

ANNUAL
REPORT

Dominion Engineering
Works, Limited

FOR YEAR ENDED
31st December

1944

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ANNUAL
REPORT

Dominion Engineering
Works, Limited

FOR YEAR ENDED
31st December

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DOMINION ENGINEERING WORKS, LIMITED

1

Directors

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

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

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

W. TAYLOR-BAILEY

HOWARD MURRAY

L. J. BELNAP

PAUL F. SISE

NORMAN J. DAWES

R. E. STAVERT

G. H. MONTGOMERY, K.C.

JAMES WILSON

M. W. WILSON

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

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

DOMINION ENGINEERING WORKS, LIMITED

March 27th, 1945.

TO THE SHAREHOLDERS,
DOMINION ENGINEERING WORKS, LIMITED

Your Directors submit the Annual Report of the Company together with the Balance Sheet as of December 31st, 1944, and relative Profit and Loss Account.

The Profit and Loss Account for the year shows a net profit of \$519,546 after charging off the amount of \$388,416 to depreciation reserve and after reserving the sum of \$683,021 for Income and Excess Profits Taxes, of which \$68,800 is refundable.

Expenditures on capital account during the year amounted to \$94,145. This expenditure was largely to complete additional facilities which were commenced during 1943 to accelerate deliveries of war materials.

Working capital as of December 31st, 1944, stands at \$4,241,208 as compared with \$3,906,215 at the end of the previous year.

The refundable portion of Excess Profits Tax in respect of 1944 income amounting to \$68,800 has been transferred to the reserve for post-war rehabilitation and adjustments. This reserve, which was created in 1942 by transferring \$1,000,000 from earned surplus account, now stands on the Company's books at \$1,546,498.

Inventories of materials and supplies and manufacturing stocks are carried on the books at conservative values.

The value of new orders booked was less than 1% above the bookings of the previous year but there was a substantial increase compared with the previous war years in the proportion of sales represented by your Company's regular commercial products. Manufacturing operations throughout 1944 have been on a somewhat reduced scale compared with 1943, due principally to a reduction in overtime working hours. Unfilled orders on hand at the end of the year were the equivalent of approximately nine months production at the present rate of operations. At the year end the Company had at its Lachine Plant a total of 1,943 employees as compared with 2,104 a year ago.

At the government-owned plant at Longueuil, which your Company operates on behalf of the government for the manufacture of ordnance, the changing requirements for various types of ordnance affected operations substantially, resulting in a reduction in the number employed at the plant from 2,360 at the beginning to 1,197 at the end of the year. This plant, which in 1940 and 1941 was designed and

equipped entirely by your Company's supervisory and technical staff to produce anti-tank guns, has produced to date more than 11,500—2 Pdr. and 6 Pdr. anti-tank guns and more than 9,300 spare barrels for these guns and for the Bofors anti-aircraft gun. It has also produced two types of naval gun mountings, a universal anti-aircraft gun mounting and various other items of ordnance, all on a very substantial scale. None of these types of ordnance had been made in Canada before their manufacture was undertaken at Longueuil but the output of the plant has considerably exceeded its rated capacity and it has demonstrated its ready adaptability to undertake the manufacture of any type of ordnance within the limitations of the size of the equipment installed in the plant. It has made an important contribution to the war production programme by being able quickly and efficiently to manufacture new items of ordnance which have been urgently needed from time to time by the armed forces.

Your Directors established, effective August 1st, 1944, a Retirement Income Plan, under which employees will be retired at age 65 if male, or at age 60 if female, and thereafter will receive a retirement income based upon their service with the Company. All retirement benefits based upon service with the Company subsequent to August 1st, 1944, are to be provided out of contributions made jointly by the employees and the Company, but the Company will bear the entire cost of the retirement benefits based upon the employee's service prior to August 1st, 1944.

The Plan is to be administered under a contract with the Sun Life Assurance Company of Canada. The Company's contributions for future service benefits will be paid out of current operations. The total single premium required to defer the cost of past service benefits is approximately \$1,050,000. Under the contract with the Sun Life this premium will be amortized over a period of years against which a payment of \$245,000 has been made out of the Company's earned surplus account.

The Plan has been approved by the Minister of National Revenue as required under the Income War Tax Act and the Company's contributions both for past and future service benefits are allowable as deductions from taxable income as provided in the Act.

During the year your Directors declared and there was paid to shareholders a dividend of \$2.00 a share.

Your Directors wish to record their appreciation of the faithful services rendered by all the Company's employees throughout the year.

