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# Annual Report

THE FOUNDATION COMPANY  
OF CANADA  
LIMITED

For the Year Ending December 31

1944

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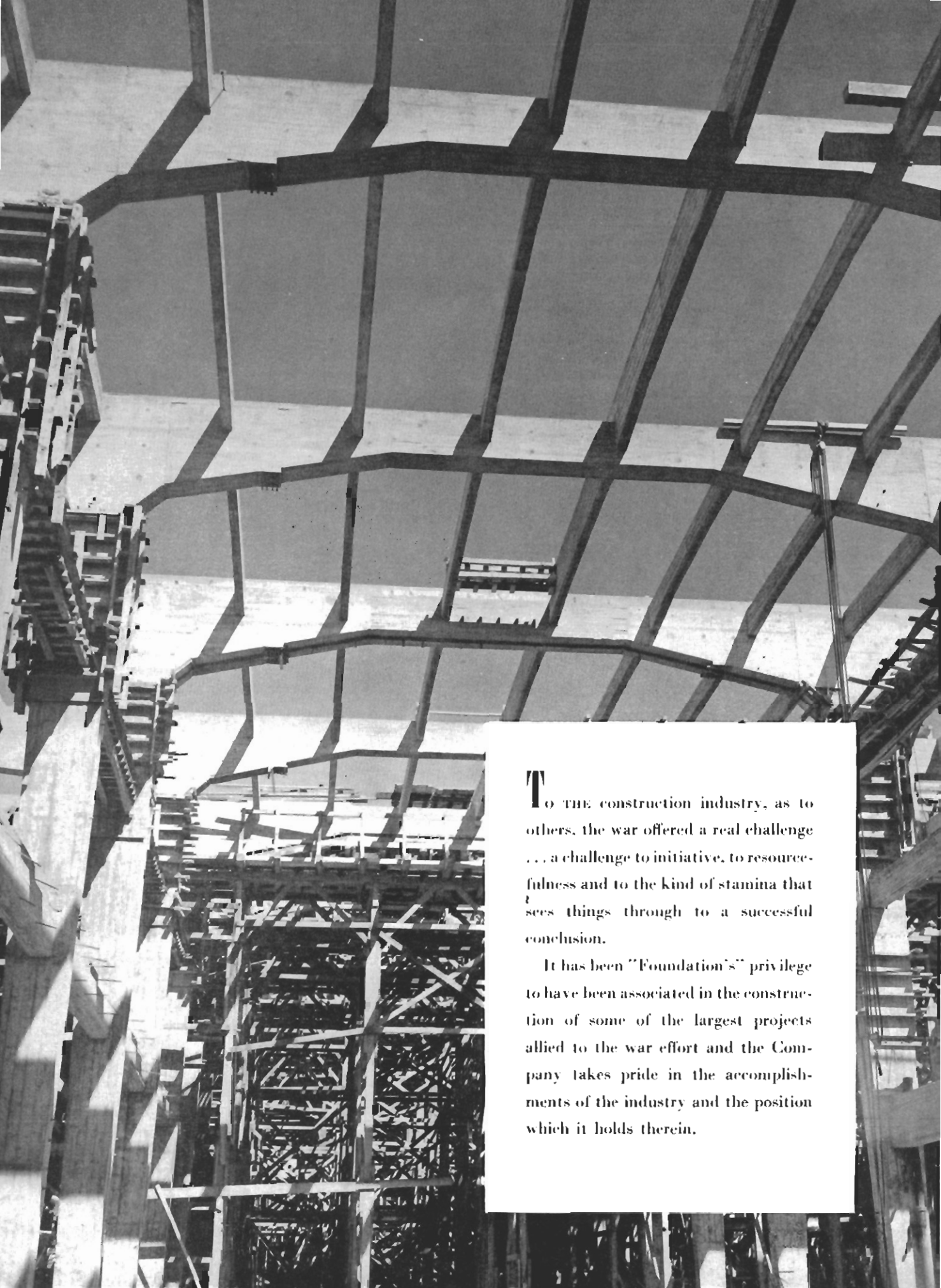
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MCGILL UNIVERSITY

# Our Distinguished Clientele

## 1944

ALUMINUM COMPANY OF CANADA, LIMITED  
AYERST, MCKENNA & HARRISON LIMITED  
BRITISH RUBBER COMPANY OF CANADA LIMITED, THE  
BROWN CORPORATION  
CAMPBELL SOUP COMPANY LIMITED  
CANADA STEAMSHIP LINES LIMITED  
CANADIAN CAR & FOUNDRY COMPANY LIMITED  
CANADIAN CAR MUNITIONS, LIMITED  
CANADIAN COPPER REFINERS, LIMITED  
CANADIAN INDUSTRIAL MINERALS LIMITED  
CANADIAN JOHNS-MANVILLE CO. LIMITED  
CANADIAN PACIFIC STEAMSHIPS, LIMITED  
COLGATE-PALMOLIVE-PEET CO. LIMITED  
CONTINENTAL CAN CO. OF CANADA, LIMITED  
CORNWALL COLLEGIATE INSTITUTE BOARD  
COURTAULDS (CANADA) LIMITED  
DARTMOUTH FERRY COMMISSION  
DAVIE SHIPBUILDING & REPAIRING CO., LIMITED  
DEPARTMENT OF MUNITIONS AND SUPPLY  
DEPARTMENT OF NATIONAL DEFENCE—NAVAL SERVICE  
DEPARTMENT OF PUBLIC WORKS, CANADA  
DOMINION RUBBER COMPANY LIMITED  
DUNLOP TIRE & RUBBER GOODS CO., LIMITED  
E. B. EDDY COMPANY LIMITED, THE  
FRASER COMPANIES LIMITED  
GOVERNMENT OF NEWFOUNDLAND  
GUBNEY FOUNDRY COMPANY LIMITED, THE  
HIMMELMAN SUPPLY COMPANY LIMITED  
HOLDSWORTH COMPANY LIMITED  
IMPERIAL OIL LIMITED  
ISLAND DEVELOPMENT COMPANY, THE  
KNOX UNITED CHURCH, CORNWALL, ONTARIO  
LEIF ERICHSENS REDERI A/S  
MARATHON PAPER MILLS OF CANADA LIMITED  
E. J. MAXWELL LIMITED  
MINISTRY OF WAR TRANSPORT OF THE UNITED KINGDOM  
WILLIAM NEILSON, LIMITED  
NEWFOUNDLAND RAILWAY  
OCEAN STEAMSHIP COMPANY LIMITED  
PARK STEAMSHIP COMPANY LIMITED  
PARRSBORO SHIPPING COMPANY  
QUEBEC NORTH SHOE PAPER COMPANY  
ST. LAWRENCE FLOUR MILLS CO. LIMITED  
ST. LAWRENCE PAPER MILLS COMPANY LIMITED  
SHELL OIL COMPANY OF CANADA LIMITED  
TORONTO STAR LIMITED  
TOWN OF RACINE, P.Q.  
UNITED STATES OF AMERICA  
(WAR SHIPPING ADMINISTRATION)  
WARTIME SHIPBUILDING LIMITED



