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CANADIAN VICKERS,  
LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED  
FEBRUARY 28<sup>TH</sup>, 1949

*Notice of*  
*Annual General Meeting*  
OF SHAREHOLDERS

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## DIRECTORS

ERNEST BEAUPRE, C.A.  
*Montreal, P.Q.*

G. M. BRAWLEY  
*Toronto, Ont.*

F. H. BROWN, C.B.E.  
*Vancouver, B.C.*

C. A. CATHERS  
*Newmarket, Ont.*

J. EDOUARD LABELLE, K.C., O.B.E.  
*Montreal, P.Q.*

R. K. McCONNELL  
*Toronto, Ont.*

T. R. McLAGAN, O.B.E.  
*Montreal, P.Q.*

J. W. SAVIDANT  
*Montreal, P.Q.*

H. V. SHIPLEY  
*Toronto, Ont.*

L. P. STACK  
*Boston, Mass.*

J. McL. STEPHEN  
*Montreal, P.Q.*

## OFFICERS

J. EDOUARD LABELLE, K.C., O.B.E.  
*President*

J. McL. STEPHEN  
*Vice-President*

T. R. McLAGAN, O.B.E.  
*Executive Vice-President and General Manager*

J. W. SAVIDANT  
*Comptroller, Secretary and Treasurer*



## ANNUAL GENERAL MEETING OF SHAREHOLDERS

4970 Notre Dame Street East,  
Montreal, Quebec

Monday, June 6th, 1949, at 11.30 a.m. (E.D.S.T.)

### NOTICE

Notice is hereby given that the Annual General Meeting of the Shareholders of Canadian Vickers, Limited, will be held at the Head Office of the Company, 4970 Notre Dame Street East, Montreal, Quebec, on Monday the 6th day of June, 1949, at the hour of 11.30 o'clock in the forenoon (Eastern Daylight Saving Time) for the following purposes, that is to say:

1. To receive, consider and, if deemed fit, approve the balance sheet, general statement of income and expenditure, statement of surplus, report of the Auditors and report of the Directors of the Company for the fiscal period ended February 28th, 1949.
2. To elect Directors.
3. To appoint Auditors and to fix or to authorize the Board of Directors to fix their remuneration.
4. To transact such other business as may properly come before the Meeting.
5. To adjourn the Meeting from time to time and from place to place, with or without notice, in such manner as the Meeting may determine.

If you are unable to attend the Meeting would you please complete the attached form of Instrument of Proxy and return the same to the Secretary, Canadian Vickers, Limited, 4970 Notre Dame Street East, Montreal. The stamped self-addressed envelope enclosed herewith may be used for such purpose.

In order to be valid for use at the Meeting all Instruments of Proxy must be deposited with the Secretary of the Company at 4970 Notre Dame Street East, Montreal, Quebec, not later than 11.30 o'clock in the forenoon (Eastern Daylight Saving Time) on the fourth day of June, 1949.

By Order of the Board of Directors,

J. W. SAVIDANT,

*Secretary.*

Montreal, Quebec,  
May 2nd, 1949.

*Annual Report of the Directors*  
of  
CANADIAN VICKERS, LIMITED

FISCAL YEAR ENDED FEBRUARY 28th, 1949

TO THE SHAREHOLDERS:

On behalf of your Directors I have the honour to submit your Company's Annual Report, together with the Balance Sheet and Profit and Loss Account, duly certified by your Company's auditors, Messrs. Deloitte, Plender, Griffiths and Company, covering operations for the fiscal year ended February 28th, 1949.

Profit on operations, including subsidy income to December 31st, 1948, amounted to \$2,345,339.19, to which has been added \$32,502.19, being the net income from miscellaneous sources, making a total of \$2,377,841.38. After deducting depreciation and providing for estimated income taxes, the net profit amounts to \$1,310,114.17.

Income Tax and Excess Profits Tax assessments to February, 1946, were finally adjusted during the fiscal year. The provisions made in previous years for these assessments were more than sufficient and the balance not required has been transferred to earned surplus.

