

ANNUAL
REPORT

Dominion Engineering
Works, Limited



FOR YEAR ENDED
31st December, 1938

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ANNUAL
REPORT

Dominion Engineering
Works, Limited



FOR YEAR ENDED
31st December, 1938

DOMINION ENGINEERING WORKS, LIMITED



Directors

G. H. DUGGAN - - - - - *Chairman of the Board*

W. F. ANGUS - - - - - *President*

JULIAN C. SMITH - - - - - *Vice-President*

H. G. WELSFORD - - - - - *Vice-President and
General Manager*

L. J. BELNAP

G. H. MONTGOMERY, K.C.

NORMAN J. DAWES

HOWARD MURRAY

SIR HERBERT S. HOLT

JOHN H. PRICE

J. A. MATHEWSON, K.C.

PAUL F. SISE



J. S. HOUSTON - - - - - *Treasurer*

F. W. EVENS - - - - - *Secretary*

DOMINION ENGINEERING WORKS, LIMITED



21st February, 1939

TO THE SHAREHOLDERS,
DOMINION ENGINEERING WORKS, LIMITED.

Your Directors submit the Annual Report of the Company together with the Balance Sheet as at 31st December, 1938, and Profit and Loss Account for the year ended that date.

The Profit and Loss Account for the year after providing \$132,561.82 for depreciation and renewals, shows a deficit of \$16,810.82. The Balance Sheet indicates a decrease in working capital of \$182,153.98.

There was a substantial reduction in business booked during 1938 compared with the two previous years, the volume being about 50% of the 1937 orders and 73% of those of 1936.

This reduction was most marked in the Paper Machinery Department, no new paper-making machines having been purchased by the Paper Industry in Canada during the year, while sales of miscellaneous equipment and repairs to the Mills were somewhat less than 20% of their similar purchases from this Department during the previous year. It is hoped that the improving prospects for the Pulp and Paper Industry will continue and will be reflected in increased business for this important Department of the Company.

The Hydraulic Department recorded an increase in business booked, including a contract to supply a number of large pumps and valve equipment for the new Victoria Park Pumping Station in Toronto, and a contract for the supply of four 44,500 H.P. hydraulic turbines for the La Tuque Development of the St. Maurice Power Corporation. Some smaller orders for hydraulic turbines were booked, and the sales of other products of this Department were reasonably well maintained.

An increase in sales was also recorded by the Diesel Engine Department and by the new Roll Foundry Department, which was put in operation at the Longueuil Plant in 1937.

While sales of the newer products of the Company, such as machinery for the mines, rolling mill machinery, hydraulic presses and transmission machinery, have been developing satisfactorily, there has been a contraction in the purchase of these products during the year.

As a result of this reduced volume of new business, your Company's plants, which were well occupied with work in progress during the first four months of the year, have since operated at not much over 40% of normal capacity. During the last two months there has been some improvement in the demand for the Company's products, and a better rate of operations is looked for with the improving prospect for orders.

Development work has been actively continued during the past year for the purpose of improving existing products and developing new products to increase the range of machinery which your Company offers for sale. The cost of this work, amounting to \$37,754.93, has been charged to current operations.

There was expended on capital account for improvements to plant and equipment the sum of \$295,190.66. Most of this was incurred in connection with a programme of plant improvement commenced in 1937, which was considered necessary by your Directors to increase the operating efficiency of the plants and to provide additional facilities for the efficient production of some of the Company's new lines of products which are in current demand.

Stocks of raw material and manufacturing supplies are well assorted and saleable, and inventories have been taken at conservative prices.

Your Directors record with deep feelings of grief the death of their colleague the Honourable Albert J. Brown, K.C., who was a Director since the formation of the Company in 1920. He always evinced a keen interest in the affairs of the Company and his sound judgment and business ability, which were ever at the disposal of his colleagues, will be greatly missed in the deliberations of your Board.

Mr. George H. Montgomery, K.C., and Mr. H. G. Welsford were elected to the Board of Directors in December last to fill vacancies on the Board, and Mr. Welsford was appointed a Vice-President.