**T**o the construction industry, as to others, the war offered a real challenge ... a challenge to initiative, to resourcefulness and to the kind of stamina that sees things through to a successful conclusion.

It has been "Foundation's" privilege to have been associated in the construction of some of the largest projects allied to the war effort and the Company takes pride in the accomplishments of the industry and the position which it holds therein.



Montreal, March 28, 1945.

## To the Shareholders of

THE FOUNDATION COMPANY OF CANADA LIMITED

Your Directors present herewith the Annual Report of your Company for the year ending December 31, 1944, comprising Consolidated Balance Sheet, Statement of Profit and Loss and Surplus and Auditors' Report.

Operations show a net profit before Income and Excess Profits Taxes of \$736,238 as compared with \$226,404 for the previous year and a net of \$141,238 as compared with \$122,137 after provision for taxes of \$595,000 and \$103,986 for the two respective years.

Your Company's Balance Sheet shows an investment in wholly-owned subsidiaries not consolidated of \$265,209 as compared with \$1,543 in the report of the previous year. This is accounted for by the purchase of all of the outstanding capital stock of Quebec Salvage and Wrecking Company Limited to which further reference will be made.

There is practically no change in your Company's investment in land and buildings. Investment in plant and equipment is increased by \$46,377 and in marine equipment by \$112,157. These figures reflect, firstly, the completion of your Company's building programme for its own account as a consequence of its so-called war contracts and, secondly, a routine continuation of its programme of modernization of its construction and marine equipment. Total Capital Assets less Depreciation Reserve show a decrease of \$74,548.

Net Current Assets as of December 31, 1944, are \$1,031,098 as compared with \$1,107,761 at the close of the previous fiscal year. It might be noted that the decrease is more than offset by the increase in investment in subsidiaries not consolidated in the present Balance Sheet.

Your Company has continued its dividends on its outstanding capital stock at the rate of \$1.40 per annum.

Depreciation has been written off your Company's buildings and equipment in general in accordance with its customary policy and at rates prescribed by Income Tax Department regulations and rulings, but certain expenditures made in connection with war services have been subject to special depreciation under orders of the War Contracts Depreciation Board.

## Construction

In the Annual Report of your Directors for the year 1943, mention was made of the expected sharp decrease in the volume of what might be called wartime construction. This did not occur, in the case of your Company, to the extent then anticipated. Your Company has been favoured with a fairly satisfactory volume of business in the way of plants for the manufacture of various commodities. One for the manufacture of penicillin was constructed for the Dominion Government on an urgent time basis and both engineering and building work in His Majesty's Canadian Dockyards has also continued. A gratifying volume of new business has been secured by your Company from the pulp and paper industry, which has been for many years one of its specialties.

Shortage of labour has constituted the major problem with which the construction business has been faced. The skilled trades in the industry have had insufficient additions to their ranks during the past five years to compensate for the normal loss and the relatively higher wages in the munitions, aeroplane and shipbuilding industries have resulted in a severe shortage in the ranks of the less skilled of the construction trades. It is reasonable to assume that this condition will continue for some considerable time and that the limiting factor will be, not lack of business offering, but the inability to secure the labour necessary for a satisfactory rate of progress.

## Shipbuilding

During the year, your Company completed its contracts for twin-screw cargo lighters at its plant at Bridgewater, N.S., constructed especially to build this type of vessel on a mass-production basis and which turned out, it is believed, about half the requirements from Canada of this particular type during the period of great demand. However, the present demand has been deemed insufficient to warrant the continued operation of a plant of this capacity and, as a consequence, the Bridgewater plant has been closed and practically all of the equipment and stock furnished by your Company has been disposed of for use elsewhere.

Your Company continued throughout the year the building of ocean-going freighters in the Government-owned shipyard at Pictou, Nova Scotia, at the scheduled rate of production.

