

Corporation  
File

# FORTY-THIRD ANNUAL REPORT

DECEMBER 31st, 1946



CANADIAN WESTINGHOUSE COMPANY, LIMITED  
HAMILTON - CANADA

PURVIS HALL  
LIBRARIES

APR 2 1947

McGILL UNIVERSITY



# CANADIAN WESTINGHOUSE COMPANY, LIMITED

## FORTY-THIRD ANNUAL REPORT

DECEMBER 31st, 1946

### TO THE SHAREHOLDERS:

The Board of Directors submits herewith the Balance Sheet of the Company as at 31st December, 1946, and statement of Profit and Loss and Earned Surplus for the year, together with the Auditors' report thereon.

In common with many other industrial concerns in Canada, your Company's results for 1946 were seriously affected by high costs and low production, due to material shortages, strikes, both at our own plants and those of our suppliers, and the problems of rehabilitation and reconversion to peacetime production. As shown by the Profit and Loss Statement, the profit carried to earned surplus for the year amounted to \$605,904 after transfer from General Reserve of \$600,000 to cover rehabilitation expenses charged against operations and recovery of \$450,000 income tax provided on 1945 income due to the taxable loss from 1946 operations.

During the year, three quarterly dividends of 50c per share were declared and a fourth dividend in the last quarter of the year of 35c per share, making total dividends declared for the year of \$1.85 per share. (This compares with a rate of \$2.00 per share in effect since 1940.) Your directors considered it advisable to reduce the rate of dividend until the Company's earning position has been restored and its current capital requirements adequately provided for.

Production of the Company's products is dependent upon a continuous flow of a wide variety of many large and small detailed parts from outside suppliers, especially from the United States. Principally because of labour difficulties, the suppliers of these parts repeatedly failed to meet their delivery commitments. Failure to obtain these parts as required, as well as the difficulty of obtaining an adequate supply of steel and copper — raw materials basic to the electric industry — resulted in the delivery of many important items of electrical and air brake equipment being seriously delayed. This interruption of the normal flow of materials caused an unavoidable congestion of plant facilities with partly processed parts and finished goods. Indicative of this is the value of the inventory, which at 31st December, 1946, amounted to \$9,352,886, an increase of \$2,163,524 over that of 1945, the highest inventory of electric and air brake products ever carried by the Company. As "bottle-neck" parts are received, substantial deliveries will be made in 1947 of products almost completely fabricated in the year just past.

On July 5, 1946, the local union of the United Electrical Radio and Machine Workers of America (C. I. O.) called a strike against the Company because it would not accede to the Union's demands for an increase of 25c per hour, plus an additional increase of 10% to compensate for a reduction in hours from 44 per week to 40. The strike lasted 115 days, the employees returning to work on October 28, after the Company agreed to grant an increase of 13c per hour without a reduction in hours of work. Successful operation under this settlement depends upon our employees materially increasing their individual productivity, to enable the Company to grant this increase and, at the same time, successfully meet both domestic and foreign competition.

A wide variety of products manufactured by the Company still remain under price regulations, and submissions are being made to the Government to grant price increases to offset additional costs. The effect of constantly rising costs, as reflected in higher prices, if continued



as at present, is bound to seriously restrict the sale of many electrical products, especially those sold to the general public. The Management is sparing no effort to improve the general efficiency of the organization to offset, as much as possible, these rising costs.

While plans for post-war reconversion to peacetime production have been seriously retarded by strikes and delays in obtaining delivery of machine tools and other materials, important progress has nevertheless been made. One of the major moves in this programme was the transfer of the manufacture of all appliance products from various sections of the main manufacturing plants to the building at the West Plant purchased from the Dominion Government. By the end of the year this changeover was practically complete, and appliance products are now being produced at the rate contemplated in the original plans. Rearrangements of old and installations of modern machinery and equipment in the space made available by this move are rapidly contributing to increased production of air brake and electrical equipment at lower costs.

Since the termination of the war, substantial orders have been placed by public and private power utilities in connection with extensive power developments being undertaken by them to meet the serious power shortage which exists in many parts of Canada, and to provide electric energy for the extension of power facilities to rural communities. These orders, against which deliveries were unavoidably delayed, together with the unusually heavy demands of industrial users, have resulted in the Company having on hand unfilled orders for electrical equipment very much greater than at any time in its history. Provided there is an appreciable improvement in the procurement of materials this coming year and there are no further work stoppages through strike action, substantial shipments against these unfilled orders should take place in 1947.

