

THIRTY-SEVENTH ANNUAL REPORT
OF THE
CANADIAN LOCOMOTIVE Co.

LIMITED
THE YEAR ENDING 31ST DEC. 1948



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**THIRTY-SEVENTH ANNUAL
REPORT**

OF THE

**Canadian Locomotive
Company, Limited**

FOR YEAR ENDED

31st December, 1948



CANADIAN LOCOMOTIVE COMPANY LIMITED

HEAD OFFICE: KINGSTON, ONT.

DIRECTORS:

EDWARD FITZGERALD, Esq.	W. F. ANGUS, Esq.
COL. H. D. L. GORDON, D.S.O.	W. J. LANGSTON, Esq.
L. J. BELNAP, Esq.	WM. CASEY, Esq. (Deceased)
J. A. McDONALD, Esq.	G. M. TODD, Esq.
COL. K. R. MARSHALL, C.M.G., D.S.O.	

EXECUTIVE OFFICERS:

W. J. LANGSTON, *President*
J. J. JARRELL, *General Manager*
J. A. McDONALD, *Vice-President and General Purchasing Agent*
G. W. DALY, *Secretary-Treasurer*

TRANSFER AGENT AND REGISTRAR:

NATIONAL TRUST COMPANY LIMITED

Toronto, Ontario

Montreal, Quebec

AUDITORS:

GEORGE A. TOUCHE & CO., *Chartered Accountants*

Toronto, Montreal, London, Eng.

CANADIAN LOCOMOTIVE COMPANY LIMITED

PRESIDENT'S REPORT TO SHAREHOLDERS

TO THE SHAREHOLDERS:

Your Directors are pleased to submit herewith the Annual Report of your Company for the year ended December 31st, 1948, with the Balance Sheet and Profit and Loss Account and Auditors' Report on same.

During the year we delivered 71 steam locomotives, 23 spare locomotive boilers and one diesel-electric locomotive, also a substantial volume of miscellaneous equipment for industry. We carried over into 1949 unfilled orders for 99 steam locomotives and 19 spare locomotive boilers and have since received an order for 10 steam locomotives and an increase in industrial work is indicated for the coming year. The sale of 18 of the diesel-electric locomotives referred to in last year's report of the President has been delayed due to necessary modifications in specifications and design. A reserve of \$507,448 has been deducted from the work in process which is ample to cover any possible loss in this connection. It is hoped, however, that a considerable portion of this reserve may be recovered.

The Reserve for Contingencies, in amount \$500,000.00, has been re-designated as a Reserve for Diesel Development.

Employees' welfare and security payments cost the Company \$183,300.00 in 1948, or approximately \$1.15 per share of outstanding capital stock. These costs covered group insurance, pension plan, unemployment insurance, compensation insurance, statutory holidays and vacations with pay.

At their meeting January 27th, 1949, your Directors declared the regular \$1.00 dividend per share, plus an extra of \$1.75, or \$2.75 per share in all, out of the profits for the year.

It is with deepest regret that we record the death on July 15th, 1948, of Mr. William Casey, President of the Company, and associated with it for 47 years. He entered the employ of the Company in 1901, first serving as machinist apprentice, after which promotion came rapidly. He became successively draftsman, shop foreman, then Manager, and in 1920 Vice-President and General Manager. In 1932 he became President and while holding that position, he was influential in the rise of the Company from a small industry to a major Canadian one. His passing was a heavy loss to the Company and to all his friends and associates.

The Board of Directors wish to express their warm appreciation to the General Manager, and all other Officers and employees of the Company, for their co-operation and loyalty, which resulted in the splendid year's achievement.

Yours faithfully,

W. J. Langston,

President.

Kingston, Ontario,

March 10th, 1949.

CANADIAN LOCOMOTIVE

(Incorporated Under The

BALANCE SHEET AT THE

ASSETS		
Current Assets		
Cash in banks and on hand		\$ 335,315.41
Dominion of Canada bonds—at par which is approximate market plus accrued interest		2,306,726.81
Accounts receivable, less reserve		844,967.13
Refundable portion of Dominion excess profits tax—due 31st March, 1949.....		226,190.39
Inventories as certified by responsible officials:		
Work in Process—at estimated cost less a reserve of \$507,448.00 in connection with the 18 Diesel- electric locomotives in respect of which completion of sale and deli- very has been delayed due to the necessary modifications in specifications and design	\$ 2,345,555.71	
Material and supplies—at values not exceeding the lower of cost or market	323,960.80	
		2,669,516.51
Refundable Portion of Dominion Excess Profits Tax—due 1950 or subsequently		\$ 6,382,716.25 973,555.99
Fixed Assets—at the valuations (\$1,061,- 642.48) adopted under the plan of re- organization effected the 1st October, 1932 plus subsequent net additions at cost.		
Land		144,851.10
Buildings and equipment	2,508,815.32	
Deduct: Reserve for depreciation	1,458,187.33	
		1,050,627.99
Prepaid Insurance, Etc.		1,195,479.09 33,047.13
Patents		1.00
		\$ 8,584,799.46

TO THE SHAREHOLDERS,

CANADIAN LOCOMOTIVE COMPANY, LIMITED.