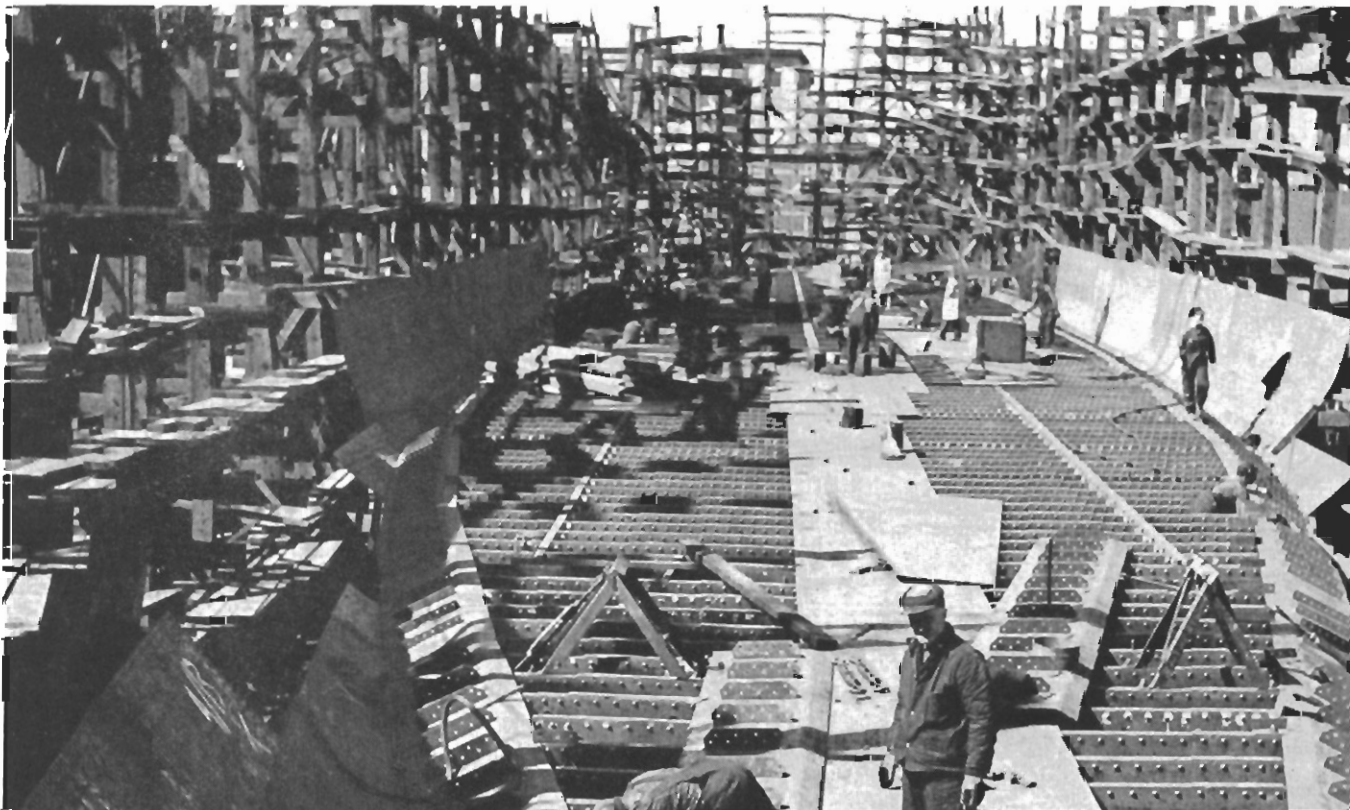
During the year, your Company undertook and successfully completed the conversion of a number of ships built in the United Kingdom from general-cargo carriers to fully-refrigerated vessels for the frozen-meat trade. This work comprised the installation of the refrigerating machinery and circulation ducts and of cork and

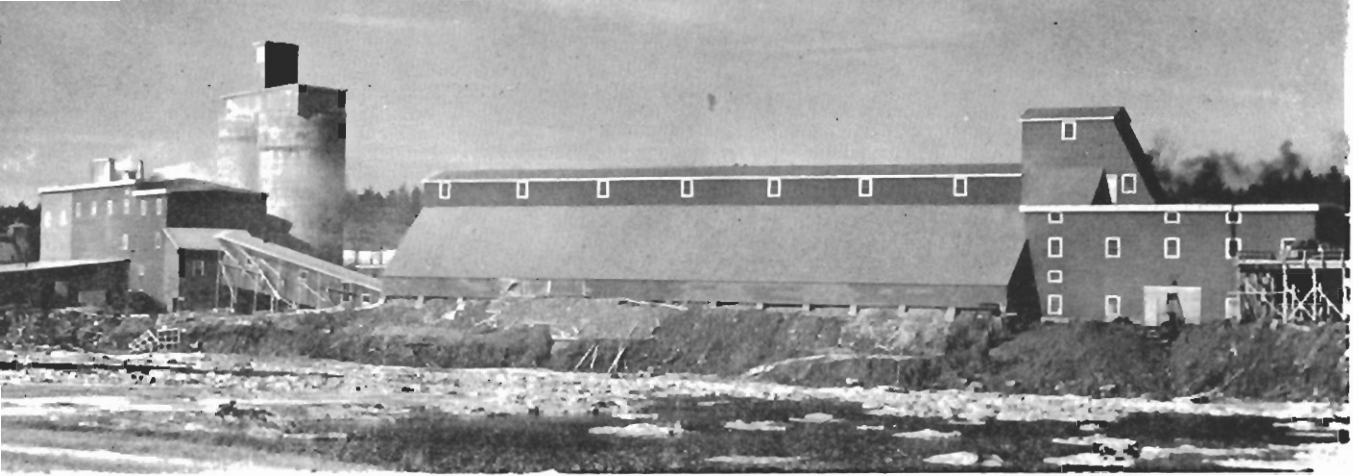
other insulation. All ships were delivered ready for sea in advance of schedule. The work was done at a temporary plant erected on property in Montreal leased from the National Harbours Board and since completely disposed of, including buildings, for use elsewhere.