Your Directors are pleased to report that the engineering and technical staffs have fully maintained the Company's reputation for good design and workmanship, and wish to record their appreciation of the faithful and efficient services rendered by the officers, staff and employees of all departments.

Meetings of your Board of Directors have been held monthly, the books of your Company have been regularly audited and the certificate of your Auditors appears on the Financial Statement herewith submitted.

By order of the Board of Directors,

W. F. ANGUS,
President.

DOMINION ENGINEERING WORKS, LIMITED

AND WHOLLY OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT 31st DECEMBER, 1938

ASSETS

FIXED ASSETS:

Real Estate, Plant, Machinery and Equipment, at cost, less amounts written off on Capital Reorganization	\$5,247,663.92	
<i>Less:</i> Reserve for Depreciation	2,795,060.90	
	\$2,452,603.02	
Investment in Subsidiary and other companies, less Reserve	85,000.00	
	\$2,537,603.02	

CURRENT ASSETS:

Cash on hand and in Banks	\$ 12,090.01	
Dominion Government and other Bonds—less Reserve (Approximate Market Value \$1,014,297.50)	975,930.15	
Accounts Receivable, less Reserve	383,391.35	
Deposits on Tenders	235.00	
Work in Progress, at Standard Cost	\$ 434,012.16	
<i>Less:</i> Invoiced	115,219.17	
	318,792.99	
Inventories of Raw Materials and Supplies, at lower of Cost or Market Value, less Reserve (Quantities and condition determined by the Management)	513,384.08	2,203,823.58

DEFERRED CHARGES

Prepaid Taxes, Insurance and Expenses	29,357.81	
	\$4,770,784.41	

LIABILITIES

CAPITAL STOCK:

AUTHORIZED AND ISSUED:

125,000 shares of No Par Value		\$2,900,050.00
RESERVE FOR CONTINGENCIES		250,000.00
BANK OVERDRAFT		\$48,254.04
ACCOUNTS PAYABLE, ACCRUED CHARGES, CUSTOMERS' CONTRACT CREDITS, AND OPERATING RESERVES, including \$22,680.88 due to Taxing Authorities in Canada	547,198.91	595,452.95
EARNED SURPLUS		
Balance as per Profit and Loss Account		1,025,281.46

\$4,770,784.41

(Signed) W. F. ANGUS,
Director.

(Signed) NORMAN J. DAWES,
Director.

MONTREAL, 1st March, 1939.

This is the Balance Sheet referred to in our Report of this date.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants, Auditors.

Dominion Engineering Works, Limited

AND WHOLLY OWNED SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR

THE YEAR ENDED 31st DECEMBER, 1938

Profits from Contracts and Miscellaneous Earnings	\$86,824.83
Revenue from Investments	43,783.87
Profit on Bonds sold	70,008.25
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	\$ 200,616.95
DEDUCT:	
Executive Salaries	\$31,000.00
Directors' Fees	15,070.00
Legal Expenses	1,041.02
Expenditure for Development and Research	37,754.93
Reserve for Depreciation and Renewals	132,561.82
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	217,427.77
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	\$ 16,810.82
Balance at credit as at 31st December, 1937	1,042,092.28
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BALANCE AT CREDIT AS AT 31ST DECEMBER, 1938	<u>\$1,025,281.46</u>

RIDDELL, STEAD, GRAHAM & HUTCHISON
CHARTERED ACCOUNTANTS

460 ST. FRANCOIS XAVIER ST.
MONTREAL

1st March, 1939.

TO THE SHAREHOLDERS,

DOMINION ENGINEERING WORKS LIMITED,
LACHINE, QUEBEC.

Dear Sirs:

We have examined and audited the Books and Accounts of Dominion Engineering Works Limited, and its Wholly Owned Subsidiary Companies for the year ended 31st December, 1938, and report:

The Investments in which your Company is interested have been verified by actual inspection of the securities, or we have seen certificates from the Depositories in the cases where the securities are deposited for safe custody.