Meetings of the 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, 1944

<u>ASSETS</u>		<u>LIABILITIES</u>
<u>Fixed Assets:</u>		
Real Estate, Plant, Machinery and Equipment at cost, less amounts written off.....	\$5,300,374.52	<u>Capital Stock:</u>
<u>Less:</u> Reserve for Depreciation.....	3,837,158.98	AUTHORIZED AND ISSUED
	\$1,463,215.54	125,000 Shares of No Par Value.....
Investments in Subsidiary and other Companies less Reserve.....	80,004.00	\$2,900,050.00
	\$1,543,219.54	<u>Capital Surplus:</u>
		426,374.42
<u>Current Assets:</u>		
Cash on Hand and in Banks.....	977,644.05	<u>Reserve Accounts:</u>
Investment in Bonds of Dominion Government and Public Utilities less Reserve.....	1,097,794.85	Reserve for Contingencies.....
(Approximate Market Value \$1,184,275.79)		Reserve for Post War Rehabilitation and Adjustments.....
Accounts Receivable, less Reserve.....	1,281,946.39	\$ 250,000.00
Deposits on Tenders.....	105.00	1,796,498.00
Work in Progress, at Standard Cost.....	\$9,399,821.71	<u>Earned Surplus:</u>
<u>Less:</u> Payments on account.....	6,366,471.54	Balance as per Profit and Loss Account.....
	3,033,350.17	1,259,249.02
Inventories of Raw Materials and Supplies at lower of Cost or Market Value, less Reserve.....	1,107,295.60	<u>Current Liabilities:</u>
(Quantities and condition determined by the Management)		Accounts Payable, Accrued Charges, Customers' Contract Credits and Operating Reserves, including estimated amount of \$147,527.93 due to Taxing Authorities in Canada.....
Balance of Employees' Victory Loan Subscriptions.....	310,967.00	3,257,501.33
	7,809,103.06	Bank Loans for Employees' Victory Loan Subscriptions (Secured). \$ 310,393.49
		\$3,567,894.82
<u>Deferred Assets:</u>		
Prepaid Taxes, Insurance and Expenses.....	51,245.66	
Refundable Portion of Excess Profits Tax.....	546,498.00	
	597,743.66	
	\$9,950,066.26	\$9,950,066.26

W. F. ANGUS,
Director.

NORMAN J. DAWES
Director.

MONTREAL, 23RD March, 1945.

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, 1944

Profits from Contracts and Miscellaneous Earnings		\$1,714,971.75
Revenue from Investments		26,658.09
		<hr/>
		\$1,741,629.84
 <u>DEDUCT:</u>		
Executive Salaries	\$ 50,265.00	
Directors' Fees	10,100.00	
Legal Fees	1,942.10	
Loss on Equipment and Bonds sold	5,636.06	
Expenditure for Development and Research	82,701.84	
Reserve for Depreciation and Renewals, including Accelerated and Special War Contracts Depreciation	388,416.72	
Reserve for Income and Excess Profits Taxes, (including refundable portion of Excess Profits Taxes transferred to Reserve for Post War Rehabilitation and Adjustments)	683,021.18	
		<hr/>
		1,222,082.90
		<hr/>
		\$ 519,546.94
Balance at Credit as at 31st December, 1943		1,234,702.08
		<hr/>
		\$1,754,249.02
 <u>DEDUCT:</u>		
Employees' Pension Fund—Past Service Contribution	245,000.00	
Dividend for the year 1943	250,000.00	
		<hr/>
		495,000.00
Balance at Credit as at 31st December, 1944		<hr/>
		<u>\$1,259,249.02</u>

RIDDELL, STEAD, GRAHAM & HUTCHISON
CHARTERED ACCOUNTANTS

460 ST. FRANCOIS XAVIER ST.
MONTREAL 1

23rd March, 1945.

TO THE SHAREHOLDERS,

DOMINION ENGINEERING WORKS, LIMITED,
LACHINE, QUEBEC.

We have examined the books and accounts of Dominion Engineering Works, Limited, and its wholly owned Subsidiary Companies for the year ended 31st December, 1944 and have obtained all the information and explanations we have required.

The investments in which your Company is interested have been verified by actual inspection of the securities or we have seen certificates from depositaries 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 profits of a partly owned Subsidiary is included in these accounts.

Subject to the final determination of the Company's liability for income and excess profits taxes for the four years ended 31st December, 1944, in our opinion, the accompanying Balance Sheet as at 31st December, 1944 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.

(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
UNITED ENGINEERING & FOUNDRY COMPANY - - - - - PITTSBURGH, Pa.
THE TORRINGTON CO., INC.-BANTAM BEARINGS DIVISION - - SOUTH BEND, Ind.

LIST OF PRODUCTS

PAPER-MAKING MACHINERY:

Paper Machines, all types.
Removable Fourdriniers.
Slices.
Downingtown Extracror 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 24" 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.

PLASTICS MACHINERY:

Banbury Mixers.
Crackers.
Washers.
Refiners.
Mills—Mixing, Grinding, Warming, Sheeting.

Calenders.
Tubing Machines.

TRANSMISSION MACHINERY:

Continuous Tooth Herringbone Gears.
Spur and Single Helical Gears.
Bevel Gears.
Cone Drive 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 ENGINES:

Dominion Vertical—Four Cycle,
120 B.H.P. to 640 B.H.P.
Dominion-Sulzer—Two Cycle,
Marine Propulsion and Auxiliary Service
400 B.H.P. to 1200 B.H.P.

HYDRAULIC PRESSES.

VARIABLE STROKE OIL PUMPS.

ELECTRIC STEAM GENERATORS.

MACHINERY TO SPECIAL DESIGN.

CHILLED AND ALLOY IRON ROLLS.

HEAT TREATING.

ROLL GRINDING AND CORRUGATING.