## Marine Salvage

On October 1, 1944, your Company purchased from the Canadian Pacific Railway Company and associates, all of the outstanding shares of the capital stock of Quebec Salvage and Wrecking Company Limited which was incorporated in 1912 under Dominion charter and has since that date operated in the River and Gulf of St. Lawrence between Three Rivers and the Newfoundland Coast. Quebec Salvage owns the twin-screw salvage vessel "Lord Stratheona" of 495 tons and approximately 1,000 horse-power and the single-screw diesel lighter "Traverse" of 317 tons. Although considerably smaller than your Company's salvage ships, "Foundation Aranmore" and "Foundation Franklin", the "Lord Stratheona" has done excellent work in the river and gulf, her shallower draught and manoeuvrability as a consequence of her twin engines being valuable features in that area. The "Traverse", formerly used solely for the transportation of portable salvage equipment, is now being used as a general carrier, primarily for dealing with salvaged cargoes, and she has already assisted in the recovery of such varied commodities as aluminium, copper, agricultural implements, depth charges, ammunition and other explosives. Immediately prior to the close of navigation in the river in 1944, both "Lord Stratheona" and "Traverse" were moved to the Atlantic and both have since engaged in salvage operations in that area.

1,700 TON FREIGHTER READY FOR TANK TOPS  
*Pictou Shipyard*





CANADIAN INDUSTRIAL MINERALS LIMITED  
*Plant at Walton, N.S. Engineer: J. Mitchell*

Considering conditions as they existed during the year 1944, the activities of your Company's Salvage Division might be considered as having been about normal except during the rather brief period of enemy submarine activity which was given rather wide publicity at the time. The proportion of successful operations to the total of casualties dealt with has been extraordinarily high, both in the cases of ordinary marine hazard and those of enemy attack.

## Halifax Harbour Services

The wartime activity of the services maintained by your Company's subsidiaries, Foundation Maritime Limited and Maritime Towing & Salvage Limited, in the Port of Halifax, has continued throughout the year. These services include the tugs for the docking, undocking and shifting of the ocean-going ships using the port and for harbour towing generally, the furnishing of derrick boats for the loading and unloading of heavy items of cargo and the furnishing of fresh water to ships at anchor.

During the year, one docking tug was scrapped and one tug formerly operated under charter was purchased and converted from a coal-burning steam unit to a modern diesel-engined docking unit. Arrangements have been concluded for the purchase of a sister ship, also operated by your Company throughout the year under charter, for similar conversion. These changes will, it is expected, give your Company a much better balanced and more economically operated docking fleet than it has previously possessed. Upon completion of the second conversion, it is intended that a second of the older coal-burning steam tugs will be scrapped.

Your Company's workshops in Halifax have been engaged throughout the year principally on maintenance of the Company's own fleet of tugs, salvage ships and derrick boats, including the conversions to which reference has already been made. Your Company has, however, continued to take a certain amount of naval work



and has continued, but on a diminishing scale, the manufacture of certain components connected with the arming of merchant ships.

## Directors

Your Directors regret to report the death, on October 20, 1944, of one of their colleagues, the late Lawrence Macfarlane, K.C. Mr. Macfarlane had been closely connected with your Company since the incorporation of its predecessor in 1910, firstly as its solicitor and latterly as a member of its Board of Directors. His long and intimate knowledge of the Company's affairs and his wise counsel were of inestimable value to your Company and will be keenly missed.

Mr. Gordon MacDougall, B.A., B.C.L., K.C., a partner of the late Mr. Lawrence Macfarlane, was on January 24, 1945, appointed a director of your Company, filling the vacancy left by the death of the latter. Mr. MacDougall is the senior partner of the firm of MacDougall, Scott, Hugessen and Macklaier, Barristers and Solicitors of Montreal, Vice-President and Chairman of the Executive Committee of Shawinigan Water & Power Company, Vice-President and a member of the Executive Committee of the Montreal Trust Company and is a director of The Royal Bank of Canada and of the Canadian Marconi Company.

## Staff

Your Directors take this opportunity of recording the honour conferred upon Major Melbourne Armstrong Elson, created a Member of the Order of the British Empire (Military Division). Major Elson went overseas shortly after the outbreak of World War II as a lieutenant in the Royal Canadian Engineers and won considerable credit in connection with nearly two years' work at Gibraltar during which period he was promoted to the rank of Captain. He then returned to England, was promoted to the rank of Major R.C.E. and has since been reported in continuous active service in France, Belgium and Germany.

Your Directors also take this opportunity of thanking the members of the Staff, irrespective of whether employed on an annual, monthly, weekly, daily or hourly basis, for their loyalty, their co-operation and their unfailing efforts during the past year.

It is again a source of satisfaction to your Directors to report that those administering the affairs of the various labour organizations with which the Company is called upon to deal, have been most co-operative in the avoidance of any loss of time on the part of the Company's forces or of anything that would interfere with the schedule of production.

