

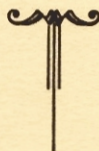


Fairchild Aircraft Limited

Annual Report

For the year ended

June 30, 1942



PURVIS HALL
LIBRARIES

FEB 9 1946

McGILL UNIVERSITY

Fairchild Aircraft Limited

Annual Report

For the year ended
June 30, 1942



FAIRCHILD AIRCRAFT LIMITED

Head Office and Plant

LONGUEUIL, P.Q.

. . .

DIRECTORS

G. H. DUGGAN
W. C. FINLEY
R. B. IRVINE
BEAUDRY LEMAN
HOWARD MURRAY

H. B. NORRIS
H. M. PASMORE
J. G. PORTEOUS
LEO. G. RYAN
W. TAYLOR-BAILEY

N. F. VANDERLIPP

OFFICERS

H. M. PASMORE
President

HOWARD MURRAY
Vice-President

W. TAYLOR-BAILEY
Vice-President

R. B. IRVINE
Secretary-Treasurer

AUDITORS

P. S. ROSS AND SONS

TRANSFER AGENT
MONTREAL TRUST COMPANY

REGISTRAR
GENERAL TRUST OF CANADA

Annual Report of the Directors
OF
Fairchild Aircraft Limited

YEAR ENDED JUNE 30, 1942

TO THE SHAREHOLDERS
FAIRCHILD AIRCRAFT LIMITED.

Your Directors have the honour to submit their Report of the Company's operations for the twelve months ended June 30, 1942, together with the Balance Sheet and Statement of Profit and Loss and Earned Surplus.

PRODUCTION

The number of aircraft produced during the year was more than four times that of the previous twelve month period. Measured in terms of the number of aircraft produced per thousand square feet of floor space, the Company's production compares favourably with that of any other Company on this Continent.

The Company has been awarded contracts by the Department of Munitions and Supply for additional Bristol Bolingbroke Bomber Aircraft. It is anticipated that this order will be completed before the end of 1943. The Company has also been instructed to proceed with the manufacture of the Curtiss SB2C-1 Dive Bomber under license from the Curtiss Wright Corporation, Columbus, Ohio.

As anticipated in last year's Report, the order for Hampden Aircraft component parts received from Canadian Associated Aircraft Limited was completed in January 1942, and the manufacturing space and personnel employed on this work were immediately made available for the production of Bolingbroke aircraft.

PLANT EXTENSION

Further additions to Plant were completed during the year and an extension is now under construction in order to provide the additional space required for the manufacture of Curtiss SB2C-1 Bomber Aircraft. When this extension is completed the Company will have available a total of over 600,000 square feet of manufacturing space compared with 38,000 square feet in 1937. These extensions and other facilities which were provided by the Department of Munitions and Supply are not included in the Company's assets.

PERSONNEL

From the beginning of the fiscal year July 1, 1941, to June 30, 1942, the Company's personnel increased more than 40%. The number of women employed increased 110%.

Payrolls for the year aggregated \$8,468,000.00.

FINANCIAL

The Profit and Loss Account for the year ended June 30, 1942, shows an Operating Profit of \$754,845.71 before provision for Depreciation of Fixed Assets.

After making this provision, the Net Profit for the twelve months was \$580,685.81 before Income and Excess Profits Taxes amounting to \$482,145.02 against a Net Profit of \$66,525.24 for the previous year. The balance of \$98,540.79 was applied against the Deficit Account, resulting in an Earned Surplus of \$67,705.17.

The Company's property has been well maintained.

Your Directors desire to acknowledge the loyalty and energy displayed throughout the year by all employees of the Company.

By order of the Board of Directors.

J. M. Pasmore
President.

October 7th, 1942.

FAIRCHILD AIRCRAFT LIMITED

BALANCE SHEET AS AT 30th JUNE, 1942

ASSETS

CURRENT:

Cash on Hand and in Bank	\$ 20,040.52
Accounts Receivable	1,062,424.02
Accrued Profit on partially completed contract based on accepted deliveries to 30th June, 1942	300,000.00

Inventories \$12,486,390.24

Raw Materials — as shown by the inventory records which are subject to continuous verification against actual materials on hand; Supplies—based on physical inventories taken between 30th April and 30th June, 1942 and adjusted for transactions to 30th June, 1942 where necessary; Work in Process and Uncompleted Contracts as shown by the cost records; determined and valued by the Management at cost or market whichever was the lower.

