

ANNUAL REPORT

FORD MOTOR COMPANY OF CANADA, LIMITED
WINDSOR, ONTARIO

YEAR ENDED DECEMBER 31st, 1943

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NOTICE OF ANNUAL MEETING

April 10th, 1944

TO THE SHAREHOLDERS:

Notice is hereby given that the annual meeting of shareholders of Ford Motor Company of Canada, Limited will be held at the head office of the Company, at Windsor, Ontario, on the 24th day of April, 1944, at four o'clock p.m., eastern daylight saving time, to receive the annual reports, for the election of directors, and for the transaction of such other business as may properly come before the meeting.

The close of business April 10th, 1944, has been fixed as a record date for the determination of the shareholders entitled to vote at the meeting.

Only registered owners of class "B" shares are entitled to vote. Any such shareholder, unable to attend the meeting in person, is requested to complete and return the form of "Appointment of Proxy".

"Appointment of Proxy" forms should be deposited at the head office of the Company not later than forty-eight (48) hours before the time of holding the meeting.

G. G. KEW,
Secretary

BOARD OF DIRECTORS

HENRY FORD, *Chairman*

W. R. CAMPBELL

C. E. SORENSEN

D. B. GREIG

B. J. CRAIG

OFFICERS

HENRY FORD, *Chairman of the Board*

W. R. CAMPBELL, *President*

C. E. SORENSEN, *Vice-President*

D. B. GREIG, *Treasurer*

G. G. KEW, *Secretary and Assistant Treasurer*

F. G. BATTERS, *Assistant Secretary*

AUDITORS

CLARKSON, GORDON, DILWORTH & NASH

STATEMENT OF INCOME AND EXPENDITURE

For the year ended December 31st, 1943

(With a comparative statement for the year ended December 31st, 1942)

	1943	1942
Operating profit of the Canadian factory and branches after all operating charges ⁽¹⁾ .	\$ 7,619,963.68	\$ 7,503,115.81
Portion of the aggregate operating profits for the year of overseas subsidiary automobile manufacturing and distributing companies, withdrawn in the form of dividends received	861,137.62	989,568.16
Profit on sale of fixed assets	48,370.61	127,825.61
Interest on bonds	135,486.89	98,648.94
Profit before taxes on income	<u>8,664,958.80</u>	<u>8,719,158.52</u>
Provision for income and excess profits taxes:	6,228,000.00	5,500,000.00
Less refundable portion	925,000.00	465,000.00
	<u>5,303,000.00⁽²⁾</u>	<u>5,035,000.00⁽²⁾</u>
Net profit for the year	<u>\$ 3,361,958.80</u>	<u>\$ 3,684,158.52</u>

(1) Included in operating charges for 1943 are the following items: provision for ordinary and special depreciation \$4,366,455.67, executive officers' remuneration \$174,800.00, solicitors' fees \$23,600.00, and directors' fees \$2,700.00.

Corresponding items charged in 1942 were: provision for ordinary and special depreciation \$4,473,370.99, executive officers' remuneration \$175,600.00, solicitors' fees \$25,050.00 and directors' fees \$3,000.00.

(2) Canadian (less refundable portion) 1943—\$5,047,000.00 1942—\$4,970,000.00
Other countries 1943— 256,000.00 1942— 65,000.00.

STATEMENT OF EARNED SURPLUS

For the year ended December 31st, 1943

(With a comparative statement for the year ended December 31st, 1942)

	1943	1942
Earned surplus at beginning of year	\$ 26,626,782.19	\$ 24,601,583.67
Net profit for the year	3,361,958.80	3,684,158.52
Adjustment of customs drawback claims of prior years after providing for taxes thereon	133,079.46	—
	<u>30,121,820.45</u>	<u>28,285,742.19</u>
Less:		
Dividends paid on		
Class "A" shares	1,588,960.00	1,588,960.00
Class "B" shares	70,000.00	70,000.00
	<u>1,658,960.00</u>	<u>1,658,960.00</u>
Earned surplus at end of year	<u>\$ 28,462,860.45</u>	<u>\$ 26,626,782.19</u>

F O R D M O T O R C O M P A N Y O F C A N A D A , L I M I T E D

B A L A N C E S H E E T

D E C E M B E R 31st, 1943

(With comparative balances as at December 31st, 1942)