R. E. CHADWICK, M.E.I.C.  
President.

# THE FOUNDATION COMPANY OF CANADA LIMITED

AND SUBSIDIARY COMPANIES \*

## CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1944

ASSETS	LIABILITIES
<b>CAPITAL ASSETS AT COST:</b>	
Land and Buildings.....	\$ 787,164.49
Plant and Equipment.....	1,137,236.23
Marine Equipment.....	1,048,273.45
Furniture and Fixtures.....	42,984.86
Automobiles and Trucks.....	9,679.23
	\$3,025,338.26
Goodwill.....	1.00
	\$3,025,339.26
<b>WHOLLY OWNED SUBSIDIARY COMPANIES NOT CONSOLIDATED (see footnote):</b>	
Investment.....	\$ 259,984.01
Advances (net).....	5,224.57
	265,208.58
<b>LONG TERM ADVANCES (Secured)</b>	17,500.00
<b>CURRENT AND WORKING ASSETS:</b>	
Cash in Banks and on Hand.....	\$ 965,425.03
Investment in Dominion Government Bonds, at cost.....	\$34,431.25
(Quoted value \$35,525.00)	
Accrued Interest on Bonds.....	387.50
	34,818.75
Accounts Receivable, less Reserve.....	837,811.28
Deposits on Contracts.....	35,378.20
Investments in Uncompleted Contracts at cost.....	134,781.25
Tools and Supplies on hand, valued by the Management at the lower of cost or market prices.....	60,945.44
	2,069,159.95
<b>REFUNDABLE PORTION OF EXCESS PROFITS TAX (Contra)</b>	139,257.52
<b>DEFERRED CHARGES TO OPERATIONS</b>	49,934.73
	\$5,566,400.04
<b>CAPITAL STOCK:</b>	
Authorized 150,000 Common Shares of No Par Value.....	
Issued 84,600 Common Shares of No Par Value.....	\$ 710,000.00
<b>CAPITAL SURPLUS:</b>	
Arising from the purchase, redemption and cancellation of the Preferred Stock of a Subsidiary Company.....	20,000.00
<b>CURRENT LIABILITIES:</b>	
Accounts Payable and Accrued Liabilities.....	\$ 561,797.92
Dividend declared payable January 19, 1945.....	29,610.00
Income, Excess Profits and Other Taxes, less amounts paid on account.....	446,654.20
	1,038,062.12
<b>RESERVES:</b>	
Depreciation.....	\$2,133,629.22
Uncompleted Contracts.....	159,857.18
Guarantee Reserve Fund.....	49,833.39
Fire and Marine Insurance.....	36,242.09
	2,379,561.88
<b>REFUNDABLE PORTION OF EXCESS PROFITS TAX (Contra)</b>	
	139,257.52
<b>EARNED SURPLUS:</b>	
As per statement attached.....	1,279,518.52
	\$5,566,400.04

Approved on behalf of the Board:  
R. E. CHADWICK, Director.  
V. M. DRURY, Director.

\*NOTE: Two wholly owned subsidiary companies have not been consolidated but the investment in and advances to these companies have been shown under a separate caption in the above Balance Sheet.

### AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of The Foundation Company of Canada Limited and its Subsidiary Companies for the year ending December 31, 1944 (with the exception of *Maritime Towing and Salvage Limited*, the Balance Sheet of which was certified by other Chartered Accountants, and *Quebec Salvage and Wrecking Company Limited*, whose financial year ends on April 30) and have obtained all the information and

explanations which we have required. On this basis, we report that, in our opinion, the above Consolidated Balance Sheet at December 31, 1944, 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 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 report as follows with regard to the

two wholly owned subsidiary companies, which are not consolidated. The operations of one of these companies for the year 1944 have resulted in a loss of \$7,323.38, which has been charged against that company's accumulated surplus. Audited accounts of the other company, viz.: *Quebec Salvage and Wrecking Company Limited*, which has been recently acquired and whose current financial year ends on April 30, 1945, are not yet available.

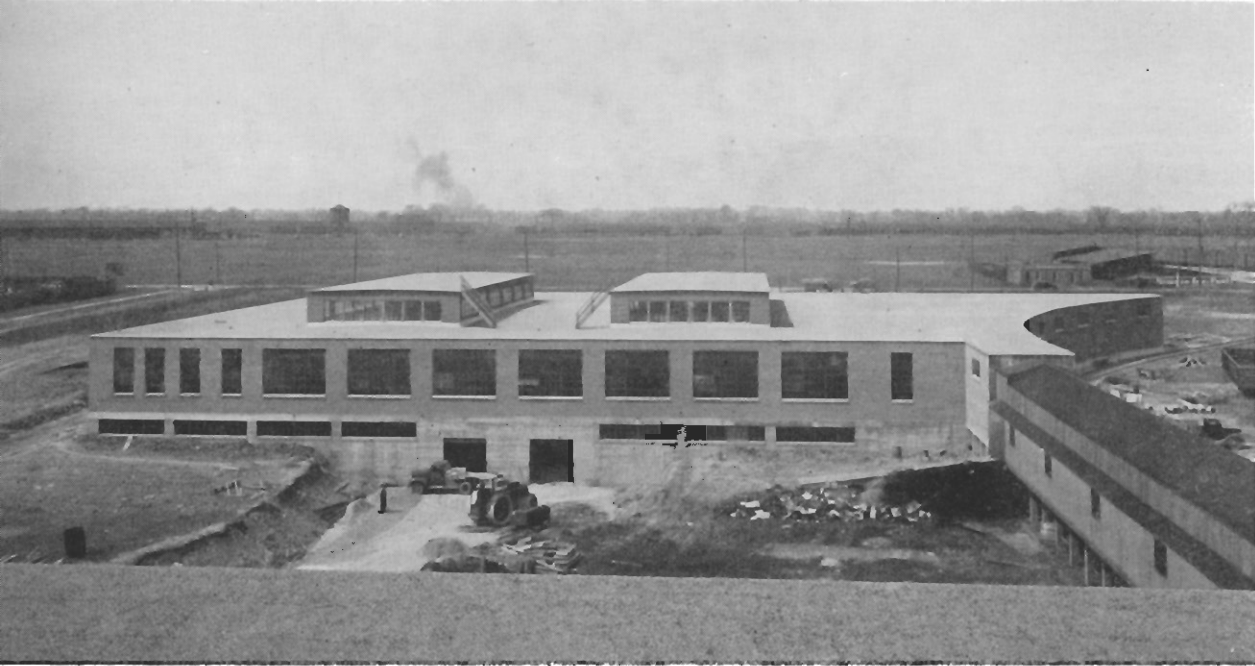
PRICE, WATERHOUSE & CO., Auditors.  
MONTREAL, March 23, 1945.