Reserves provided for in past years on certain contracts have now been considered unnecessary and these reserves have also been transferred to earned surplus.

During the year the standard profits of your wholly-owned subsidiary, Montreal Dry Docks Limited, were adjusted satisfactorily with the result that its financial condition has been considerably improved. The balance sheet and financial statements of that Company for its fiscal year ended December 31st, 1948, are enclosed with this report for your information.

On March 24th, 1949, your Directors decided to call for redemption the 20,000 shares of preferred stock then outstanding. A personal notice to this effect was sent to each preferred shareholder. To insure that your Company will have adequate cash for operations after the application of its funds necessary for this redemption, your Directors have made an agreement with the Company's bankers for a revolving line of credit in the amount of two million dollars at 4½% interest, with the privilege of replacing it within two years by an issue of short term bonds in a similar amount at 4% interest, to be purchased at par by the bankers,—your Company reserving the right to dispose of the said bonds to other institutions or to make other financial arrangements if it so wishes.

The value of unfilled orders at the end of the fiscal year under review amounted to \$13,111,356.00. In view of the increasing competition in our business, particularly from British and foreign shipbuilding yards, the volume of orders being obtained is considered to be satisfactory.

You will be pleased to learn that contracts in hand during the past year have permitted your Company to keep employed in its plant an average of approximately 2,000 workmen. The shipbuilding orders have also considerably increased the volume of employment in the plants of sub-contractors across Canada who supply the numerous special items of equipment which go into the construction of ships.

It is important for shareholders to realize that the major portion of the Company's business is shipbuilding. The rates of wages paid to shipyard workers in Europe, being about half those paid in Canada, cause a grave problem in competition. Moreover, shipbuilding in Canada does not receive the Governmental help which is enjoyed by Shipbuilders and Shipping Companies in the United States. Under the U.S.A. Merchant Shipping Act of 1937, a construction differential subsidy is paid the owners of ships constructed in American Yards to keep parity between the cost of building in the United States and the estimated cost of building such ships in a foreign country. Similar aid in one form or another is also being provided for the building of new tonnage in Argentina, Australia, Italy, Scandinavia and other countries. Our Government has appointed a Canadian Maritime Commission to study the situation, and it is hoped that ways and means will be found to help maintain an efficient shipbuilding industry which is so necessary for the proper development of the Canadian Merchant Marine and the Royal Canadian Navy.

The major part of the assets of your Company were acquired at costs considerably below those which, so far as can be actually foreseen, will be required to replace them. Your Directors realize that the amount of depreciation allowed under the Income Tax Act, based on the original cost of such assets, is not nearly sufficient to cover the ultimate cost of replacement. In accordance with sound business practice your Directors have, therefore, been setting aside in the past certain amounts in excess of normal depreciation in order to meet this condition, and will continue this policy as earnings permit.

The same teamwork which has kept Canadian Vickers, Limited in the forefront of Canadian shipbuilding has also been applied to the expansion of the Company's activities in other fields suitable to its facilities and technical know-how. Its success to date has been very gratifying.

The year has been one of the best in your Company's history, although difficult in some respects. Shortages of certain essential items have taxed the ingenuity of your Company's staff in procuring materials to permit the prompt and satisfactory execution of contracts.

Labour relations with the employees have continued on an excellent basis throughout the past year.

I am confident you will wish to join your Directors in conveying to the staff and personnel, without exception, sincere thanks and appreciation of their loyalty, their efficiency, their splendid co-operation and their devotion to the Company.