A S S E T S	1943	1942	L I A B I L I T I E S	1943	1942
CURRENT ASSETS			CURRENT LIABILITIES		
Cash on hand and in banks	\$ 4,672,841.26	\$ 4,068,085.19	Accounts payable and accrued charges	\$ 12,362,483.43	\$ 14,297,183.55
Bonds of the Dominion, Provincial or Municipal Governments in Canada, at cost, less reserve	6,219,846.74	8,871,037.06	Income, excess profits, sales and excise taxes payable in Canada	5,080,069.01	3,589,568.83
Market Value December 31st, 1943, \$6,297,095.52 1942, 8,907,094.80				17,442,552.44	17,886,752.38
Accounts Receivable			RESERVES		
Dominion Government under war contracts	19,095,815.41	12,927,188.44	For depreciation of buildings, machinery and equipment	32,829,511.79	28,929,522.76
Drawback and refund of customs duties	720,878.39	1,096,570.74	General Reserve	5,500,000.00	5,500,000.00
Overseas subsidiary companies	58,429.19	1,215,363.43		38,329,511.79	34,429,522.76
Other accounts	1,733,717.81	1,796,572.83	CAPITAL		
Inventories	27,704,234.55	36,043,392.58	Authorized:		
As determined and certified by company officials based on physical count at September 30th, adjusted to December 31st, and priced at not more than the lower of cost or market value.			1,900,000 shares class "A" no par value		
	60,205,763.35	66,018,210.27	100,000 shares class "B" no par value		
Less: Advances by the Dominion Government	20,124,028.95	26,741,750.35	Issued:		
	40,081,734.40	39,276,459.92	1,588,960 shares class "A" no par value } 70,000 shares class "B" no par value }	13,379,100.00	13,379,100.00
OTHER ASSETS			EARNED SURPLUS	28,462,860.45	26,626,782.19
Prepaid expenses and deferred charges	211,615.90	197,751.10		\$ 97,614,024.68	\$ 92,322,157.33
Portion of taxes on income, refundable under the Excess Profits Tax Act	1,390,000.00	465,000.00	Approved on behalf of the Board,		
Shares of subsidiary companies, at cost	11,204,886.40	11,204,886.40	W. R. CAMPBELL, Director		
	12,806,502.30	11,867,637.50	D. B. GREIG, Director		
FIXED ASSETS					
Land, buildings, machinery and equipment, at cost	44,725,786.98	41,178,058.91			
Patents	1.00	1.00			
	\$ 97,614,024.68	\$ 92,322,157.33			

This is the balance sheet referred to in our report to the shareholders of March 30th, 1944.
 CLARKSON, GORDON, DILWORTH & NASH,
 Chartered Accountants

AUDITORS' REPORT TO SHAREHOLDERS

We have made an examination of the balance sheet of Ford Motor Company of Canada, Limited as at December 31st, 1943 and of the related statements of income and expenditure and earned surplus for the year ended that date. In connection therewith we made substantial tests during the year of accounting records at the head office and obtained all the information and explanations we required; we also made a general review of accounting methods and examined the reports on the test audits of accounting records at branches conducted by the Company's audit department.

We report that in our opinion the accompanying balance sheet and related statements of income and expenditure and earned surplus have been drawn up so as to exhibit a true and correct view of the state of the Company's affairs at December 31st, 1943 and of the results of its operations for the year ended on that date according to the best of our information, the explanations given us and as shown by the books.

As required by the Dominion Companies Act, Section 114, we report that net profits of subsidiary companies for the year ended December 31st, 1943 have been taken into account only to the extent of the dividends received. The combined profits of the subsidiary companies were in the aggregate in excess of such dividends.

Clarkson, Gordon, Dilworth & Nash,
Chartered Accountants.

Toronto, Canada
March 30th, 1944.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The annual report of the Company for the year ended December 31st, 1943 together with the auditors' report is submitted herewith by the Board of Directors.

The total value of output during 1943 was \$181,383,770.65, including spare parts valued at \$51,879,472.81. In 1942, the corresponding total was \$177,418,446.11, including spare parts to a value of \$35,722,607.10.

While shipments of automotive units decreased from 111,839 in 1942 to 79,602 in 1943, the total value of all output for the year was higher than in the previous year owing principally to the increased shipments of spare parts, the inclusion in 1943 deliveries of a greater proportion of more costly special types of military vehicles, and higher prices resulting from the inclusion in the selling price after April 1st, 1943 of customs duty and war exchange tax in accordance with revised government regulations.

Sales of vehicles for civilian requirements were further curtailed in 1943 to a total, including tractors, of 3,511 as compared with 14,589 in 1942. Production of conventional type trucks for military requirements was substantially reduced in 1943, in comparison with the previous year, as the result of a further shift of military demand toward vehicles of special types, including universal carriers.

