

2000

CANADA
IRON FOUNDRIES
LIMITED



ANNUAL
REPORT
1 9 4 4



CANADA IRON FOUNDRIES LIMITED



Directors

J. A. KILPATRICK - - - - -	Montreal, P.Q.
W. J. LANGSTON - - - - -	Montreal, P.Q.
T. McC. HUTCHISON - - - - -	Montreal, P.Q.
D. W. FRASER - - - - -	New York, N.Y.
A. D. McCALL - - - - -	Montreal, P.Q.
J. H. DOUGHERTY - - - - -	Montreal, P.Q.
T. CLOUGH - - - - -	Toronto, Ont.
A. F. McLACHLIN - - - - -	Montreal, P.Q.

Officers

J. A. KILPATRICK
Chairman of the Board

W. J. LANGSTON <i>President and General Manager</i>	J. H. DOUGHERTY <i>Vice-President</i>	M. S. GROGAN <i>Vice-President and Secretary-Treasurer</i>
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Transfer Agents

Montreal Trust Company - - - - -	Montreal, P.Q.
Montreal Trust Company - - - - -	Toronto, Ont.

Registrars

Canadian Trust Company - - - - -	Montreal, P.Q.
Montreal Trust Company - - - - -	Toronto, Ont.

General Offices

921 SUN LIFE BUILDING
MONTREAL, P.Q.

CANADA IRON FOUNDRIES, LIMITED

Montreal, Quebec, March 22, 1945

To the Shareholders:

Your Directors are pleased to submit herewith the Twenty-ninth Annual Report on the operations of your Company for the year ended December 31st, 1944, together with Balance Sheet and Profit & Loss Account for this period.

Sales volume was maintained at approximately the same level as in 1943, although as a result of changes in requirements for various items for the Department of Munitions and Supply, our production schedules have had to be readjusted accordingly. It is anticipated that 1945 production will be maintained along similar lines after considering Contracts now in hand and prospective business available.

It will be noted that the net profit for the year, after deducting all administration charges, depreciation, and providing for Dominion Income and Excess Profits Taxes, amounted to \$511,301.54, which is equal to 60c per share on the Preference, and \$1.74 per share on the Common. This improvement in earnings is due to operating economies made possible by expenditures for improved facilities at the various Plants of the Company the return to a normal basis of depreciation, as well as an increase in the income received from Subsidiary Companies.

Our products are still being manufactured under Ceiling prices established in 1941, but your Company has steadily pursued the policy of producing Munitions requirements of the highest quality on the most economical basis at prices which permit of only a nominal profit, the average profit for the year being 4.2% on the total sales.

During the year an amount of \$113,380.59 was expended on new buildings, machinery, and equipment, and all Company properties have been maintained in sound physical condition.

Depreciation on Plant and Machinery for the year under review amounted to \$87,114.32 as compared with \$199,931.84 for 1943.

A further improvement in the cash position of the Company will also be noted with Dominion of Canada Victory Bonds now standing at \$650,000.00 against Bank Loan of \$335,000.00 secured by these Bonds—with Cash in Banks and on hand amounting to \$157,958.48. The refundable portion of Excess Profits Tax now amounts to \$79,185.00 as against \$19,608.00 for 1943. After deducting the refundable portion for the year under review of \$59,577.00, Income & Excess Profits Tax amounted to \$371,423.00.

The Earned Surplus at the end of the year amounted to \$1,925,113.88, as compared with \$1,678,095.54 at the end of 1943.

Supplementary Letters Patent were granted your Company on February 8th, 1944, in accordance with By-Laws No. 29 and No. 30 enacted by the Directors on November 26th, 1943, and confirmed

at a Special General Meeting of Shareholders held on January 27th, 1944, authorizing:

- (a) the subdivision of its Preference and Common Shares of the par value of \$100 each of the Capital Stock of the Company into shares of \$10 each par value,
- (b) the amendment of Letters Patent incorporating the Company:
 - (1) to permit the Company to purchase Preference Shares on the open market at prices not exceeding 100 per centum of the capital for the time being paid up on such shares respectively, and
 - (2) to make the necessary changes in the provisions of the Letters Patent incorporating the Company relating to the purchase of Preference Shares after calling for tenders consequent upon the subdivision of such Shares.

Both the new \$10 par value Preference and Common Shares of your Company were listed for trading—on the Montreal Stock Exchange on May 1st, 1944, and on the Toronto Stock Exchange on June 1st, 1944.

Your Company purchased on the open market and cancelled during the year 1,141 Shares of 6% Non-Cumulative Preference Stock of the par value of \$10 as shown in the Financial Statement under review.

A Dividend of 6% on the Preference Shares and 1½% on the Common Shares has been declared for the year, 3% being paid on the Preference Shares on August 1st, 1944; the balance of the dividends on both Preference and Common Shares being payable on April 2nd, 1945, to Shareholders of record March 15th, 1945.

Your Subsidiary Companies continued to show progress throughout the year, and all Contracts undertaken by them were efficiently and satisfactorily executed. Dividends contributed to your Company by Subsidiary Companies amounted to \$268,720.00 for 1944, as compared with \$168,720.00 in the previous year.

Your Directors accepted with regret the resignation of Mr. Arthur Cross, Montreal, a Director of the Company since 1940, on September 29th, 1944.

Once again your Directors wish to record their appreciation of the loyalty, initiative, and excellent work performed by Executive Officers, also the Staff and Employees, during a further period of trying operating conditions. Your Company's affairs have been dealt with in a very efficient manner which bespeaks continued success in future operations. The Company's relations with its Employees have been very harmonious throughout, and through the combined efforts of all, your Directors are able to present to you for your consideration the attached Financial Report outlining a further year of progress.

