

**CANADIAN
CAR & FOUNDRY
COMPANY
LIMITED**

**TWENTY-NINTH
ANNUAL
REPORT
1938**

MONTREAL - CANADA

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**CANADIAN
CAR & FOUNDRY
COMPANY
LIMITED**

**TWENTY-NINTH
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MONTREAL - CANADA

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

BOARD OF DIRECTORS

W. F. ANGUS, MONTREAL	V. M. DRURY, MONTREAL
HON. C. P. BEAUBIEN, K.C., MONTREAL	W. A. EDEN, MONTREAL
HON. J. P. B. CASGRAIN, MONTREAL	J. C. NEWMAN, MONTREAL
F. H. CLERGUE, MONTREAL	L. A. PETO, MONTREAL
	HON. LORNE C. WEBSTER, MONTREAL

OFFICERS

V. M. DRURY, <i>President</i>	
L. A. PETO, <i>Vice-President and General Manager</i>	W. S. ATWOOD, <i>Vice-President</i>
W. F. ANGUS, <i>Vice-President</i>	A. C. BOURNE, <i>Secretary</i>
A. D. NEALE, <i>Vice-President</i>	P. C. MCLACHLAN, <i>Comptroller and Treasurer</i>



SOLICITORS

WAINWRIGHT, ELDER & MCDUGALL, MONTREAL

BANKERS

BANK OF MONTREAL
THE ROYAL BANK OF CANADA



GENERAL OFFICES

621 CRAIG STREET WEST, MONTREAL

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

AND WHOLLY OWNED SUBSIDIARY COMPANIES

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CONSOLIDATED STATEMENT OF EARNED SURPLUS AND PROFITS

September 30, 1938

Combined net operating profits for the Fiscal Year ending September 30, 1938, before charging depreciation.....		\$1,967,694.39
ADD:		
Dividend received from partly owned subsidiary	\$28,893.00	
Interest on Investments.....	2,424.11	
Profit on Investments.....	1,228.50	32,545.61
		2,000,240.00
LESS:		
Fees of Directors and Executive Committee...	9,972.00	
Salaries of Officers.....	92,725.00	
Legal Expenses.....	4,462.19	107,159.19
		1,893,080.81
Profit for the Fiscal Year before charging Depreciation and Income Taxes.....		1,893,080.81
DEDUCT DEPRECIATION:		
On property written off during the year.....	193,722.04	
Additional reserve provided.....	247,044.50	440,766.54
		1,452,314.27
Profit for the Fiscal Year before providing for Income Taxes...		1,452,314.27
DEDUCT: Provision for Income Taxes.....		275,000.00
		1,177,314.27
Surplus at September 30, 1937.....		3,001,971.57
		4,179,285.84
DEDUCT:		
Dividends declared on Preference Stock:		
For current year \$1.75 per share.....	\$495,451.25	
On account of arrears 50¢ per share.....	141,557.50	637,008.75
		637,008.75
SURPLUS carried forward September 30, 1938.....		<u><u>\$3,542,277.09</u></u>

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

AND WHOLLY OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

September 30, 1938

ASSETS

CAPITAL ASSETS:

Real Estate, Buildings, Machinery, etc. at depreciated reproductive values as appraised in 1930 by the Canadian Appraisal Company, Limited, plus the cost of subsequent additions (Net)	\$18,830,634.10	
Less: Reserve for depreciation provided since above date	1,438,024.51	
		\$17,392,609.59

DEPOSITED with The Royal Trust Company as guarantee under Workmen's Compensation Act of Quebec—Government Bonds	4,000.00	
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INVESTMENTS IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANY:

Investment at Cost	371,430.00	
Current Account	46,575.31	
		418,005.31

INVESTMENT IN BURNELLI AIRCRAFT, LTD., at cost	75,000.00	
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CURRENT ASSETS:

Inventories of manufactured and partly manufactured product, materials and supplies, certified by responsible officials of the company, valued at cost or market prices, whichever were lower (less reserve)	3,684,154.95	
Accounts Receivable (less reserve)	909,145.39	
Cash in Bank	929,540.66	
		5,522,841.00

DEFERRED CHARGES	115,291.98	
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\$23,527,747.88

LIABILITIES

CAPITAL STOCK:

Preference:		
Seven per cent cumulative and participating. Authorized and issued 300,000 shares of \$25 each	\$ 7,500,000.00	
Less: Purchased for retirement 16,885 shares of \$25 each		422,125.00
Outstanding 283,115 shares of \$25 each	7,077,875.00	
(Dividends in arrear \$1,840,247.50)		
Ordinary:		
Authorized 400,000 shares of no par value.		
Issued 365,800 shares	9,145,000.00	
		\$16,222,875.00

CURRENT LIABILITIES:

Accounts Payable and Payrolls	1,907,606.94	
Dividend Payable October 10, 1938, 43¢ on Preference Shares	121,739.45	
Provision for Dominion, Provincial and other Taxes	619,251.10	
		2,648,597.49

OPERATING AND MISCELLANEOUS RESERVES	266,000.00	
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CAPITAL SURPLUS:

Balance at September 30, 1937	853,210.91	
Minor Adjustments during year—Net	5,212.61	
		847,998.30

EARNED SURPLUS, as per attached statement	3,542,277.09	
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\$23,527,747.88

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of the Canadian Car & Foundry Company, Limited, and its wholly owned Subsidiary Companies for the year ending September 30, 1938, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Consolidated Balance Sheet at September 30, 1938, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Canadian Car & Foundry Company, Limited, and its wholly owned Subsidiary Companies, after making provision of \$440,766.54 on account of depreciation for the year, according to the best of our information and the explanations given to us and as shown by the books of these companies.

In accordance with the provisions of Section 114 of the Companies Act 1934, we also report that the profits of a partly owned subsidiary company have been included in the above accounts only to the extent of the dividends declared and received therefrom, the balance of profits being carried forward on the books of the subsidiary company.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, November 29th, 1938.

Approved on behalf of the Board:

V. M. DRURY
Director

W. F. ANGUS,
Director

L. A. PETO,
Vice-President and General Manager

TWENTY-NINTH ANNUAL REPORT

Year Ending September 30, 1938



TO THE SHAREHOLDERS:

Your Directors submit herewith the Twenty-Ninth Annual Report of your Company and of its wholly owned Subsidiary Companies, covering combined operations for the year ending September 30th, 1938.

The volume of car orders received during the year was substantially less than in 1937, with the result that earnings from your Car Shops were adversely affected, as were those from your Steel, Malleable, and Wheel Foundries, Spring Shops and other subsidiary departments which contribute to the manufacture of freight and passenger cars. However, the slackening of operations in the above mentioned departments was more than offset by the satisfactory results obtained in your Aircraft Division, and we are able to show an increase in earnings over last year.

The surplus carried forward to next year shows an increase of \$540,305.52 after payment of the regular Preferred Dividend for the current year of \$495,451.25, plus fifty cents per Preferred Share on account of arrears, \$141,557.50, making a total of \$637,008.75 paid during the year.

Your Company has been selected by the British Air Ministry as one of a small group of manufacturers who will participate in a co-operative scheme by which military aircraft will be supplied from Canada to the British Government. Such operations on our part will be confined to Montreal. The British Government also inspected your Fort William property, where you now possess the finest and most modern aircraft factory in Canada. As a result of such inspec-

tion, we hope the British Government will see fit to make use of the facilities of your Fort William Plant.

The operations of the Canadian General Transit Company, Limited in which your Company owns a controlling interest, continue to expand satisfactorily.

Your Directors take this opportunity of expressing their appreciation of the loyal and efficient services rendered by the officers and employees throughout the year.

For the Directors,

V. M. DRURY,
President.

Montreal, November 29th, 1938.

