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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.
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.
GARFIELD KILPATRICK	- - - - -	Cobleskill, N.Y.
A. F. McLACHLIN	- - - - -	Montreal, P.Q.

Officers

J. A. KILPATRICK
Chairman of the Board

W. J. LANGSTON
*President
and General Manager*

J. H. DOUGHERTY
Vice-President

M. S. GROGAN
*Vice-President and
Secretary-Treasurer*

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 8, 1946

To the Shareholders:

Your Directors are pleased to submit herewith the Thirtieth Annual Report covering operations of your Company for the year ended December 31st, 1945, together with Balance Sheet and Profit & Loss Account for this period.

Total sales volume was somewhat lower than in 1944, as a result of cancellation of all outstanding contracts with the Department of Munitions and Supply due to the termination of hostilities. This, combined with the fact that during the year substantial voluntary readjustments were made on completed Munitions contracts, had the effect of reducing the profit on operations as compared with the previous year.

In order to offset this condition your Company was successful in concluding agreements with several American Companies, thereby securing the right to manufacture additional lines of heavy machinery for use in Canada and export. So far, additional business has been booked to offset losses due to cancellations and sufficient orders have been secured to enable all plants to operate to capacity for the balance of this year.

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 \$594,135.51, which is equal to 60c per share on the Preference, and \$2.30 on the Common. Your Directors consider that this is a very creditable showing especially as nearly all of its products are still being manufactured under ceiling prices established in 1941. It is hoped, however, that as a result of recent changes in the Income Tax regulations this condition will improve in the present year.

In keeping with its policy of steadily improving its production facilities, your Company expended the sum of \$272,051.59 on new buildings, machinery, and equipment during the year, and it is expected that this expenditure will lead to more economical operations in the future, thereby permitting the Company to meet competition in the domestic and export markets.

Depreciation on Plant and Machinery for the year under review amounted to \$100,054.32, as compared with \$87,114.32 for the year 1944. After deducting the refundable portion for the year 1945 of \$20,300.00, the Income and Excess Profits Taxes amounted to \$212,000.00, and the total refundable portion now amounts to \$99,485.00.

The Earned Surplus at the end of the year amounted to \$2,109,661.49, as compared with \$1,925,113.88 at the end of 1944.

Supplementary Letters Patent were granted your Company on May 25th, 1945, in accordance with By-law No. 33, enacted by the Directors on April 27th, 1945, and confirmed at a Special Meeting

of the Shareholders held on July 27th, 1945, increasing the authorized Common Stock from 180,000 Shares of the Par Value of \$10.00 each to 1,000,000 Shares of the Par Value of \$10.00 each.

Supplementary Letters Patent were granted your Company in accordance with By-law No. 34, enacted by the Directors on November 20th, 1945, and confirmed at a Special General Meeting of Shareholders held on December 17th, 1945, permitting the Company to purchase its Preference Shares, with the consent of the holders thereof and issue in satisfaction of the purchase price of such shares so purchased shares or other securities of the Company in such amounts as may from time to time be determined by the Directors.

Your Company purchased on the open market and cancelled during the year 1945, 10,000 shares of 6% Non-Cumulative Preference Stock of the Par Value of \$10.00 each, as shown in the financial statement under review.

A Dividend of 30c per share on the Preference and 15c per share on the Common shares was paid on August 1st, 1945, for the half year ended June 30th, 1945. A further dividend has been declared of 30c per share on the Preference and 40c on the Common for the half year ended December 31st, 1945, and payable on April 15th, 1946.

The Earnings of your Subsidiary Companies were maintained during the year and Dividends received from them amounted to \$375,000.00, but were not in excess of the Earnings for the year under review.

All Plants of your Company have been maintained in a sound physical condition, and all employees who were members of the Armed Services have now been re-established in the service of the Company to the satisfaction of all concerned.

Mr. Garfield Kilpatrick, of Cobleskill, New York, was appointed Director on April 27th, 1945, to fill the vacancy created by the resignation of Mr. T. Clough, Toronto, Ontario.

Your Directors wish to record their appreciation of the loyal and faithful service rendered by the Executive Officers, Staff and Employees during the past year, as they fully realize the problems which were overcome successfully as a result of their resourcefulness and industry.

Your Company's relations with the employees at all plants have been very harmonious and the Local Union Committees have co-operated to the fullest extent in all matters which have come up for consideration throughout the year.

It is expected that the year ahead will present further problems in the way of readjustment, but with the combined efforts of all, these difficulties will be overcome successfully.

Submitted on behalf of the Board.

