

FORTY-FIRST ANNUAL REPORT

DECEMBER 31st, 1944



CANADIAN WESTINGHOUSE COMPANY, LIMITED
HAMILTON - CANADA

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CANADIAN WESTINGHOUSE COMPANY, LIMITED
FORTY-FIRST ANNUAL REPORT

DECEMBER 31st, 1944

TO THE SHAREHOLDERS:

The Board of Directors submits herewith the Balance Sheet of the Company as at 31st December, 1944, and the related statements of Profit and Loss and Earned Surplus for the year ended that date, together with the auditors' report thereon.

The net profit for the year after all charges amounted to \$1,495,141 or \$2.74 per share. This is after providing \$2,380,000 for estimated Income and Excess Profits Taxes which includes refundable taxes of \$300,000 transferred to the general reserve for post-war rehabilitation. Dividends of \$1,092,000 were paid during the year at the rate of \$2.00 per share; this rate has been in effect since 1940.

There was a very marked reduction in the demand for electrical equipment during the last half of 1943 compared with the four previous war years, resulting in a reduced backlog of orders for 1944. Furthermore, costs have increased substantially and due to restrictions imposed by price control regulations these are not compensated for in selling prices. The combination of these factors has materially contributed to the reduction in operating profits.

Until restrictions are removed from the use of electrical apparatus for normal peacetime requirements it is probable that a substantial demand will exist for equipment for the rehabilitation of war-damaged industries in foreign countries. Some orders for such equipment have already been received.

The Air Brake Division operated throughout the year at capacity production as far as available manpower would permit and there remained at the end of the year a very substantial volume of unfilled orders.

Production of special war products reached its peak during the year and as referred to in reports of previous years these included a wide variety of special devices of an unusually intricate and complicated nature which required the highest degree of manufacturing and engineering skill. Certain of the contracts for these products have now been completed and it is not anticipated that the volume of this production will reach the same high level in the forthcoming year.

The executives of your Company are fully conscious of the necessity of overcoming the many problems with which they will be faced on the cessation of hostilities and are making preparations accordingly. Extensive changes to plant facilities will be required in order to resume the manufacture of our regular products and to assure the utmost efficiency in operations which will be required to meet the higher manufacturing costs occasioned by the general increase in wage levels.

During the past year a further contribution of \$300,000 was made to the Employees' Pension Trust Fund, under which provision is made for the retirement of employees. The entire cost of this pension plan is borne by the Company.

The difficulty of obtaining sufficient manpower to meet our requirements still remains acute and is the controlling factor in the production of many items of equipment. Sixteen hundred and fifty employees have enlisted for active service and it is with deep regret that we inform you that, of these, thirty-five have paid The Supreme Sacrifice.

Your Board records with profound sorrow the death on September 27th, 1944, of Mr. Norman S. Braden, a director and former Vice Chairman of this Company; also the death on October 26th, 1944, of Mr. Frank A. Merrick, a director of this Company and former Vice President.

The directors and officers of the Company wish to take this opportunity of expressing their deep appreciation to all employees for their unselfish and devoted efforts throughout the year, without which the Company's outstanding record of achievement in production and performance during 1944 could not have been accomplished.

By Order of the Board,

JOHN R. READ, Chairman and President.

Hamilton, Canada
February 28th, 1945.

CANADIAN WESTINGHOUSE COMPANY, LIMITED
(INCORPORATED UNDER THE DOMINION COMPANIES ACT)

BALANCE SHEET

AS AT 31ST DECEMBER, 1944

ASSETS

CURRENT ASSETS:

CASH ON HAND AND IN BANKS - - - - -	\$ 2,678,861.41
INVESTMENT IN GOVERNMENT BONDS AND OTHER MARKET- ABLE SECURITIES, AT BOOK VALUE - - - - - (QUOTED MARKET VALUE \$5,599,607)	5,441,713.80
ACCOUNTS RECEIVABLE LESS RESERVE - - - - -	2,454,897.51
EXPENDITURES RECOVERABLE ON WAR CONTRACTS - -	2,322,719.74
INVENTORIES AS DETERMINED AND CERTIFIED BY THE MAN- AGEMENT AND PRICED AT THE LOWER OF COST OR MARKET - - - - -	7,846,369.63

\$20,744,562.09
118,683.78

INVESTMENT IN AND ADVANCES TO HAMILTON MUNITIONS LIMITED
PROPERTY AND PLANT:

REAL ESTATE, BUILDINGS, MACHINERY, TOOLS AND EQUIP- MENT AND MAIN OFFICE AND DISTRICT OFFICE PROPER- TIES—AT COST LESS DEPRECIATION - - - - -	4,140,131.53
PREPAID INSURANCE AND DEFERRED CHARGES - - - - -	201,970.68
POST-WAR REFUND UNDER THE EXCESS PROFITS TAX ACT - - -	1,475,000.00
PATENTS, RIGHTS AND LICENSES - - - - -	1.00

\$26,680,349.08

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED CHARGES - - - - -	\$2,413,509.07
PROVISION FOR SERVICE GUARANTEES - - - - -	450,000.00
ADVANCE PAYMENTS RECEIVED ON CONTRACTS - - - - -	2,294,056.43
RESERVE FOR TAXES ON INCOME AND FOR CONTINGENCIES -	2,235,845.97

\$7,393,411.47

GENERAL RESERVE - - - - -

2,125,000.00

CAPITAL STOCK:

AUTHORIZED — 900,000 SHARES OF NO PAR VALUE - - -		
ISSUED — 546,000 SHARES OF NO PAR VALUE - - -	\$ 9,100,000.00	
EARNED SURPLUS - - - - -	8,061,937.61	17,161,937.61

\$26,680,349.08

FOR THE DIRECTORS:

PAUL J. MYLER,
JOHN R. READ.