# CONSOLIDATED STATEMENT

## OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31, 1944

Operating Profit for the year ending December 31, 1944, before taking into account the items shown below.....		\$1,110,140.76
ADD: Interest on Bonds, etc.....		5,293.91
		\$1,115,434.67
<b>DEDUCT:</b>		
Executive Officers' Remuneration.....	\$ 85,023.49	
Directors' Fees.....	6,676.00	
Legal Expenses.....	1,955.33	
Loss on Sale of Bonds.....	2,375.00	
Provision for Depreciation (including Special Depreciation on capital expenditures re War Contacts).....	283,166.49	
		379,196.31
Profit before providing for Income and Excess Profits Taxes.....		\$ 736,238.36
Provision for Income and Excess Profits Taxes.....		595,000.00
Net Profit for the year ending December 31, 1944.....		\$ 141,238.36
 <b>EARNED SURPLUS:</b>		
Surplus at December 31, 1943.....		\$1,265,393.00
 <b>ADD:</b>		
Adjustment re prior year's taxes.....	\$ 730.33	
Profit from disposal of Capital Assets in 1944.....	15,096.78	
		15,827.16
		\$1,281,720.16
<b>DEDUCT:</b>		
Dividends paid.....	\$118,440.00	
Additional appropriation for the purchase of past service retirement annuities under the Company's Retirement Annuity Plan.....	25,000.00	
		143,440.00
Earned Surplus at December 31, 1944.....		<u>1,138,280.16</u>
		<u>\$1,279,518.52</u>

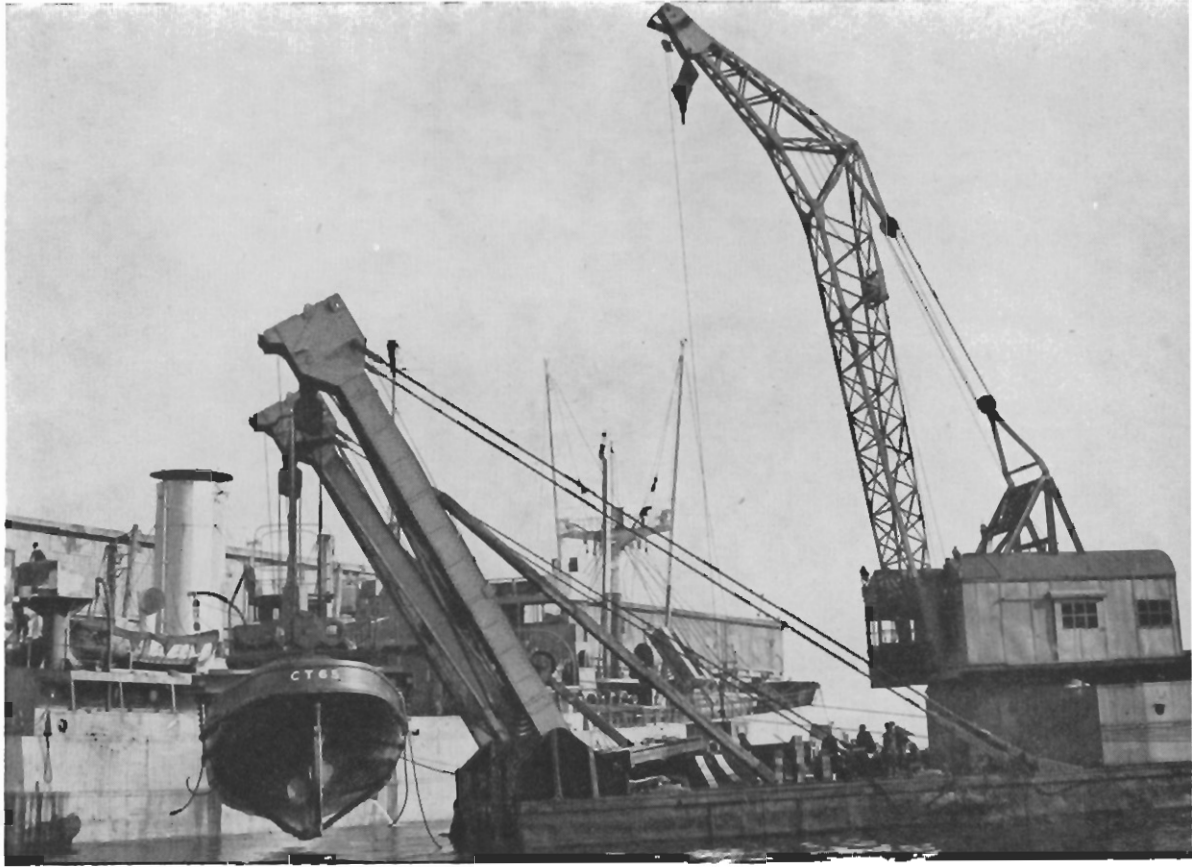
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OF CANADA  
LIMITED