The present requirements of railroad companies for air brake equipment would appear to assure satisfactory operations of the Air Brake Division throughout 1947.

Since 1920, the Company has operated a Pension Trust Fund for the benefit of its employees, the entire cost of which has been borne by the Company. This year, an additional contribution of \$300,000 was made to the Fund, making a total amount of \$3,000,000 contributed by the Company since its inception. These payments have been made irrevocably to a Board of Trustees for administration and payment to pensioners. The fund has provided pensions for 418 former employees, or their dependents, which have amounted to \$909,313 and at the close of 1946 there were 245 recipients of such pensions.

Mr. W. E. Sprague, appointed Secretary of the Company on December 17, 1918, retired November 30, 1946. As of that date, Mr. W. A. Campbell was appointed Secretary to succeed Mr. Sprague.

It would not be fitting to conclude this report without acknowledging the splendid assistance received from those who have contributed so materially in meeting the many difficult and perplexing problems encountered in the past year. Suppliers of material co-operated in every way possible — at times at considerable expense and inconvenience to themselves — in aiding us to meet production requirements, and the employees, both individually and as a whole, have wholeheartedly worked to overcome shortages and delays beyond their control. The directors and officers of the Company wish to express their sincere appreciation to all who have given this assistance, and feel assured that in 1947 the results of this effort will be reflected in improved production for our customers, steady work for the employees and a return to reasonably profitable operations for the shareholders.

By Order of the Board,

JOHN R. READ, Chairman and President.

Hamilton, Canada.  
February 26, 1947.



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

BALANCE SHEET

As AT 31ST DECEMBER, 1946

ASSETS

CURRENT ASSETS:

CASH ON HAND AND IN BANKS - - - - -	\$ 958,617.48
INVESTMENT IN GOVERNMENT BONDS AND OTHER MARKET- ABLE SECURITIES, AT COST LESS RESERVE - - - (QUOTED MARKET VALUE \$6,328,737)	6,144,668.80
ACCOUNTS RECEIVABLE LESS RESERVE - - - - -	2,412,446.52
INVENTORIES AS DETERMINED AND CERTIFIED BY THE MAN- AGEMENT AND PRICED AT THE LOWER OF COST OR MARKET - - - - -	9,352,886.64
	\$18,868,619.44

INVESTMENT IN AND ADVANCES TO HAMILTON MUNITIONS LIMITED  
PROPERTY AND PLANT: 110,646.52

REAL ESTATE, BUILDINGS, MACHINERY, TOOLS AND EQUIP- MENT AND MAIN OFFICE AND DISTRICT OFFICE PROPER- TIES—AT COST LESS DEPRECIATION - - - - -	5,123,170.95
PREPAID INSURANCE AND DEFERRED CHARGES - - - - -	190,449.81

TAXES ON INCOME RECOVERABLE:

PAYMENTS FOR TAXES ON INCOME IN EXCESS OF LIABILITY THEREFOR - - - - -	\$ 530,530.71
REFUNDABLE PORTION OF TAXES - - - - -	805,000.00
	1,335,530.71
	1.00

PATENTS, RIGHTS AND LICENSES - - - - -

\$25,628,418.43

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED CHARGES - - - - -	\$ 1,616,585.83
PROVISION FOR SERVICE GUARANTEES - - - - -	450,000.00
ADVANCE PAYMENTS RECEIVED ON CONTRACTS - - - - -	2,779,835.75
	\$ 4,846,421.58

BALANCE PAYABLE TO DOMINION GOVERNMENT RE PURCHASE OF  
BUILDING (SECURED BY REFUNDABLE PORTION OF TAXES) - 600,000.00

GENERAL RESERVE - - - - - 1,525,000.00

CAPITAL STOCK:

AUTHORIZED — 900,000 SHARES OF NO PAR VALUE - - -	
ISSUED — 573,485 SHARES (INCLUDING 362 SHARES ISSUED DURING THE YEAR THROUGH CON- VERSION OF FRACTIONAL SHARES) - - -	\$10,199,400.00
EARNED SURPLUS - - - - -	8,457,596.85
	18,656,996.85

\$25,628,418.43

FOR THE DIRECTORS:

JOHN R. READ  
H. A. COOCH



CANADIAN WESTINGHOUSE COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST DECEMBER, 1946

