

ANNUAL REPORT  
OF  
**THE FOUNDATION COMPANY**  
OF CANADA  
LIMITED  
AND SUBSIDIARY COMPANIES  
FOR THE YEAR ENDING  
APRIL 30, 1939

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# THE FOUNDATION COMPANY OF CANADA LIMITED AND SUBSIDIARY COMPANIES

MONTREAL, June 8, 1939.

TO THE SHAREHOLDERS OF  
THE FOUNDATION COMPANY OF CANADA LIMITED

The Annual Report for the fiscal year ending April 30, 1939, together with certified balance sheet and surplus account, is submitted herewith.

Conditions in the construction industry continue to be far from satisfactory with an exceedingly low volume of business offering and as a consequence a very narrow margin of profit to the general contractor. It is hoped that the recent decision of the Dominion Government to allow as a deduction against income tax, ten per cent of the cost of new construction, will have a stimulating effect on the industry. This, added to the cancellation of the sales tax on certain building materials, is a most constructive step and should result in a marked increase in the amount of private construction.

The revenue from your Company's docking business in the Port of Halifax is somewhat less than that of the previous year, but as a percentage, the decrease is much less than the decrease in the activity of the port as a whole. Your Company, in its marine salvage business, has again had a record of one hundred per cent successful refloating or delivery, as the case may be, of casualties handled.

Capital assets after crediting the proceeds of plant sold and scrapped show an increase of \$66,186 and a net increase after depreciation of \$15,803. The principal items of capital expenditure consist of additional marine equipment and the construction of a new wharf and warehouse at Halifax for the accommodation of your Company's salvage vessel on that station and for the overhauling and storage of salvage equipment.

The item of mortgages resulting from the purchase of certain wharf properties and tugs in Halifax has been reduced from \$57,500 to \$10,000 through payments made in advance of the due dates.

Your Company's buildings, plant and equipment have been maintained in first class operating condition. Depreciation has been written off your Company's buildings and marine equipment in general at the maximum rates established under income tax regulations and off your Company's construction plant at a somewhat lower aggregate rate than in the previous year, due to the fact that a great deal of this equipment is already written down to nominal values.

Operations show a net loss for the year after depreciation and taxes of \$83,126 as compared with a profit of \$106,154 in the previous year.

Your directors record with regret the death of one of their most valued colleagues, the Hon. A. J. Brown, K.C., a director of your Company since its incorporation.

Your directors take this opportunity of thanking the members of the staff for their loyal co-operation and unfailing efforts.

R. E. CHADWICK,  
President.

## CONSOLIDATED BALANCE SHEET, APRIL 30, 1939

ASSETS		LIABILITIES
<b>CAPITAL ASSETS AT COST:</b>		
Land and Buildings .....	\$ 252,838.85	<b>CAPITAL STOCK:</b>
Plant and Equipment .....	1,055,756.19	Authorized—150,000 Common Shares of No Par Value.
Marine Equipment .....	990,003.21	Issued — 84,600 Common Shares of No Par Value. ....
Furniture and Fixtures .....	14,955.50	\$ 710,000.00
	\$2,313,553.75	<b>MORTGAGE PAYABLE 5%:</b>
Goodwill .....	1.00	Due November 1, 1940. ....
	\$2,313,554.75	10,000.00
<b>INVESTMENT IN PARTLY OWNED SUBSIDIARY COMPANY AT COST.....</b>	<b>14,000.00</b>	<b>CURRENT LIABILITIES:</b>
<b>CURRENT AND WORKING ASSETS:</b>		
Cash in Banks and on Hand .....	\$ 85,229.07	Bank Loan .....
Accounts Receivable (including amounts held back on completed contracts) .....	283,532.20	\$ 50,000.00
Deposit on Contract .....	15,000.00	Accounts Payable and Accrued Liabilities .....
Investment in Uncompleted Contracts at Cost .....	25,085.11	98,765.58
Tools and Supplies on hand, valued by the Management at the lower of cost or market prices .....	19,458.29	Provision for Dominion and Provincial Taxes .....
Investment in Dominion Government Bonds at Cost (Quoted value April 30, 1939, \$172,315.00 of which \$46,000.00 par value are deposited under Contracts) .....	\$171,632.50	5,709.42
Accrued Interest on Bonds .....	2,194.79	154,475.00
	173,827.29	<b>RESERVES:</b>
	602,131.96	Depreciation .....
<b>DEFERRED CHARGES TO OPERATIONS .....</b>	<b>6,597.21</b>	\$1,155,095.72
	\$2,936,283.92	Uncompleted Contracts .....
		7,474.63
		Guarantee Reserve Fund .....
		13,121.79
		Fire and Marine Insurance .....
		34,773.40
		1,210,465.54
		<b>EARNED SURPLUS:</b>
		As per Statement attached .....
		851,343.38
		\$2,936,283.92