Less: Amounts billed on

Uncompleted Contracts 10,586,461.97 1,899,928.27 \$3,282,392.81

Investment—Canadian Associated Aircraft Ltd., at cost

166,500.00

FIXED:

Land, at cost less amount written off 49,459.69

Other Fixed Assets, at cost—

Test Field, Land and Improvements \$ 97,324.37

Seaplane Base 21,659.46

Factory Buildings 372,236.03

Machinery and Equipment 156,169.46

Office Furniture and Fixtures 58,268.62

Railroad Siding 14,687.57

\$720,345.51

Less: Reserve for Depreciation 438,755.50 281,590.01 331,049.70

Deferred Charges—

Prepaid Taxes, Insurance, etc. 31,646.13

\$3,811,588.64

Approved on behalf of the Board:

H. M. PASMORE, Director.

HOWARD MURRAY, Director.

LIABILITIES

CURRENT:

Bank Loans \$1,114,253.07

Secured by—

(a) Assignment of contracts with Dominion Government and Canadian Associated Aircraft Ltd.

(b) Deposit of Shares representing investment in Canadian Associated Aircraft Limited

Accounts Payable and Accrued Liabilities 1,351,310.87

Taxes Payable 572,719.53 \$3,038,283.47

5% NOTES:

Authorized and Issued \$ 150,000.00

Less:

Converted into Capital Stock \$39,000.00

Redeemed 44,400.00 83,400.00

Outstanding 66,600.00

Due—1st October 1942—\$22,200.

1st October 1943—\$22,200.

1st October 1944—\$22,200.

CAPITAL STOCK:

Authorized—370,000 Shares, Par Value \$5.00

Issued —127,800 Shares 639,000.00

Earned Surplus 67,705.17

\$3,811,588.64

Submitted with our Report dated 6th October, 1942.

P. S. ROSS & SONS, Chartered Accountants.

MONTREAL, QUE.

FAIRCHILD AIRCRAFT LIMITED

STATEMENT OF PROFIT AND LOSS

AND EARNED SURPLUS

FOR THE YEAR ENDED 30TH JUNE, 1942

Profit from Operations, including Accrued Profit on partially completed contract	\$873,766.66
<i>Deduct:</i>	
Executive Officers' Salaries	\$ 53,668.65
Legal Fees	3,868.17
Interest on Bank Loans, etc.	57,486.63
Interest on 5% Notes	3,897.50
	<hr/> 118,920.95
Profit for the year before charging Depreciation	\$754,845.71
<i>Deduct:</i>	
Provision for Depreciation of Fixed Assets	174,159.90
	<hr/>
Net Profit for the year	580,685.81
<i>Deduct:</i>	
Provision for Income and Excess Profits Taxes	482,145.02
	<hr/>
	98,540.79
<i>Deduct:</i>	
Balance at debit of Deficit Account—1st July 1941	30,835.62
	<hr/>
Balance at credit of Earned Surplus Account— 30th June, 1942	<hr/> \$ 67,705.17

P. S. ROSS & SONS

Chartered Accountants, Trustees and Liquidators

. . .

ROYAL BANK BUILDING
MONTREAL, QUE.

6th October, 1942.