Operating profit in 1943, as in 1942, was 4.2 per cent of the value of output. Net profit for the year 1943, after taxes, amounted to \$3,361,958.80, equivalent to \$2.02 per share and 1.8 per cent of the value of output as compared with \$3,684,158.52, equivalent to \$2.22 per share and 2.0 per cent of the value of output in 1942.

Provision for taxes assessable on income in 1943 was \$6,228,000.00, inclusive of \$925,000.00 refundable under the provisions of the Excess Profits Tax Act, as compared with the tax provision in 1942 of \$5,500,000.00, inclusive of \$465,000.00 similarly refundable. The increase in both the total tax and the refundable portion arises from the fact that the present higher rates of taxation on corporate incomes, which applied only to the income of 1942 after July 1st, were applicable to the full year's income in 1943.

The refundable portion of taxes on 1942 income will be payable to the Company during the second fiscal period of the Government of Canada commencing after the cessation of hostilities, and the refundable portion of 1943 taxes will be payable to the Company during the third such fiscal period. As in the previous year, the refundable portion of taxes upon 1943 income has been included as part of net profit and as a deferred asset in the balance sheet. The total amount of such refundable taxes is \$1,390,000.00.

Included in the provision for taxes is an amount of \$256,000.00 consisting principally of income tax deducted at the source from dividends paid by overseas subsidiary companies. The increase over the corresponding item of \$65,000.00 for the previous year, is the result of higher rates of taxation and the receipt of certain dividends during 1942 on which no tax was assessable at the source.

Of the total tax liability on 1943 income, the Company had already paid \$3,338,425.27 by the end of 1943. The remainder is payable by monthly installments during the first half of 1944.

Operating charges in 1943 included provision of \$4,366,455.67 for depreciation. Of this amount, \$2,761,786.71 represented special depreciation of assets acquired for the fulfilment of war contracts. The corresponding provision for depreciation during 1942 was \$4,473,370.99, including special depreciation of \$2,907,498.14.

In comparison with the previous year, cash and bonds were reduced by \$2,046,434.35, accounts receivable increased by \$4,573,145.36, and inventories were reduced from \$36,043,392.58 to \$27,704,234.55 making a net reduction in these items of \$5,812,446.92.

Advances from the Dominion Government were \$20,124,028.95 at the end of the year, being \$6,617,721.40 less than at the end of the previous year.

Accounts receivable from overseas subsidiary companies were \$58,429.19 at the end of 1943, as compared with \$1,215,363.43 at December 31st, 1942. Shipments of vehicles and spare parts to these companies during 1943 were ordered and financed by arrangement between the Dominion Government and the Governments overseas.

Expenditures for capitalized additions to fixed assets during 1943 amounted to \$4,056,676.02, the principal undertaking being the further extension of the foundry and heat-treat buildings and equipment at a cost of \$2,808,376.24. In the same period, the Company sold or otherwise disposed of assets having an original value of \$508,947.95 and a depreciated book value of \$42,481.31. The assets disposed of included the former branch premises in Regina, Saskatchewan, and various items of factory equipment, no longer adequate for the Company's purposes. Reserve for depreciation was reduced by \$466,466.64 representing accrued depreciation on these assets. The net result of these transactions was that fixed assets were increased during the year by \$3,547,728.07 to a total of \$44,725,786.98, while the reserve for depreciation was increased by \$3,899,989.03 to a total of \$32,829,511.79.

Dividends received from overseas subsidiary companies during 1943 amounted to \$861,137.62, as compared with \$989,568.16 in 1942. Profits of these companies in 1943 totalled \$1,606,865.00, in comparison with \$2,310,780.00 in 1942. There was an increase in their combined earned surplus of \$864,471.00 in 1943, to a total of \$9,477,471.00 not consolidated with the earned surplus of this Company.

Dividend disbursements during the year amounted to \$1.00 per share, consisting of four quarterly dividends of twenty-five cents per share. Earned surplus increased by \$1,836,078.26 to \$28,462,860.45 as at December 31st, 1943.

With profound regret the Directors record the death of Mr. Edsel B. Ford on May 26th, 1943. Mr. Ford became a Director and Vice-President of the Company on October 31st, 1919, was elected President on December 12th, 1927, and upon relinquishment of this office on March 26th, 1929 became Chairman of the Board, in which office he served the Company until his death.

Mr. Henry Ford was elected to the office of Chairman of the Board on September 15th, 1943.

Mr. D. B. Greig was appointed a Director of the Company on April 19th, 1943 and Mr. B. J. Craig on September 15th, 1943.

For the Directors

W. R. CAMPBELL,
PRESIDENT

Windsor, Ontario
April 10th, 1944.