CANADIAN WESTINGHOUSE COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST DECEMBER, 1944

NET EARNINGS FROM OPERATIONS AFTER PROVISION FOR DEPRECIATION - - - - -		\$ 4,065,314.00
INCOME FROM INVESTMENTS - - - - -		109,827.17
		<u>\$ 4,175,141.17</u>
DEDUCT:		
CONTRIBUTION TO EMPLOYEES' PENSION TRUST FUND - -	\$ 300,000.00	
PROVISION FOR TAXES ON INCOME, INCLUDING REFUNDABLE PORTION OF EXCESS PROFITS OF \$300,000 TRANSFERRED TO GENERAL RESERVE FOR POST-WAR REHABILITATION - - - - -	2,380,000.00	2,680,000.00
NET PROFIT FOR YEAR - - - - -		<u>\$ 1,495,141.17</u>
NOTE: INCLUDED IN THE EXPENDITURES FOR THE YEAR ARE:		
PROVISION FOR DEPRECIATION - - - - -	\$517,174	
DIRECTORS' FEES - - - - -	22,400	
EXECUTIVES' REMUNERATION AND LEGAL FEES - - - - -	138,471	

GENERAL RESERVE

BALANCE AT 31ST DECEMBER, 1943 - - - - -	\$ 1,825,000.00
PROVISION FOR POST-WAR REHABILITATION REPRESENTED BY REFUNDABLE PORTION OF EXCESS PROFITS - - - - -	300,000.00
BALANCE AT 31ST DECEMBER, 1944 - - - - -	<u>\$ 2,125,000.00</u>

STATEMENT OF EARNED SURPLUS

BALANCE AT 31ST DECEMBER, 1943 - - - - -		\$ 7,658,796.44
ADD NET PROFIT FOR YEAR - - - - -	\$ 1,495,141.17	
LESS DIVIDENDS PAID - - - - -	1,092,000.00	403,141.17
BALANCE AT 31ST DECEMBER, 1944 - - - - -		<u>\$ 8,061,937.61</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the accompanying Balance Sheet of Canadian Westinghouse Company Limited as at 31st December, 1944, and of the statements of profit and loss and surplus for the year ending on that date. In connection therewith we made a test audit of the accounting records of the company and obtained all the information and explanations we required from its officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of all the transactions.

We report that, in our opinion, the accompanying balance sheet and related statements of profit and loss and surplus have been drawn up so as to exhibit a true and correct view of the state of the Company's affairs at 31st December, 1944, and of the results of its operations for the year, according to the best of our information and the explanations given us and as shown by the books.

In accordance with Section 114 of the Dominion Companies Act we report that the profits for the year of Hamilton Munitions Limited, a wholly owned subsidiary, have not been included in the attached accounts.

CLARKSON, GORDON, DILWORTH AND NASH,
Chartered Accountants.

Hamilton, Canada
February 17, 1945

BOARD OF DIRECTORS

JOHN R. READ, CHAIRMAN

GEO. A. BLACKMORE

S. C. McCONAHEY

N. S. BRADEN

F. A. MERRICK

GEO. H. BUCHER

PAUL J. MYLER

SIDNEY G. DOWN

A. W. ROBERTSON

ROSCOE SEYBOLD

EXECUTIVE COMMITTEE

GEO. A. BLACKMORE

PAUL J. MYLER

F. A. MERRICK

JOHN R. READ

S. C. McCONAHEY

A. W. ROBERTSON

OFFICERS

JOHN R. READ, CHAIRMAN AND PRESIDENT

C. H. MITCHELL, VICE PRESIDENT AND MANAGER
OF WORKS

N. S. BRADEN, VICE CHAIRMAN

E. M. COLES, VICE PRESIDENT

F. A. MERRICK, VICE PRESIDENT


W. E. SPRAGUE, VICE PRESIDENT AND SECRETARY

C. N. SALVISBURG, TREASURER

H. A. COOCH, VICE PRESIDENT

JOHN S. MARTIN, COMPTROLLER

EXECUTIVE OFFICES - HAMILTON, CANADA



CANADIAN WESTINGHOUSE COMPANY, LIMITED

PRINCIPAL OFFICE AND WORKS, HAMILTON, ONTARIO

SALES OFFICES

MONTREAL, QUE.

HALIFAX, N. S.

WINNIPEG, MAN.

VANCOUVER, B. C.

TRAIL, B. C.

TORONTO, ONT.

OTTAWA, ONT.

LONDON, ONT.

SWASTIKA, ONT.

FORT WILLIAM, ONT.

CALGARY, ALTA.

EDMONTON, ALTA.

REGINA, SASK.

SASKATOON, SASK.

MADE IN CANADA
TIMBER REGIONS