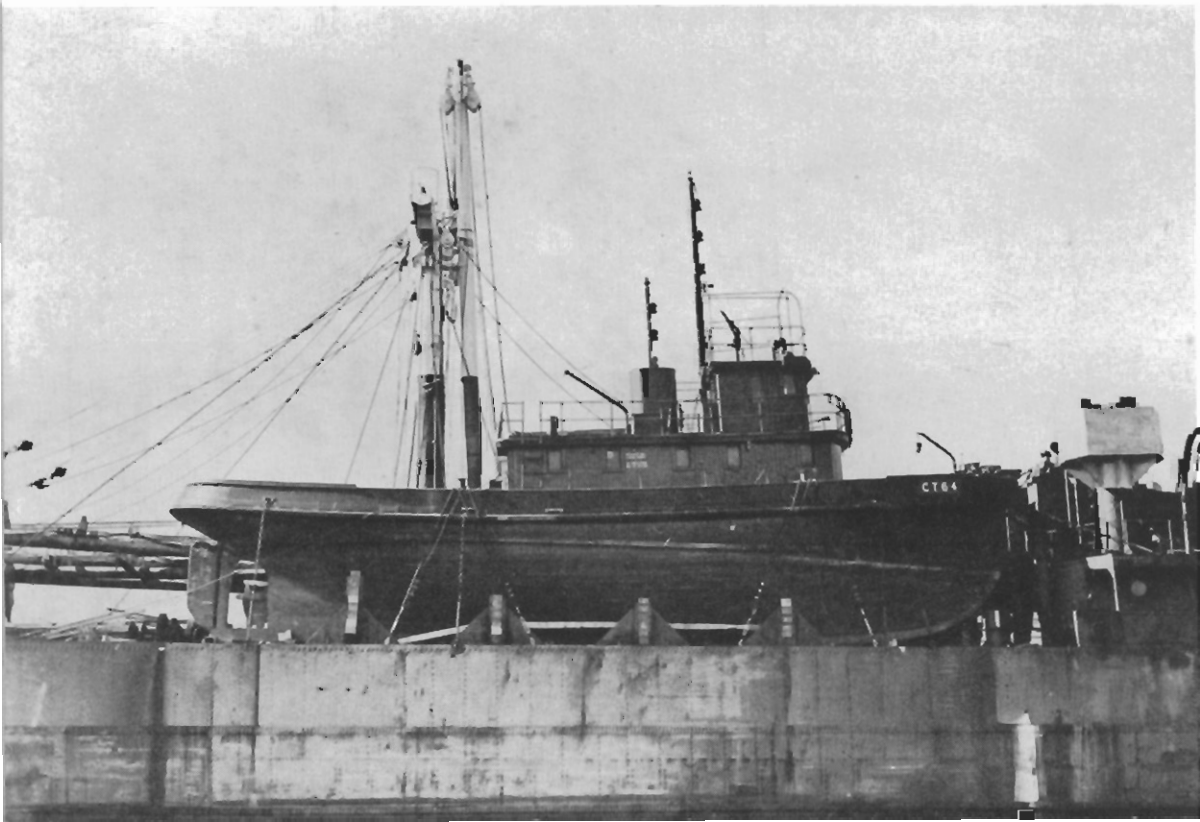
CONTINENTAL CAN CO. OF CANADA LIMITED NEW TORONTO, ONT.



**THE FOUNDATION COMPANY**  
OF CANADA  
LIMITED

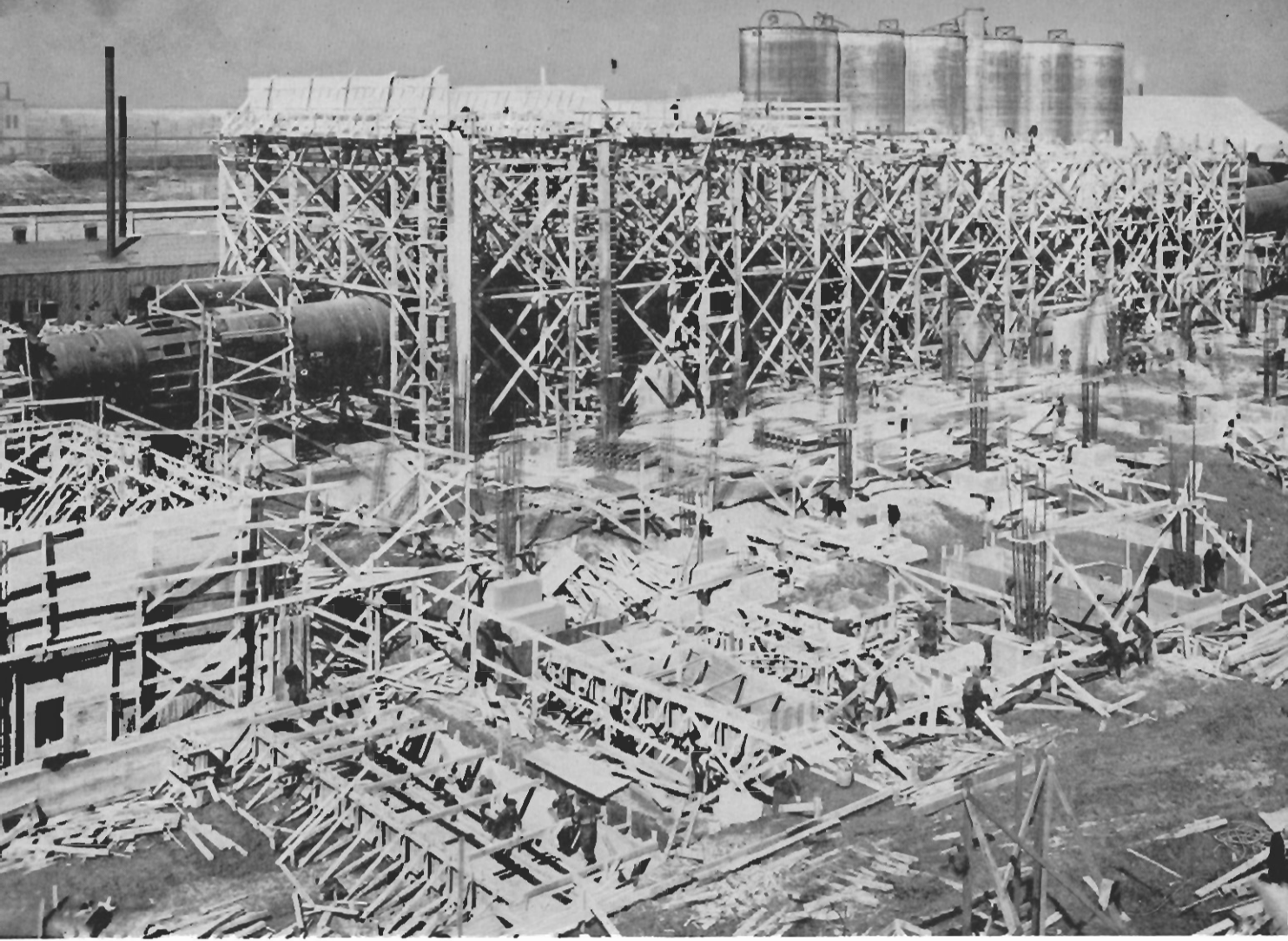


**DERRICK BOAT "FOUNDATION SCARBORO"  
LOADING A TUG ONTO DECK OF FREIGHTER**  
*Courtesy Ministry of War Transport of the United Kingdom*





THE ISLAND DEVELOPMENT COMPANY  
HILLSBOROUGH BAY, P.E.I.



