

ANNUAL REPORT

FORD MOTOR COMPANY OF CANADA, LIMITED
WINDSOR, ONTARIO

YEAR ENDED DECEMBER 31st, 1945

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NOTICE OF ANNUAL MEETING

April 13th, 1946

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 29th day of April, 1946, at four o'clock p.m., eastern standard 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 15th, 1946, 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

HENRY FORD II

D. B. GREIG

B. J. CRAIG

OFFICERS

HENRY FORD, *Chairman of the Board*

W. R. CAMPBELL, *President*

HENRY FORD II, *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, 1945

(With a comparative statement for the year ended December 31st, 1944)

	1945	1944
Operating profit of the Canadian factory and branches after all operating charges ⁽¹⁾	\$ 1,361,449	\$ 4,912,283
Portion of the aggregate operating profits for the year of overseas subsidiary automobile manufacturing and distributing companies, withdrawn in the form of dividends received	905,039	1,080,442
Profit on sale of fixed assets and investments	166,927	13,986
Interest on bonds	90,870	122,805
Profit before taxes on income	<u>2,524,285</u>	<u>6,129,516</u>
Provision for income and excess profits taxes:	843,000	3,298,000
Less refundable portion	<u>—</u>	<u>313,000</u>
	<u>843,000⁽²⁾</u>	<u>2,985,000⁽²⁾</u>
Net profit for the year	<u>\$ 1,681,285</u>	<u>\$ 3,144,516</u>

(1) Included in operating charges for 1945 are the following items: provision for depreciation \$1,463,578, executive officers' remuneration \$174,800, solicitors' fees \$41,800 and directors' fees \$3,000.

Corresponding items charged in 1944 were: provision for ordinary and special depreciation \$2,076,077, executive officers' remuneration \$174,800, solicitors' fees \$36,650 and directors' fees \$3,000.

(2) Canadian (less refundable portion) 1945—\$848,000 1944—\$2,740,000
Other countries 1945—195,000 1944—245,000

STATEMENT OF EARNED SURPLUS

For the year ended December 31st, 1945

(With a comparative statement for the year ended December 31st, 1944)

	1945	1944
Earned surplus at beginning of year	\$ 29,948,416	\$ 28,462,860
Net profit for the year	1,681,285	3,144,516
Transferred from reserve for depreciation of bonds	150,000	<u>—</u>
	<u>31,779,701</u>	<u>31,607,376</u>
Less:		
Dividends paid on		
Class "A" shares	1,191,720	1,588,960
Class "B" shares	52,500	70,000
	<u>1,244,220</u>	<u>1,658,960</u>
Earned surplus at end of year	<u>\$ 30,535,481</u>	<u>\$ 29,948,416</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, 1945

(With comparative balances as at December 31st, 1944)

ASSETS	1945	1944	LIABILITIES	1945	1944
CURRENT ASSETS			CURRENT LIABILITIES		
Cash on hand and in banks	\$ 6,343,360	\$ 2,767,498	Accounts payable and accrued charges	\$ 7,811,002	\$ 10,527,716
Bonds of the Dominion and Municipal Governments in Canada, at cost	5,240,464	6,251,591	Due to overseas subsidiary companies	736,982	—
Market value December 31st, 1945	\$5,245,570		Income, excess profits, sales and excise taxes payable in Canada	330,934	2,074,589
1944	8,370,739			8,878,918	12,602,305
Accounts Receivable			RESERVES		
Dominion Government contracts	5,298,103	13,468,594	For depreciation of buildings, machinery and equipment	35,515,826	34,534,447
Drawback and refund of customs duties	527,969	309,687	General Reserve	5,500,000	5,500,000
Overseas subsidiary companies	139,357	164,182		41,015,826	40,034,447
Other accounts	1,527,412	1,103,823	CAPITAL		
Inventories	23,424,208	26,355,370	Authorized:		
As determined and certified by company officials based on physical count at July 31st, 1945 (August 31st, 1944) 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		
	42,500,873	50,420,745	100,000 shares class "B" no par value		
Less: Advances by the Dominion Government	8,000,000	13,000,000	Issued:		
	34,500,873	37,420,745	1,588,960 shares class "A" no par value }		
OTHER ASSETS			70,000 shares class "B" no par value }	13,379,100	13,379,100
Prepaid expenses and deferred charges	315,448	313,302	EARNED SURPLUS	30,535,481	29,948,416
Portion of taxes on income, refundable under the Excess Profits Tax Act	1,703,000	1,703,000			
Shares of subsidiary companies, at cost, less amount written off	11,204,886	11,204,886	Note: Commitments are outstanding for plant under construction \$2,600,000		
	13,223,334	13,221,189		\$ 93,809,325	\$ 95,964,268
FIXED ASSETS			Approved on behalf of the Board,		
Land, buildings, machinery and equipment, at cost	46,085,117	45,322,334	D. B. GREIG, Director		
Patents	1	1	HENRY FORD II, Director		
	\$ 93,809,325	\$ 95,964,268			

This is the balance sheet referred to in our report to the shareholders of March 23rd, 1946.

