

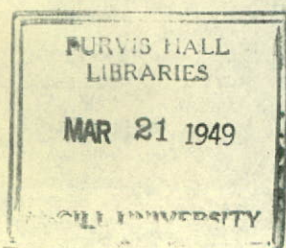
67-114

FORTY-FIFTH ANNUAL REPORT

DECEMBER 31st, 1948



CANADIAN WESTINGHOUSE COMPANY, LIMITED
HAMILTON - CANADA



CANADIAN WESTINGHOUSE COMPANY, LIMITED

FORTY-FIFTH ANNUAL REPORT

DECEMBER 31st, 1948

TO THE SHAREHOLDERS:

In common with the electrical manufacturing industry, your Company enjoyed a new high level of production during 1948, measured both in actual physical output and in dollar volume. The net profits from the year's operations amounted to \$4,177,340.66. Particulars of these profits, as well as the financial position of the Company, are shown on the Profit and Loss Account and the Balance Sheet which follow this report. Four quarterly dividends of 50c. per share, equal to \$2.00 per annum, were paid during the year.

OPERATIONS

Contracts completed in 1948 with public utilities for power generating and transmission equipment exceeded in value those of any previous year in the Company's history, and delivery of these will extend well beyond the current year. These contracts, together with uncompleted deliveries from previous years, assure continued operation of the heavy electrical manufacturing divisions of the Company at satisfactory levels for the immediate future. It is also anticipated that the requirements of the Ontario Hydro-Electric Power Commission for the conversion of 25 cycle power to 60 cycle in the Province of Ontario will require substantial quantities of electrical equipment, particularly in the initial stages of the programme. It is extremely unlikely, however, that the unprecedented demand which has existed in the past three years for all types of electrical products will continue unabated. Present indications are that, in general, industry will operate at about present levels, at least for the first half of 1949, and that this also will be true of the electrical manufacturing industry. The abnormal post-war demand for many electrical products was filled in 1948 and further increases in output, particularly for industrial and consumer type electrical goods, is not anticipated in 1949.

The current requirements of railroads for rolling stock and replacement parts for air brake equipment are expected to continue in 1949 at about the same satisfactory rate of activity as prevailed in 1948.

INVENTORIES

Inventories of \$15,762,483 (before deducting a reserve of \$500,000) compare with inventories of the previous year of \$14,149,590, an increase of 11%. This increase is due to the continued rise in material and wage costs, as well as the building up of stocks of finished products for "off the shelf" delivery. While these inventories have been conservatively valued to allow for losses on inactive or unbalanced stocks, it has been considered necessary to make a special provision of \$500,000 to provide for losses from price reductions which will undoubtedly be suffered when the present abnormal conditions of our economy correct themselves.

PLANT EXTENSIONS

During the year it became increasingly evident that further extensions to certain manufacturing and warehousing facilities were essential in order to extend manufacturing operations and provide necessary storage space for finished goods required to meet increasingly competitive conditions now being encountered, particularly in the sale of industrial and consumer type electrical products. The programme to provide for these facilities includes an extension to the Appliance Building to make available additional warehouse and manufacturing space, especially for new products being added to our present appliance lines. A warehouse building will be erected at the East Plant to furnish additional storage space for standard industrial type electrical and air brake products as well as to provide new quarters for our Engineering Department to relieve the congestion in our Main Office Building. A motor plant will be built on the Beach Road in Hamilton to permit

rearrangement of machinery and equipment in the main manufacturing aisles of the East Plant, which should result in substantial economies in production costs, as well as increased output. A Service Building is now under construction on the outskirts of Toronto to provide for the growth in service activities and light manufacturing, as well as making provision for the additional space required for the conversion of electrical equipment in connection with the frequency changeover programme of the Hydro-Electric Power Commission of Ontario. Much needed warehouse space in the Toronto Building will thus be made available. A new Sales and Service warehouse building was completed in Calgary during the year.

This programme will, when completed before the end of 1949, and taken in conjunction with the plant additions which were made during the war, add very substantially to plant capacity and greatly improve manufacturing efficiency. While the cost of these extensions will be quite substantial, it is anticipated that sufficient funds can be made available from the working capital of the Company without unduly impairing its sound financial position.