Approved on behalf of the Board:

R. E. CHADWICK, Director.  
V. M. DRURY, Director.

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of The Foundation Company of Canada Limited and its Wholly Owned Subsidiary Companies for the year ending April 30, 1939 (with the exception of Maritime Towing & Salvage Limited and Halifax and Canso Steamships Limited, the balance sheets of which were certified by other Chartered Accountants) and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Consolidated Balance Sheet at April 30, 1939, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of The Foundation Company of Canada Limited and its Wholly Owned Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies examined by us and the certified accounts above mentioned.

In accordance with Section 114 of The Companies' Act 1934, we also report that the Company's proportion of the net profit for the year ending December 31, 1938, of the partly owned Subsidiary Company has been taken up in the above accounts only to the extent of dividends declared therefrom.

PRICE, WATERHOUSE & CO.  
Auditors

MONTREAL, June 2, 1939.

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS,  
APRIL 30, 1939**

Operating Profit for the year ending April 30, 1939, before taking into account the items shown below.....	\$	62,704.54
 ADD:		
Profit from sale of Capital Assets and Investments (net).....	\$	7,147.70
Income from Investments.....		5,310.09
Dividends from partly-owned Subsidiary Company .....		1,225.00
		13,682.79
	\$	76,387.33
 DEDUCT:		
Interest on Mortgages.....	\$	731.18
*Executive Officers' Remuneration.....		70,449.99
Directors' Fees.....		4,019.00
Legal Expenses.....		2,687.83
Provision for Depreciation.....		81,000.76
Organization Expenses.....		204.08
		159,092.84
Net Loss before providing for Income Taxes.....	\$	82,705.51
 Provision for Provincial Income Taxes.....		420.21
Net Loss for Year.....	\$	83,125.72
 Earned Surplus Balance, April 30, 1938.....	\$	976,769.10
Less: Dividend paid.....		42,300.00
		934,469.10
Earned Surplus, Balance April 30, 1939.....	\$	851,343.38

\*This item includes remuneration of executive officers of the Company and also of certain employees of the Company and its subsidiaries who are also officers or directors of subsidiary companies, totalling in all ten (10) persons.

**THE FOUNDATION COMPANY**  
**OF CANADA**  
**LIMITED**

**BOARD OF DIRECTORS**

W. F. ANGUS	L. F. GIBLIN
R. E. CHADWICK	G. McG. MITCHELL
V. M. DRURY	F. G. RUTLEY

LAWRENCE MACFARLANE, K.C.

**OFFICERS**

R. E. CHADWICK	- - - - -	President
V. M. DRURY	- - - - -	Vice-President
F. G. RUTLEY	- - - - -	Vice-President
V. G. YOUNGHUSBAND	- - - - -	Vice-President
C. E. GREARSON	- - - - -	Secretary-Treasurer
H. C. LINK	- - - - -	Asst. Secretary-Treasurer

**HEAD OFFICE**

1538 SHERBROOKE STREET WEST  
MONTREAL