Submitted on behalf of the Board.

W. J. LANGSTON,
President.

CANADA IRON FOUNDRIES, LIMITED

BALANCE SHEET, AS AT 31st DECEMBER, 1944

ASSETS	
CAPITAL ASSETS:	
Real Estate, Buildings, Machinery, etc., and Goodwill (acquired 1st October, 1915) at Cost, plus Additions, less Realizations to date.....	\$7,530,865.45
Less: Reserve for Depreciation.....	4,198,124.13
	\$3,332,741.32
SHARES IN AND AMOUNTS OWING BY SUBSIDIARY COMPANIES:	
Shares—at Cost or Under.....	\$3,270,647.25
Amounts Owing.....	26,626.32
	3,297,273.57
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.....	1,265,173.72
Accounts Receivable, less Reserve for Doubtful Debts.....	774,956.80
Dominion of Canada Bonds, at Cost..... (Market Value \$648,875.00)	650,000.00
Marketable Securities, at Cost, Less Reserve..... (Market Value \$78,649.35)	53,185.78
Other Securities, at Cost.....	25,331.60
Cash in Banks and on Hand.....	157,958.48
	2,926,606.38
REFUNDABLE PORTION OF EXCESS PROFITS TAX.....	79,185.00
DEFERRED CHARGES TO FUTURE OPERATIONS:	
Insurance, Taxes, etc., Unexpired.....	22,681.45
	\$9,658,487.72

LIABILITIES	
CAPITAL STOCK:	
<i>Authorized:</i>	
450,000—6% Non-Cumulative Preference Shares of \$10.00 each.....	\$4,500,000.00
180,000—Common Shares of \$10.00 each.....	1,800,000.00
	\$6,300,000.00
<i>Issued:</i>	
387,780—6% Non-Cumulative Preference Shares of \$10.00 each.....	\$3,877,800.00
Less: Redeemed by Purchase	
1,141—6% Non-Cumulative Preference Shares of \$10.00 each.....	11,410.00
	386,639
159,890—Common Shares of \$10.00 each.....	1,598,900.00
	\$5,465,290.00
(Note: The Preference Shares are subject to Redemption by Tender and/or Purchase on the open market at prices not exceeding 100 per centum of the Par Value for the time being paid up thereon.)	
CURRENT LIABILITIES:	
Bank Loan—on account of Dominion of Canada Bonds.....	\$ 335,000.00
Accounts Payable, Pay Rolls, etc.....	594,099.57
Income and Excess Profits Taxes.....	156,044.25
Dividend of 3% on Preference Shares Payable 2nd April, 1945.....	112,991.70
Dividend of 1½% on Common Shares Payable 2nd April, 1945.....	23,983.50
Unclaimed Dividends.....	20,075.78
	1,242,194.80
UNCLAIMED WAGES AND OTHER UNADJUSTED CLAIMS	
	3,479.04
RESERVES:	
General.....	\$ 936,000.00
Re-Establishment of Enlisted Employees.....	75,000.00
	1,011,000.00
CAPITAL SURPLUS	11,410.00
EARNED SURPLUS:	
Balance as per Statement herewith.....	1,925,113.88
<i>Approved on behalf of the Board:</i>	
(Signed), J. A. KILPATRICK } Directors.	\$9,658,487.72
" W. J. LANGSTON }	

To the Shareholders:

CANADA IRON FOUNDRIES LIMITED—

We have examined the books and accounts of Canada Iron Foundries Limited for the year ended 31st December, 1944, 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 31st December, 1944, include dividends received from two Subsidiary Companies which were not in excess of the profits earned by those Subsidiaries for the year. Profits earned during the year by the remaining Subsidiary Companies have not been included in the above accounts.

Montreal, 15th March, 1945.

(Sgd.) STEVENSON, WALKER, KNOWLES & CO.
Chartered Accountants.

CANADA IRON FOUNDRIES, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1944

DR.		CR.	
To Provision for Income and Excess Profits Taxes after Deducting Refundable Portion of Excess Profits Tax.....	\$ 371,423.00	By Profit on Operations after Deducting Selling and Administrative Expenses.....	\$ 766,723.76
" Depreciation on Plant and Machinery.....	87,114.32	" Dividends—Subsidiary Companies.....	268,720.00
" Remuneration of Executive Officers and Salaried Directors.....	74,958.32	" Revenue from Securities.....	17,749.67
" Provision for Bad and Doubtful Debts.....	5,000.00		
" Legal Fees.....	3,396.25		
" Net Profit for the Year carried to Statement of Earned Surplus..	511,301.54		
	<u>\$1,053,193.43</u>		<u>\$1,053,193.43</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 \$35,311.48.

STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED 31ST DECEMBER, 1944

To Dividend of 6% on Preference Shares.....	\$ 228,998.70	By Balance as at 31st December, 1943.....	\$1,678,095.54
" Dividend of 1½% on Common Shares.....	23,983.50	" Net Profit for the Year as per Profit and Loss Account.....	511,301.54
" Preference Shares Redeemed by Purchase.....	11,301.00		
" Balance as per Balance Sheet.....	1,925,113.88		
	<u>\$2,189,397.08</u>		<u>\$2,189,397.08</u>

Audited and Verified,

(Sgd.) STEVENSON, WALKER, KNOWLES & CO.

Chartered Accountants.

MONTREAL, 15TH MARCH, 1945.