**PHARMACEUTICAL LABORATORY**

*Ayerst, McKenna & Harrison Limited.*

*Ross & MacDonald Inc., Architects. Brian R. Perry, Mechanical Engineer.*



**T**HE year 1944 was the one when, at last, Allied strategists could see "the beginning of the end" for Nazi Germany. The year 1944 was also a noteworthy one for "Foundation" for it marked the successful termination of vast contracts for the Aluminum Company of Canada in the Arvida district.

Begun shortly after the declaration of war, and including the 1,200,000 horsepower development at Shipshaw, these top-priority enterprises were brought into operation in record time.

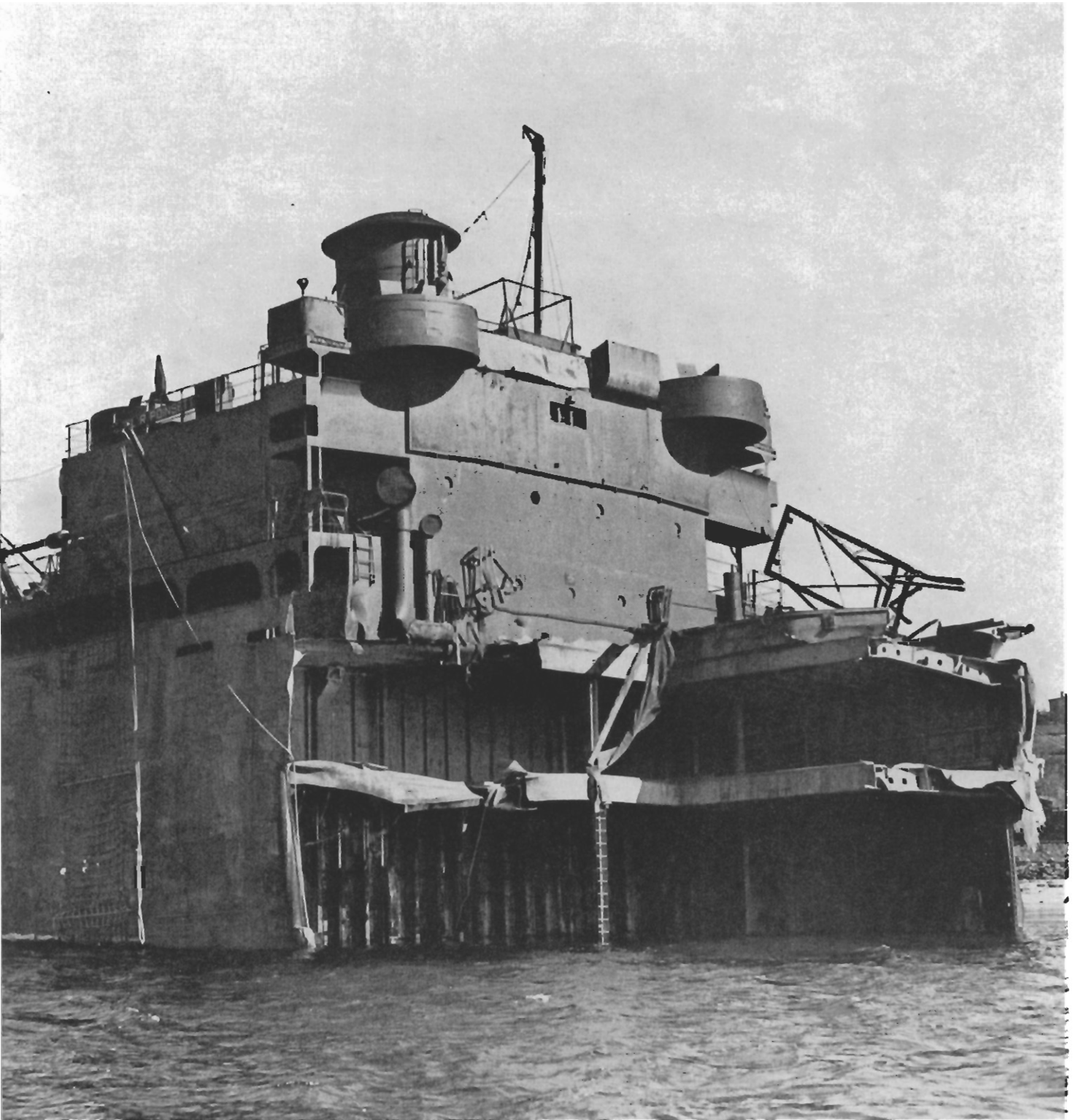
ORE PLANT, ARVIDA, P.Q.

BAUXITE STORAGE BUILDING  
PORT ALFRED, P.Q.  
*Aluminum Company of Canada Limited*





THE FOUNDATION COMPANY  
OF CANADA  
LIMITED



STERN HALF OF FREIGHTER TOWED 400 MILES  
*Salvage Division Foundation Maritime*  
*Courtesy Royal Canadian Navy Passed by Censor*

## **BOARD OF DIRECTORS**

W. F. ANGUS	WILLIAM HARTY
D. A. CAMPBELL	GORDON W. MacDOUGALL, K.C.
R. E. CHADWICK	G. MacG. MITCHELL
V. M. DRURY	F. G. RUTLEY

## **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