We have examined the books and accounts of Canadian Locomotive Company, Limited, for the year ended December, 1948. In connection therewith we carried out tests and a review of the accounting methods and of the Profit and Loss Account that we have obtained all the information and explanations we require. The Profit and Loss Account and related Profit and Loss Account are properly drawn up and the Company's affairs at the 31st December, 1948, and the results of our information and the explanations given to us and as shown in the Balance Sheet are correct.

Dated at Toronto, Ontario,
7th March, 1949.

(Dominion Companies Act)

AS AT THE END OF THE YEAR ENDED 31st DECEMBER, 1948

LIABILITIES AND CAPITAL

Current Liabilities

Accounts payable and accrued	\$ 513,609.00	
Sales tax accrued	1,559.41	
Advances in connection with current orders	3,335,170.30	
Provision for Dominion and Provincial taxes less payments thereon	284,808.75	
		<u>\$ 4,135,147.46</u>

Reserve For Diesel Development 500,000.00

Capital and Surplus

Capital stock—authorized: 250,000 common shares without nominal or par value of which 159,596 are issued and fully paid		977,141.18	
Surplus			
Balance at the 1st January, 1948	\$ 2,354,106.34		
Deduct:			
Dividend paid	398,910.00		
		<u>1,955,196.34</u>	
Add:			
Profit for the year—			
Statement II	1,017,314.48		
		<u>2,972,510.82</u>	
			<u>\$ 3,949,652.00</u>

\$ 8,584,799.46

Approved on behalf of the Board,
W. J. LANGSTON, Director.
J. A. McDONALD, Director.

We have examined the financial statements of the Locomotive Company Limited for the year ended the 31st of December, 1948, and the Balance Sheet and Surplus accounts. Based upon such examination we report that the accounts are correct and that, in our opinion, the above Balance Sheet and Surplus accounts give a true and correct view of the state of the Company as at the end of the year then ended, according to the best of our information by the books of the Company.

GEORGE A. TOUCHE & CO.,
Chartered Accountants,
Auditors.

STATEMENT II
CANADIAN LOCOMOTIVE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
For the Year ended the 31st December, 1948

OPERATING PROFIT FOR THE YEAR before depreciation, income taxes and other items as indicated hereunder		\$ 1,802,861.84
Add:		
Interest on Dominion of Canada bonds		15,088.25
		<u>1,817,950.09</u>
Deduct:		
Executive salaries and bonuses	\$ 94,756.20	
Directors' fees	5,000.00	
Legal fees	1,446.10	
		<u>101,202.30</u>
		1,716,747.79
Provision for depreciation		<u>141,433.31</u>
		1,575,314.48
Provision for taxes on income		
—Dominion	447,000.00	
—Provincial	111,000.00	
		<u>558,000.00</u>
PROFIT FOR THE YEAR—Statement I		<u><u>\$ 1,017,314.48</u></u>

STATEMENT III

CANADIAN LOCOMOTIVE COMPANY LIMITED

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

For the Year ended the 31st December, 1948

Sources of Funds

Profit for the year—Statement II	\$ 1,017,314.48	
Add:		
Provision for depreciation—which is not a cash outlay	141,433.31	
		\$ 1,158,747.79
Refundable portion of Dominion excess profits tax		
—Received during year	94,344.30	
—Due 1949	226,190.39	
		320,534.69
Decrease in prepaid insurance, etc.		6,890.10
Funds available		\$ 1,486,172.58

Application of Above Funds

Dividend paid	\$ 398,910.00	
Additions to fixed assets—net	37,688.41	
Liability to War Assets Corporation discharged	359,000.00	
Net increase in working capital	690,574.17	
		\$ 1,486,172.58

Products of
CANADIAN
LOCOMOTIVE
COMPANY
LIMITED

Locomotives

STEAM AND DIESEL-ELECTRIC AND THEIR COMPONENT PARTS. (Our Company is the pioneer in Canada of the Diesel-electric locomotive, and is co-operating with the Baldwin Locomotive Works of Philadelphia, Pa., in the production of their complete line of Diesel-electric locomotives.)

Other Products

ROLLED STEEL WHEELS AND TIRES.

Mining Machinery

SELECTRO SCREENS.
AKINS CLASSIFIERS.
ROASTERS.
DRYERS.
HEAVY FORGINGS, ETC.

Cannery Equipment

VIBRATING SCREENS.
EVAPORATORS.
TANKS, ETC.

Oil Refinery Equipment

AND A WIDE LINE OF OTHER INDUSTRIAL EQUIPMENT AND MACHINERY.

Works and Head Office:
KINGSTON, Ont.

Toronto Office:
610 Federal Bldg.