NET EARNINGS FROM OPERATIONS BEFORE PROVISION FOR DEPRECIATION BUT AFTER REHABILITATION EXPENSES - - -		\$ 170,820.68
ADD:		
AMOUNT TRANSFERRED FROM GENERAL RESERVE TO COVER REHABILITATION EXPENSES CHARGED AGAINST OPERATIONS - - - - -	\$ 600,000.00	
INCOME FROM INVESTMENTS, INCLUDING PROFIT ON SALE THEREOF - - - - -	215,462.98	
		<u>815,462.98</u>
		\$ 986,283.66
DEDUCT:		
PROVISION FOR DEPRECIATION - - - - -	\$ 530,379.13	
CONTRIBUTION TO EMPLOYEES' PENSION TRUST FUND - -	300,000.00	
		<u>830,379.13</u>
NET PROFIT FOR THE YEAR - - - - -		\$ 155,904.53
ADD:		
RECOVERY FROM TAXES PROVIDED ON 1945 INCOME DUE TO TAXABLE LOSS IN 1946 (AFTER APPLYING REDUCTION OF \$95,000 IN REFUNDABLE PORTION) - - - -		450,000.00
PROFIT CARRIED TO EARNED SURPLUS - - - - -		<u>\$ 605,904.53</u>
NOTE: INCLUDED IN THE EXPENDITURES FOR THE YEAR ARE:		
DIRECTORS' FEES - - - - -	\$ 15,375	
EXECUTIVES' REMUNERATION AND LEGAL FEES - - - - -	111,518	

GENERAL RESERVE

BALANCE AT 31ST DECEMBER, 1945 - - - - -	\$ 2,125,000.00
DEDUCT AMOUNT TRANSFERRED TO STATEMENT OF PROFIT AND LOSS TO COVER REHABILITATION EXPENSES CHARGED AGAINST OPERATIONS - - - - -	600,000.00
BALANCE AT 31ST DECEMBER, 1946 - - - - -	<u>\$ 1,525,000.00</u>

STATEMENT OF EARNED SURPLUS

BALANCE AT 31ST DECEMBER, 1945 - - - - -	\$ 8,912,567.07
ADD PROFIT AS ABOVE - - - - -	605,904.53
	<u>\$ 9,518,471.60</u>
LESS DIVIDENDS PAID - - - - -	1,060,874.75
BALANCE AT 31ST DECEMBER, 1946 - - - - -	<u>\$ 8,457,596.85</u>



## AUDITORS' REPORT TO THE SHAREHOLDERS

---

We have examined the accompanying balance sheet of Canadian Westinghouse Company Limited as at 31st December, 1946, and the statements of profit and loss and earned 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 earned 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, 1946, 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 no profits of Hamilton Munitions Limited, a wholly owned subsidiary, were included in the attached accounts; the profits earned during the year covered the final settlement of government contracts and were nominal in amount.

CLARKSON, GORDON & Co.  
Chartered Accountants

Hamilton, Canada  
February 17th, 1947.



## BOARD OF DIRECTORS

JOHN R. READ, CHAIRMAN

GEO. A. BLACKMORE

SIDNEY G. DOWN

GEO. H. BUCHER

A. W. ROBERTSON

H. A. COOCH

ROSCOE SEYBOLD

A. N. WILLIAMS

## EXECUTIVE COMMITTEE

GEO. A. BLACKMORE

JOHN R. READ

GEO. H. BUCHER

A. W. ROBERTSON

A. N. WILLIAMS

## OFFICERS

JOHN R. READ, CHAIRMAN AND PRESIDENT

H. A. COOCH, VICE PRESIDENT

W. A. CAMPBELL, SECRETARY

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

JOHN S. MARTIN, TREASURER

E. M. COLES, VICE PRESIDENT

J. M. THOMPSON, COMPTROLLER

EXECUTIVE OFFICES - HAMILTON, CANADA



CANADIAN WESTINGHOUSE COMPANY, LIMITED

PRINCIPAL OFFICE AND WORKS, HAMILTON, ONTARIO

---

SALES OFFICES

MONTREAL, QUE.

TORONTO, ONT.

CALGARY, ALTA.

HALIFAX, N. S.

OTTAWA, ONT.

EDMONTON, ALTA.

WINNIPEG, MAN.

LONDON, ONT.

REGINA, SASK.

VANCOUVER, B. C.

SWASTIKA, ONT.

SASKATOON, SASK.

TRAIL, B. C.

FORT WILLIAM, ONT.