In accordance with Section 114 of the Dominion Companies Act, we report that no portion of the loss of a partly owned subsidiary has been included in the Profit and Loss Account submitted. Your proportion of the loss amounts to \$22,660.22. The loss has been carried forward on the books of the subsidiary.

We report that we have obtained all the information and explanations we have required and that, in our opinion, the accompanying Balance Sheet as at 31st December, 1938, is properly drawn up so as to exhibit a true and correct view of the state of the combined Companies' affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Companies.

Yours faithfully,

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,
Auditors.

DOMINION ENGINEERING WORKS, LIMITED

Associated Companies

DOMINION BRIDGE COMPANY LIMITED	- - - - -	MONTREAL, Canada
CHAS. WALMSLEY & CO. (CANADA) LIMITED	- - - - -	MONTREAL, Canada
DOMINION HOIST & SHOVEL COMPANY LIMITED	- - -	MONTREAL, Canada
FARREL-BIRMINGHAM CO., INC.	- - - - -	ANSONIA, Conn.
UNITED ENGINEERING & FOUNDRY COMPANY	- - - - -	PITTSBURGH, Pa.
CROSSLEY BROTHERS LIMITED	- - - - -	MANCHESTER, England
CROSSLEY PREMIER ENGINES LIMITED	- - - - -	SANDIACRE, England



LIST OF PRODUCTS

PAPER-MAKING MACHINERY:

Paper Machines, all types.
Removable Fourdriniers.
Slices.
Downingtown Extractor Rolls.
Suction Couch and Press Rolls.
Granite Press Rolls.
Cram Dryer Drainage Systems.
Calenders, Reels, Winders.
Refiners.
Stock Pumps.
Pulp Grinders.

HYDRAULIC MACHINERY:

Hydraulic Turbines and Governors.
Penstock Valves.
Gate Valves, 4" to 60" Electric, Hydraulic and Hand Operation.
Valve Control Mechanism.
Sluice Gates.
Larner-Johnson Hydraulic Valves.
Glenfield Tilting Disc Check Valves.
Centrifugal Pumps.
Axial Flow Pumps.
High Pressure Gear Oil Pumps.

ROLLING MILL MACHINERY:

Blooming, Slabbing, Universal, Cogging and Billet Mills.
Slab and Plate Mills.
Cold Strip Mills.
Rod, Bar and Re-Rolling Equipment.
Hot Strip and Sheet Bar Mills.
Tube and Pipe Mill Equipment.
Structural and Rail Mills.
Four-High Mills for Rolling of Ferrous and Non-Ferrous Sheet and Strip.
Machinery for Hot and Cold Rolling of Non-Ferrous Rods, Sheet, Strip and Foil.

MINING AND CRUSHING MACHINERY:

Ball and Tube Mills.
Jaw Crushers.
Hoists.
Pumps.

PLASTICS MACHINERY:

Banbury Mixers.
Crackers.
Washers.
Refiners.

Mills—Mixing, Grinding, Warming, Sheeting.
Calenders.
Tubing Machines.
Hose Making Machinery.

TRANSMISSION MACHINERY:

Continuous Tooth Herringbone Gears.
Spur and Single Helical Gears.
Tramways Gears and Pinions.
Bevel Gears.
Cone Worm Gears.
Speed Reducing Units.
Speed Increasing Units.
Gear Motors.
Flexible Couplings.
Rolling Mill and Other Heavy Duty Drives.
Michell Pivoted Thrust and Journal Bearings.
Roller Bearings.

DIESEL AND GAS ENGINES:
6 to 3,000 B.H.P., for Marine and Stationary
Service.
Producer Gas Plants.

HYDRAULIC PRESSES.

SHEET METAL FORMERS.

WIRE DRAWING AND STRANDING MACHINERY.

SIMPSON INTENSIVE MIXERS.

ELECTRIC STEAM GENERATORS.

MACHINERY TO SPECIAL DESIGN.

CHILLED AND ALLOY IRON ROLLS.

HEAT TREATING.

ROLL GRINDING.