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, 1945 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, 1945 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, 1945 have been taken into account only to the extent of the dividends received. The combined profits of the subsidiary companies, as reported to us by their auditors, were in the aggregate in excess of such dividends.

Clarkson, Gordon, Dilworth & Nash,
Chartered Accountants.

Toronto, Canada
March 23rd, 1946.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Board of Directors submits herewith the annual report of the Company for the year ended December 31st, 1945, together with the auditors' report thereon.

Net profit for the year was \$1,681,285, being the equivalent of \$1.01 a share. In 1944 net profit was equal to \$1.89 a share.

Taxable profit for the year was less than standard profit (i.e. the average annual taxable profit for the years 1936 through 1939); consequently there was no excess profit. The basic tax rate of 40 per cent imposed by the Dominion Government on corporate income includes a rate of 22 per cent levied under the provisions of the Excess Profits Tax Act. The Company therefore has paid tax under that act though no excess profit was earned.

Total sales volume amounted to \$106,771,536, approximately two-thirds of the relative figure for the previous year. Production for military purposes was practically completed by September 12th, 1945. Additional reduction in the sales volume and net profit for the year resulted from the strike of factory employees of the Company at Windsor, Ontario, which began on September 12th, 1945 and terminated December 19th, 1945.

The total number of automotive units shipped was 48,441, including 1,585 tractors, and is comparable to 65,528 units shipped in 1944.

As a result of cancellations of war orders, inventories at the end of the year included a substantial quantity of surplus

materials and component parts for production of military vehicles. The Company's claim for reimbursement of its cost of these materials and parts, plus a reasonable profit thereon, is being prepared for presentation to the appropriate government department in accordance with the provisions of the relevant contracts. Advances to the Company by the Dominion Government with respect to war contracts amounting, as at December 31st, 1945, to \$8,000,000 will be applied in partial payment of this claim.

Additions to fixed assets, consisting of installations of machinery and equipment, were made during the year at a cost of \$1,328,329. This included \$675,000 for the purchase of government-owned machinery installed in the Company's plants. Fixed assets originally valued at \$565,547 and largely depreciated were sold or otherwise disposed of. Among the assets sold was a building at Montreal, Quebec, formerly utilized as a sales and service branch of the Company.

Plant expansion at Windsor, Ontario, is now being carried on in preparation for the production of 1947 model vehicles. Contracts have been let for the construction of an extension to the machine shop building, which will provide 54,720 sq. ft. of additional floor space, and commitments have been made for the necessary machinery and other facilities. The total estimated cost of this project is \$3,100,000.

The item of \$736,982 shown in the balance sheet as due to overseas subsidiary companies represents payments received in advance for shipments to be effected this year and amounts realized from insurance and other claims collected for the account of one of the subsidiary companies.

The reduction of \$1,743,655 in the amount of taxes payable at the year end in comparison with the amount payable at the end of the previous year is the result of lower sales tax collections on greatly reduced sales in December and the reduced amount of tax payable on lower taxable income.

The net increase in the reserve for depreciation was \$981,379 after charging thereto accrued depreciation of \$482,199 applicable to assets disposed of during the year.

Profits of subsidiary companies in 1945 amounted to \$1,423,121 in comparison with \$1,342,621 in 1944 and dividends received from those companies during the year totalled \$905,039. At the close of 1945 combined earned surplus of subsidiary companies amounted to \$10,404,877. The aggregate surplus and profit of subsidiary companies is not consolidated with the surplus and profit of this Company.

Dividends amounting in the aggregate to 75 cents a share were disbursed by the Company during the year at the rate of 25 cents a share in each of the first three quarterly periods. No dividend was disbursed in the last quarter of the year owing to the unsettled conditions arising out of the strike previously referred to.

Earned surplus includes an amount of \$150,000 transferred from reserve for depreciation of bonds. This reserve was no longer required for the purpose for which it was created. After addition of the year's profit and deduction of the dividends paid, earned surplus was increased by \$587,065 and amounted to \$30,535,481 as at December 31st, 1945.

On behalf of the Board,

D. B. GREIG,
DIRECTOR

Windsor, Ontario,
April 13th, 1946.



