Foundries Limited for the year ended December 31, 1937, and have obtained all the information and explanations we have required. In our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Pursuant to Section 114 of the Dominion Companies Act we report that the profits of the Company for the year ended December 31, 1937, include the profits of Subsidiary Companies, which made profits to the extent of the dividends received from such Subsidiary Companies. Losses were incurred by two Subsidiary Companies, the loss of one Subsidiary being met out of its undivided profits of prior years and the proportion of the loss of the other Subsidiary applicable to the holdings of Canada Iron Foundries Limited has been provided for in the attached Profit and Loss Account.

We also report that the total dividends received from Subsidiary Companies during the year are not in excess of the aggregate of the Company's proportions of its Subsidiary Companies' profits less losses for the same period as shown by the accounts of the Subsidiary Companies.

DELOITTE, PLENDER, HASKINS & SELLS,  
Auditors.

# CANADA IRON FOUNDRIES, LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 1937

Dr.			Cr.
To Depreciation on Plant and Machinery.....	\$ 26,546.42	By Profits on Operations after Deducting Selling and Administrative Expenses.....	\$ 376,611.64
" Maintenance of Non-Operating Plants.....	3,498.43	" Interest on Government Bonds and Other Securities, Call Loans, etc.....	10,135.02
" Provision for Dominion and Provincial Income Taxes.....	55,000.00	" Interest on Loan—Subsidiary Company.....	5,356.63
" Executive Remuneration Paid to Salaried Directors.....	45,324.86	" Dividend—Subsidiary Company.....	65,000.00
" Legal Fees.....	1,040.00		
" Provision for Investments—Subsidiary Company.....	25,000.00		
" Provision for Investments—Marketable Securities.....	31,000.00		
" Net Profit for Year Carried to Statement of Earned Surplus.....	269,693.58		
	<u>\$ 457,103.29</u>		<u>\$ 457,103.29</u>

Statement Pursuant to Section 113 (1), Dominion Companies Act:  
 The total remuneration received by Directors of the Company  
 (excluding Salaried Directors) including amounts paid by  
 Subsidiary Companies amounted to \$3,250.00.

## STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1937

To Dividend of 5% on Preference Shares.....	\$ 193,890.00	By Balance as at January 1, 1937.....	\$ 896,740.07
" Balance as per Balance Sheet.....	972,543.65	" Net Profit for Year as per Profit and Loss Account.....	269,693.58
	<u>\$1,166,433.65</u>		<u>\$1,166,433.65</u>



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