EMPLOYEES

The labour contract with the United Electrical, Radio and Machine Workers of America, C.I.O. (Local 504) was again renewed for one year, effective 28th October, 1948, and provided for an increase of 10c per hour for all hourly-rated employees and a further increase of 3c per hour to become effective 1st April, 1949. At this date, increases of 39c per hour will have been granted to these employees since October 1946, equivalent to over 50%. The income of these hourly-rated employees has also been augmented during this period by the payment of eight statutory holidays as well as payment of from one to three weeks' vacation, depending upon length of service. Increases have also been granted to salaried employees, and their vacation schedule likewise increased, again depending on length of service. Total employment at the end of the year shows a slight increase over that of the previous year.

PENSION FUND AND EMPLOYEE BENEFITS

Because of higher employment and the increased requirements due to rising wage rates, it has again been necessary to increase the contribution to the Pension Trust Fund. The contribution this year amounts to \$500,000 which compares with \$400,000 in 1947 and \$300,000 in 1946. Total contributions to the Fund since its inception in 1920, which have been irrevocably made to a Board of Pension Trustees for administration and payment to pensioners, amount to \$3,900,000. The Fund is operated without cost to the employees and has provided pensions for 495 former employees and their dependents at a cost of \$1,143,434. At the present time there are 288 recipients of these pensions. Other benefits made available to employees on a contributory basis include group life insurance, sickness and total disability benefits not compensated for under the Workmen's Compensation Act and accident and sickness insurance for medical, surgical and hospital costs. These benefits afford our employees a well-rounded programme for their security of income, both during their years of service with the Company and on their retirement from our service.

DIRECTORS

Your Board records with deep regret the death of Mr. George A. Blackmore of Pittsburgh, Pa., on October 2, 1948, a Director of this Company since 1939. Mr. Blackmore at the time of his death was the Chairman of the Board of The Westinghouse Air Brake Company.

ACKNOWLEDGMENT

The Directors and Officers of the Company wish to again take this opportunity of expressing their very sincere appreciation to all employees for their loyal and whole-hearted support throughout the year.

By Order of the Board,

JOHN R. READ,

Chairman and President.

Hamilton, Ontario, February 23, 1949.

CANADIAN WESTINGHOUSE COMPANY, LIMITED

(INCORPORATED UNDER THE DOMINION COMPANIES ACT)

BALANCE SHEET

AS AT DECEMBER 31, 1948

ASSETS

CURRENT ASSETS:

CASH ON HAND AND IN BANKS - - - - -	\$	2,362,097.71
INVESTMENT IN GOVERNMENT BONDS AT COST LESS RESERVE (QUOTED MARKET VALUE \$8,323,625)		8,205,062.55
ACCOUNTS RECEIVABLE LESS RESERVE - - - - -		6,616,545.46
INVENTORIES AS DETERMINED AND CERTIFIED BY THE MAN- AGEMENT AND PRICED AT THE LOWER OF COST OR MARKET, LESS RESERVE - - - - -		15,262,483.81
		\$ 32,446,189.53
INVESTMENT IN AND ADVANCES TO WHOLLY-OWNED SUBSIDIARY COMPANIES - - - - -		263,278.01
PROPERTY AND PLANT:		
REAL ESTATE, BUILDINGS, MACHINERY, TOOLS AND EQUIP- MENT AND MAIN OFFICE AND DISTRICT OFFICE PROPER- TIES — AT COST LESS DEPRECIATION - - - - -		5,925,356.50
PREPAID INSURANCE AND DEFERRED CHARGES - - - - -		330,776.16
REFUNDABLE PORTION OF TAXES ON INCOME - - - - -		516,969.93
PATENTS, RIGHTS AND LICENSES - - - - -		1.00
		\$ 39,482,571.13