Respectfully submitted,

J. EDOUARD LABELLE,

*President.*

# CANADIAN VICKERS, LIMITED

## Balance Sheet as at February 28th, 1949

(With comparative figures for the previous year)

### ASSETS

	As at February 28th, 1949	As at February 29th, 1948
<b>CURRENT ASSETS:</b>		
Cash on Hand and in Bank.....	\$ 2,175,301.74	\$ 40,871.66
Dominion of Canada Bonds (at par which is lower than market value)	1,000,000.00	.....
Accounts Receivable (less Reserve).....	2,141,053.54	1,408,872.63
Due by wholly owned Subsidiary Company Current Account.....	8,639.72	8,286.78
Work in Progress at cost plus estimated profit, less amounts invoiced..	\$ 350,132.15	\$ 2,164,452.46
Inventory of Finished Stock, Stores and Supplies, certified to by responsible Officials of the Company as to quantities and as to values which are the lower of cost or market (less Reserve).....	1,150,746.04	1,932,729.87
Duty Drawback Claims Receivable.....	1,500,878.19	4,097,182.33
Department of Public Works—Subsidy Accrued.....	758,238.57	579,529.44
	<u>7,584,111.76</u>	<u>6,150,896.80</u>
TOTAL CURRENT ASSETS.....		
Employees Canada Savings Bonds Trust Funds, per contra.....	157,943.91	144,730.89
<b>DEFERRED CHARGES:</b>		
Prepaid Taxes, Insurance and other expenditures made on account of future business.....	53,573.45	77,698.30
Tender and Guarantee Deposits.....	110,000.00	.....
<b>INVESTMENT IN AND ADVANCES to wholly owned Subsidiary Company:</b>		
Investment.....	1.00	1.00
Advances.....	512,531.99	512,531.99
Funds provided towards redemption of that Company's Bonds on August 1st, 1946.....	200,000.00	250,000.00
	<u>712,532.99</u>	<u>762,532.99</u>
<b>OTHER INVESTMENTS:</b>		
Investment in Engineering Company.....	4,900.00	4,900.00
Other.....	1.00	.....
	<u>4,901.00</u>	<u>4,900.00</u>
REFUNDABLE PORTION OF EXCESS PROFITS TAXES (estimated).	749,131.79	749,131.79
Less Assigned against liability for purchase of Capital Assets payable on or before March 31st, 1951.....	412,079.61	412,079.61
	<u>337,052.18</u>	<u>337,052.18</u>
<b>FIXED ASSETS:</b>		
Buildings, Floating Dock, Plant and Equipment.....	9,111,401.97	9,036,228.30
Leasehold.....	600,000.00	600,000.00
As per valuation of Coverdale & Colpitts dated September 30th, 1927, with subsequent additions at cost, less retirements.	9,711,401.97	9,636,228.30
Less Depreciation Reserve.....	6,612,026.57	6,327,829.09
	<u>3,099,375.40</u>	<u>3,308,399.21</u>
	<u>\$12,059,490.69</u>	<u>\$10,786,210.37</u>

TO THE SHAREHOLDERS,  
CANADIAN VICKERS, LIMITED:

We have examined the books and accounts of Canadian Vickers, Limited for the year ended February 28th, 1949 and have obtained all the information and explanations we have required.

In our opinion the attached Balance Sheet as at February 28th, 1949 is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

Pursuant to Section 114 of the Dominion Companies Act we report that the wholly owned Subsidiary Company, Montreal Dry Docks Limited, operated at a loss for its financial year ended December 31st, 1948, which loss has been carried to the Deficit Account of that Company. This Deficit Account, however, was substantially reduced during the year by credits arising from tax and other adjustments applicable to prior years. No provision has been made or is necessary in the attached accounts for the loss incurred by the subsidiary as the investment in and advances to the subsidiary are carried in the Balance Sheet at a net value of \$1.00.

(Signed) DELOITTE, PLENDER, GRIFFITHS & CO.,  
Chartered Accountants, Auditors.

231 ST. JAMES STREET, MONTREAL.  
APRIL 22ND, 1949.

# CANADIAN VICKERS, LIMITED

## Balance Sheet as at February 28th, 1949

(With comparative figures for the previous year)

