

FORD MOTOR COMPANY OF CANADA
LIMITED
EAST WINDSOR ONTARIO

ANNUAL
REPORT

YEAR ENDED
DECEMBER 31ST,

1937

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FORD MOTOR COMPANY OF CANADA, LIMITED

DIRECTORS

EDSEL B. FORD, *Chairman of the Board*
W. R. CAMPBELL, *President and Treasurer*
G. E. DICKERT, *First Vice-President*
P. E. MARTIN, *Second Vice-President*
HENRY FORD

D. B. GREIG, *Secretary and Assistant Treasurer*
G. G. KEW, *Assistant Secretary*

AUDITORS

CLARKSON, GORDON, DILWORTH & NASH

STATEMENT OF INCOME AND EXPENDITURE

For the year ended December 31st, 1937

Net operating profit of the Canadian factory and branches after all charges, including provision for depreciation \$608,174.83, remuneration to executive officers \$257,600.00, solicitors' fees \$18,962.33 and directors' fees \$3,000.00 .		\$ 672,205.55
Portion of the aggregate operating profits for the year 1937 of overseas subsidiary automobile manufacturing and distributing companies, withdrawn in the form of dividends received .	3,429,489.43	\$ 4,101,694.98
Add:		
Interest on bonds	194,456.02	
Net profit on sale of investments and fixed assets	79,517.06	273,973.08
Net profit before income taxes		4,375,668.06
Provision for income taxes:		
Payable in Canada	568,277.21	
Payable elsewhere	34,347.44	602,624.65
Net profit for the year		<u>\$ 3,773,043.41</u>

STATEMENT OF EARNED SURPLUS

December 31st, 1937

Earned surplus		
December 31st, 1936		\$ 18,825,807.10
Net profit for the year ended		
December 31st, 1937		3,773,043.41
		<u>22,598,850.51</u>
Deduct:		
Dividends paid:		
Class "A" shares	\$ 1,588,960.00	
Class "B" shares	70,000.00	1,658,960.00
Earned surplus		
December 31st, 1937		<u>\$ 20,939,890.51</u>

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Annual Report of the company for the year ended December 31st, 1937, including a statement of income and expenditure, a statement of earned surplus, and a balance sheet certified by your auditors, is submitted herewith by the Board of Directors.

Net profit for the year amounted to \$3,773,043.41. This compares with net profit of \$3,358,469.97 for the previous year. Earnings per share were \$2.27 in 1937, as compared with \$2.02 in 1936 and \$1.17 in 1935.

Income and Expenditure—Gross operating income amounted to \$46,212,457.93 and sales of automotive units, including sales to subsidiary companies, totalled 74,098. This compares with gross income of \$37,465,682.24 and unit sales of 59,971 in 1936. Net operating income, including dividends received from subsidiary companies, totalled \$4,101,694.98, as compared with \$3,542,371.94 in 1936.

Dividends received from subsidiary companies in 1937 amounted to \$3,429,489.43 in comparison with \$2,517,351.49 in 1936, an increase of \$912,137.94. Earned surplus remaining on subsidiary companies' books at the end of 1937 after payment of dividends was \$2,205,023.00. Net operating profit of the Canadian factory and branches was \$672,205.55 in 1937 as compared with \$1,025,020.45 in 1936, a decrease of \$352,814.90.

Substantial increases in costs of materials and labor in 1937 reduced the ratio of profit as compared with 1936. Increased prices in 1937 were insufficient to cover these higher costs.

The extensive building programme in progress during the year resulted in a considerable amount of incidental expense being absorbed in the year's operations.

Assets—Cash and bonds totalled \$10,287,476.54, a decrease of \$2,586,307.32 during the year, accounted for by expenditures on account of plant expansion. Market value of bonds was \$183,144.18 below the carrying value. An ample reserve has been provided for any loss likely to be sustained on final disposition of our securities. Receivables decreased \$339,559.65, the reduction occurring in outstanding customs drawbacks, notes and open accounts. Inventories increased \$1,552,058.45 reflecting increased volume of business in 1937 and the higher costs of materials and labor.

Included in deferred charges are expenditures for tools pertaining to 1938 production. Such expenditures will be entirely absorbed in 1938.

Investment in shares of subsidiary companies increased by \$609,154.62 and now totals \$9,129,978.80. Additional working capital was provided for Ford Motor Company of India, Limited by purchase of further shares in that Company amounting to \$464,877.80 increasing our investment to \$555,263.39. Shares in Ford Motor Company of Malaya, Limited were purchased for the same purpose amounting to \$144,276.82 which increased our total investment in that Company to \$200,394.90.

Increases in fixed assets, consisting of land, buildings and equipment amounted to \$5,403,949.10. Principal expenditures were for construction and equipment of the new body building and final assembly plant and further installations connected with the power house expansion and modernization programme. Included also are progress payments in respect of the new branch assembly building at Vancouver, B. C., and sundry replacements of and additions to machinery and equipment. Deductions were made for fixed assets sold or otherwise disposed of, amounting to \$430,920.22, leaving a net increase in the account of \$4,973,028.88 for the year.

FORD MOTOR COMPANY OF CANADA, LIMITED

Liabilities—Accounts payable increased \$1,691,155.59 as the result of increased inventories and plant expansion.

Reserve for depreciation now totals \$21,215,991.87, an increase of \$204,762.10. Disposal of plant items, largely depreciated, accounts for the difference between the amount of depreciation charged during the year, namely \$608,174.83, and the increase in the reserve account.

Earned Surplus—The increase in earned surplus for the year was \$2,114,083.41.

Dividend disbursements during the year amounted to \$1.00 per share, consisting of four regular quarterly dividends of twenty-five cents (25c) per share.

For the Directors

W. R. CAMPBELL
PRESIDENT

Windsor, Ontario,
March 21st, 1938.