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED CHARGES - - - - -	\$	3,132,179.68
PROVISION FOR SERVICE GUARANTEES - - - - -		450,000.00
ADVANCE PAYMENTS RECEIVED ON CONTRACTS - - - - -		9,291,193.34
RESERVE FOR TAXES ON INCOME - - - - -		1,682,280.24
		\$ 14,555,653.26
BALANCE PAYABLE TO DOMINION GOVERNMENT RE PURCHASE OF BUILDING (SECURED BY REFUNDABLE PORTION OF TAXES) -		301,770.50
GENERAL RESERVE - - - - -		1,525,000.00
CAPITAL STOCK:		
AUTHORIZED — 900,000 SHARES OF NO PAR VALUE - -		
ISSUED — 573,522 SHARES (INCLUDING 17 SHARES ISSUED DURING THE YEAR THROUGH CON- VERSION OF FRACTIONAL SHARES) - -		\$10,200,880.00
EARNED SURPLUS - - - - -		12,899,267.37
		23,100,147.37
		\$ 39,482,571.13

FOR THE DIRECTORS:

JOHN R. READ
H. A. COOCH

CANADIAN WESTINGHOUSE COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1948

NET EARNINGS FROM OPERATIONS AFTER PROVISION FOR DEPRECIATION OF \$960,152 AND CONTRIBUTION TO EMPLOYEES' PENSION TRUST FUND OF \$500,000 - - - - -		\$ 7,112,771.11
ADD INCOME FROM INVESTMENTS, INCLUDING PROFIT ON SALE THEREOF - - - - -		184,569.55
		<hr/>
		\$ 7,297,340.66
DEDUCT:		
PROVISION FOR FUTURE INVENTORY LOSSES - - - - -	\$ 500,000.00	
PROVISION FOR INCOME TAXES - - - - -	2,620,000.00	
		<hr/>
		3,120,000.00
		<hr/>
BALANCE OF PROFITS CARRIED TO EARNED SURPLUS - - - - -		\$ 4,177,340.66
		<hr/> <hr/>
NOTE: INCLUDED IN THE EXPENDITURES FOR THE YEAR ARE:		
DIRECTORS' FEES - - - - -	\$ 19,833	
EXECUTIVES' REMUNERATION AND LEGAL FEES - - - - -	114,400	

STATEMENT OF EARNED SURPLUS

BALANCE AT DECEMBER 31, 1947 - - - - -		\$ 9,868,959.21
ADD NET PROFIT FOR YEAR - - - - -	\$ 4,177,340.66	
LESS DIVIDENDS PAID - - - - -	1,147,032.50	
		<hr/>
		3,030,308.16
		<hr/>
BALANCE AT DECEMBER 31, 1948 - - - - -		\$ 12,899,267.37
		<hr/> <hr/>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Canadian Westinghouse Company, Limited as at December 31, 1948, and the statements of profit and loss and earned surplus for the year ended on that date. In connection therewith we made a general review of the accounting methods and, without making a detailed audit of the transactions, examined or tested the accounting records of the Company. We received all the information and explanations we required from its officers and employees.

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 December 31, 1948, 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 portion of the wholly-owned subsidiary companies' profits for the current year is included in the attached statements.

CLARKSON, GORDON & Co.
Chartered Accountants

Hamilton, Canada,
February 10, 1949.

BOARD OF DIRECTORS

JOHN R. READ, CHAIRMAN

JOHN V. BOWSER	HERBERT A. MAY
GEO. H. BUCHER	GWILYM A. PRICE
E. M. COLES	ROSCOE SEYBOLD
H. A. COOCH	A. N. WILLIAMS

EXECUTIVE COMMITTEE

GEO. H. BUCHER	JOHN R. READ
GWILYM A. PRICE	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
A. P. CRAIG, VICE PRESIDENT	

EXECUTIVE OFFICES - HAMILTON, CANADA

CANADIAN WESTINGHOUSE COMPANY, LIMITED

PRINCIPAL OFFICE AND WORKS, HAMILTON, ONTARIO

SALES OFFICES

HALIFAX, N. S.

MONCTON, N. B.

MONTREAL, QUE.

OTTAWA, ONT.

TORONTO, ONT.

HAMILTON, ONT.

LONDON, ONT.

SWASTIKA, ONT.

WINNIPEG, MAN.

FT. WILLIAM, ONT.

REGINA, SASK.

SASKATOON, SASK.

CALGARY, ALTA.

EDMONTON, ALTA.

VANCOUVER, B. C.

TRAIL, B. C.