### LIABILITIES

	As at February 28th, 1949	As at February 29th, 1948
<b>CURRENT LIABILITIES:</b>		
Accounts Payable .....	\$ 1,813,018.76	\$ 2,010,038.33
Sundry Taxes Payable .....	50,926.47	25,431.83
Reserve for Income Taxes (estimated) .....	741,550.97	446,682.71
<b>TOTAL CURRENT LIABILITIES .....</b>	<b>2,605,496.20</b>	<b>2,482,152.87</b>
Employees Canada Savings Bonds Trust, per contra .....	157,943.91	144,730.89
Reserve for Advances to wholly owned Subsidiary Company .....	712,531.99	762,531.99
<b>RESERVES:</b>		
Miscellaneous .....	443,306.30	443,306.30
<b>CAPITAL STOCK:</b>		
7% Cumulative Redeemable Preferred Stock:		
Authorized 50,000 Shares of \$100.00 each .....	\$ 5,000,000.00	\$ 5,000,000.00
Issued 20,000 Shares of \$100.00 each .....	2,000,000.00	2,000,000.00
Arrears of dividend from October 31st, 1939 to January 31st, 1947 amount to \$997,575.00 as at February 28th, 1949.		
Common Stock—No Par Value:		
Authorized 100,000 Shares.		
Issued 53,000 Shares .....	2,415,000.00	2,415,000.00
	4,415,000.00	4,415,000.00
Surplus as per Statement attached .....	3,725,212.29	1,789,356.53
	8,140,212.29	6,204,356.53
<b>DEFERRED SURPLUS:</b>		
Refundable Portion of Excess Profits Taxes (estimated) .....		749,131.79
	<u>\$12,059,490.69</u>	<u>\$10,786,210.37</u>

Signed on Behalf of the Board,

(Sgd.) J. EDOUARD LABELLE, }  
T. R. McLAGAN, } Directors.

# CANADIAN VICKERS, LIMITED

## Statement of Income and Expenditure

FOR THE YEAR ENDED FEBRUARY 28th, 1949

(With comparative figures for the previous year)

	Year ended February 28th, 1949	Year ended February 29th, 1948
Operating Profit for year before taking into account items shown below .....	\$2,261,743.15	\$ 861,231.93
Subsidy Income .....	88,846.04	105,000.00
	<u>2,350,589.19</u>	<u>966,231.93</u>
<i>Less—</i>		
Depreciation .....	\$ 297,480.43	\$ 263,811.57
Directors' Fees .....	5,250.00	6,150.00
Provision for Income Taxes (estimated) .....	770,246.78	244,511.97
	<u>1,072,977.21</u>	<u>514,473.54</u>
	1,277,611.98	451,758.39
<i>Add—</i>		
Interest earned and Income from Investments .....	49,874.40	37,721.59
Profit on Disposal of Capital Assets .....	1,526.79	5,371.31
	<u>51,401.19</u>	<u>43,092.90</u>
	1,329,013.17	494,851.29
<i>Less—</i>		
Net Loss on valuation or Realization of Investment .....	18,899.00	23,950.88
Net Profit for year .....	<u>\$1,310,114.17</u>	<u>\$ 470,900.41</u>
Remuneration of Executive Officers and Legal Advisers of the Company included in Operating Expenses .....	\$ 95,799.81	\$ 69,645.00

### SURPLUS ACCOUNT AS AT FEBRUARY 28th, 1949

Balance forward March 1st, 1948 .....	\$1,789,356.53
<i>Add—</i>	
Portion of Reserve for Advances to wholly owned Subsidiary no longer required .....	\$ 50,000.00
Proportion of results on shipbuilding contracts and other contract adjustments pertaining to prior years .....	889,825.00
Deferred Surplus representing refundable portion of excess profits taxes transferred hereto .....	749,131.79
Amount of Provision for Income and Excess Profits Taxes of prior years no longer required .....	305,984.80
	<u>1,994,941.59</u>
	3,784,298.12
<i>Add—</i>	
Net Profit for year ended February 28th, 1949 .....	1,310,114.17
	<u>5,094,412.29</u>
<i>Less—</i>	
Arrears of Dividends on Preferred Shares to October 31st, 1939 paid November 1st, 1948 .....	1,229,200.00
Quarterly Dividends on Preferred Shares for year to February 1st, 1949 .....	140,000.00
	<u>1,369,200.00</u>
Balance at February 28th, 1949 as per Balance Sheet .....	<u>\$3,725,212.29</u>