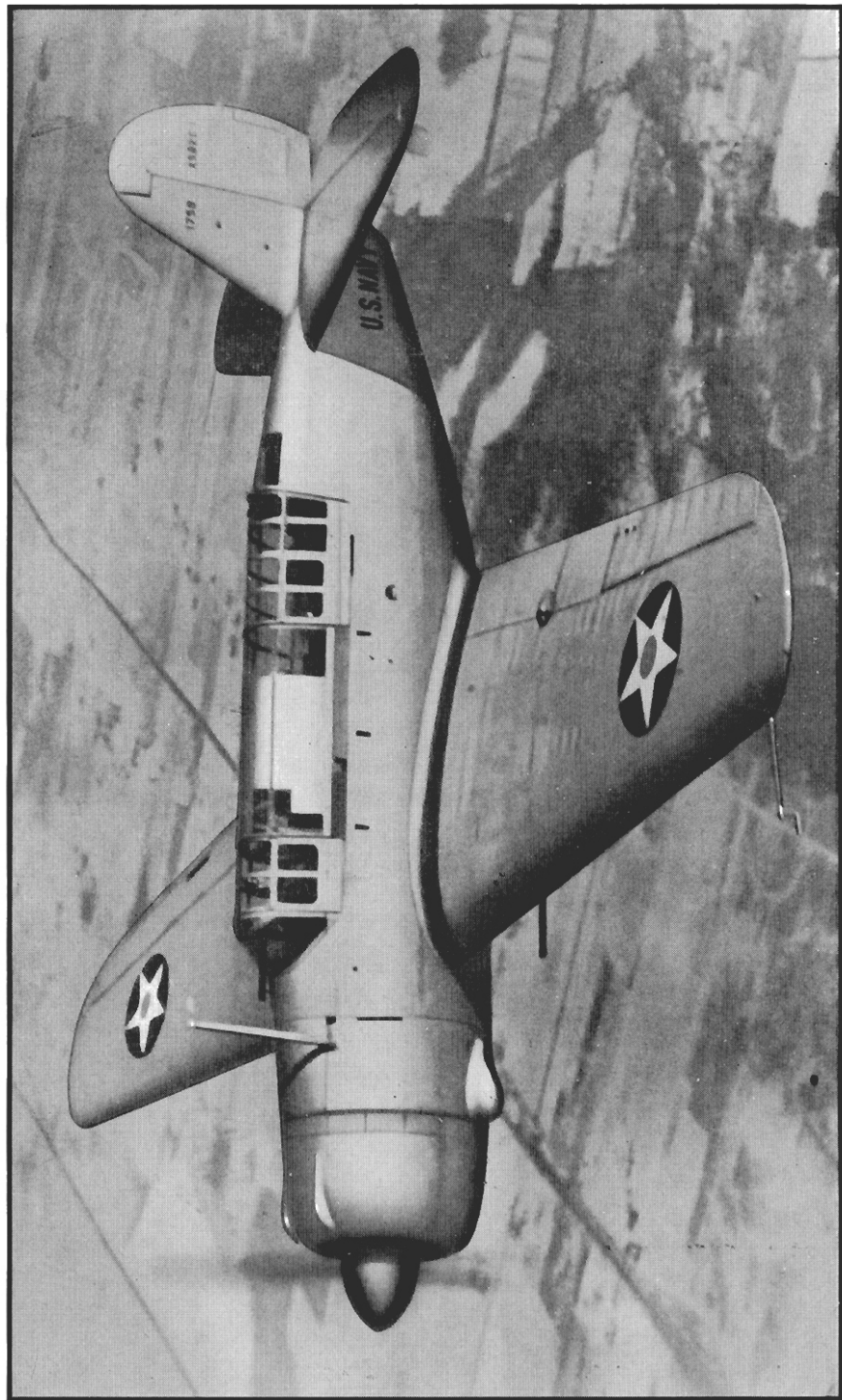
AUDITORS' REPORT TO SHAREHOLDERS

FAIRCHILD AIRCRAFT LIMITED,
LONGUEUIL, QUE.

We have made an examination of the accounts of Fairchild Aircraft Limited for the year ended 30th June, 1942, and have obtained all the information and explanations we have required.

Subject to the adequacy of the provision for Income and Excess Profits Taxes, in our opinion the attached Balance Sheet and relative Statement of Profit and Loss and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 30th June, 1942, according to the best of our information and the explanations given to us and as shown by the books of the Company.

(Signed) P. S. ROSS & SONS,
Chartered Accountants



CURTISS SB2C-1 DIVE BOMBER