W. J. LANGSTON,
President.

CANADA IRON FOUNDRIES, LIMITED

BALANCE SHEET, AS AT 31st DECEMBER, 1945

ASSETS

CAPITAL ASSETS:

Real Estate, Buildings, Machinery, etc., and Goodwill (acquired 1st October, 1915) at Cost, plus Additions, less Realizations to date.....	\$7,802,917.04	
Less: Reserve for Depreciation.....	4,298,178.45	
		\$3,504,738.59

SHARES IN SUBSIDIARY COMPANIES

Shares—at Cost or Under.....	3,270,647.25	
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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.....	\$1,542,308.64	
Accounts Receivable, less Reserve for Doubtful Debts.....	686,822.52	
Dominion of Canada Bonds, at Cost..... (Market Value \$300,300.00)	300,000.00	
Marketable Securities, at Cost, less Reserve..... (Market Value \$67,249.00)	32,795.78	
Other Securities, at Cost.....	23,511.24	
Cash in Banks and on Hand.....	167,163.57	
		2,752,601.75

REFUNDABLE PORTION OF EXCESS PROFITS TAX.....	99,485.00	
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DEFERRED CHARGES TO FUTURE OPERATIONS:

Insurance, Taxes, etc., Unexpired.....	7,882.23	
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To the Shareholders:

CANADA IRON FOUNDRIES LIMITED—

\$9,635,354.82

LIABILITIES

CAPITAL STOCK:

Authorized:

450,000—6% Non-Cumulative Preference Shares of \$10.00 each.....	\$4,500,000.00	
1,000,000—Common Shares of \$10.00 each.....	10,000,000.00	
		\$14,500,000.00

Issued:

386,639—6% Non-Cumulative Preference Shares of \$10.00 each.....	3,866,390.00	
Less: Redeemed by purchase		
10,000—6% Non-Cumulative Preference Shares of \$10.00 each.....	100,000.00	
		3,766,390.00
376,639		
159,890—Common Shares of \$10.00 each.....	1,598,000.00	
		\$5,365,290.00

(Note: Upon certain terms and conditions and with the consent of the holders, the Preference Shares are redeemable by purchase in whole or in part at prices not exceeding the capital paid up thereon and the Company may issue shares or other securities in payment of the purchase price thereof.)

AMOUNTS OWING TO SUBSIDIARY COMPANIES.....

98,972.21

CURRENT LIABILITIES:

Bank Loan—on account of Dominion of Canada Bonds.....	250,000.00	
Accounts Payable, Pay Rolls, etc.....	466,197.61	
Income and Excess Profits Taxes.....	22,835.40	
Dividend of 3% on Preference Shares Payable 15th April, 1946.....	112,991.70	
Dividend of 4% on Common Shares Payable 15th April, 1946.....	63,956.00	
Unclaimed Dividends.....	21,116.19	
		937,096.90

UNCLAIMED WAGES AND OTHER UNADJUSTED CLAIMS

1,924.22

RESERVES:

General.....	\$ 936,000.00	
Re-Establishment of Enlisted Employees.....	75,000.00	
		1,011,000.00

CAPITAL SURPLUS.....

111,410.00

EARNED SURPLUS:

Balance as per Statement herewith.....	2,109,661.49	
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Approved on behalf of the Board:

(Signed), J. A. KILPATRICK

" W. J. LANGSTON

} Directors.

\$9,635,354.82

We have examined the books and accounts of Canada Iron Foundries Limited for the year ended 31st December, 1945, 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, 1945, 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, 7th March, 1946.

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

CANADA IRON FOUNDRIES, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 1945

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To Provision for Income and Excess Profits Taxes after Deducting Refundable Portion of Excess Profits Tax.....	\$212,000.00	By Profit on Operations after Deducting Selling and Administrative Expenses.....	\$592,086.62
" Depreciation on Plant and Machinery.....	100,054.32	" Dividends—Subsidiary Companies.....	375,000.00
" Remuneration of Executive Officers and Salaried Directors.....	74,958.32	" Revenue from Securities.....	23,107.65
" Provision for Bad and Doubtful Debts.....	5,000.00		
" Legal Fees.....	4,046.12		
" Net Profit for the Year Carried to Statement of Earned Surplus..	594,135.51		
	<u>\$990,194.27</u>		<u>\$990,194.27</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 \$18,624.90.

STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED 31st DECEMBER, 1945

To Dividend of 6% on Preference Shares.....	\$225,983.40	By Balance as at 31st December, 1944.....	\$1,925,113.88
" Dividend of 5½% on Common Shares.....	87,939.50	" Net Profit for the Year as Per profit and Loss Account.....	594,135.51
" Preference Shares Redeemed by Purchase.....	100,000.00	" Premium on Sale of Securities.....	4,335.00
" Balance as per Balance Sheet.....	2,109,661.49		
	<u>\$2,523,584.39</u>		<u>\$2,523,584.39</u>

Audited and Verified,

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

Chartered Accountants.

MONTREAL, 7TH MARCH, 1946.

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