

CANADIAN VICKERS

LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED
FEBRUARY 28TH, 1942

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CANADIAN VICKERS, LIMITED

DIRECTORS

W. L. BAYER	MONTREAL, P.Q.
RUSSELL D. BELL	MONTREAL, P.Q.
A. F. CULVER	MONTREAL, P.Q.
VICTOR M. DRURY	MONTREAL, P.Q.
E. GERALD HANSON	MONTREAL, P.Q.
J. EDOUARD LABELLE, K.C.	MONTREAL, P.Q.
JOHN I. RANKIN	MONTREAL, P.Q.
J. McL. STEPHEN	MONTREAL, P.Q.
N. A. TIMMINS, JR.	MONTREAL, P.Q.

ADVISORY COMMITTEE

A. S. FRASER	MONTREAL, P.Q.
AVILA RAYMOND	MONTREAL, P.Q.

OFFICERS

J. EDOUARD LABELLE, K.C., *President*
J. McL. STEPHEN, *First Vice-President*
N. A. TIMMINS, JR., *Second Vice-President*
J. W. SAVIDANT, *Secretary and Treasurer, Comptroller*
T. R. McLAGAN, *General Manager*

CANADIAN VICKERS, LIMITED

P.O. BOX 550, PLACE D'ARMES STATION
MONTREAL, P.Q.

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TO THE SHAREHOLDERS:

There is sent to you herewith a copy of the Directors' Report and of the Financial Statements of the Company for the year ended 28th February, 1942, together with the Auditors' report thereon.

As intimated by the notice of the Annual General Meeting of the Company recently sent to you, said meeting convened on June 30th and was adjourned to Wednesday, July 22nd, 1942, at 11 o'clock in the forenoon (Eastern War Time) at the Head Office of the Company, 5136 Notre Dame Street East, Montreal, at which time and place the meeting will re-assemble to proceed with the business stated in the original notice of meeting.

J. W. SAVIDANT,
Secretary.

MONTREAL, June 30th, 1942.

Annual Report of the Directors
of
CANADIAN VICKERS, LIMITED
FISCAL YEAR ENDED FEBRUARY 28TH, 1942

TO THE SHAREHOLDERS:

I have the honour to submit on behalf of your Directors the Annual Report covering the operations of your Company, together with the Balance Sheet and relative Profit and Loss Account for the fiscal year ended February 28th, 1942.

Net profit from operations amounted to \$800,098.51 after provision for all charges and reserves, including an estimated amount of \$2,300,000.00 for Income and Excess Profits Taxes.

After reserves referred to above and provision for Bond Interest unpaid, Net Working Capital as of February 28th, 1942, stands at \$1,696,261.31, which represents an improvement over that of a year ago.

It is gratifying to inform you that your plant, which in past years had been operated only to limited capacity, has during the year been engaged in practically maximum production and has made an important contribution in the emergency through the supply of ships and aircraft, so essential to the war effort.

To enable the Company to meet the heavy demands upon it, considerable expenditure has been entailed in the way of modernization and rehabilitation of plant and facilities. By award of the War Contracts Depreciation Board, that expenditure is to be amortized and the allowed portion of same applicable to the year under review has been charged to operations.

The volume of business now in hand is considerable, but your Directors regret that under wartime restrictions it is not advisable to enter into details.

The multiplicity of problems continually arising necessitated many meetings of the Board of Directors and of the Executive Committee.

The books of the Company have been regularly audited and the Certificate of the Auditors appears on the Financial Statement now submitted.

Your Directors record their appreciation of the loyal co-operation of the personnel and employees throughout the busiest year in the existence of your Company.

J. EDOUARD LABELLE,
President.

CANADIAN VICKERS, LIMITED

Balance Sheet as at 28th February, 1942

(With comparative figures for the previous year)

ASSETS

	As at February 28th, 1942	As at February 28th, 1941
CURRENT ASSETS		
Cash on hand and in Bank	\$ 5,263.67	\$ 5,140.96
Amount due under Agreements from Subscribers to Capital Stock allotted	90,000.00	90,000.00
Accounts Receivable (less Reserve)	3,283,384.36	1,543,008.95
Work in Progress at cost, plus Overhead	\$16,016,228.46	\$9,511,848.00
Less—Amount invoiced thereon	13,928,915.82	8,625,551.65
	<u>2,087,312.64</u>	<u>886,296.35</u>
Inventory of Finished Stock, Stores and Supplies certified to by responsible Officials of the Company as to quantities and as to values, which are at the lower of cost or market (less Reserve) and prepayments towards material on order	2,335,480.12	709,097.99
Department of Public Works—Subsidy Accrued	16,154.00	16,154.00
Cash on Deposit with Trustee for Bondholders	118,286.80	80,414.05
	<u>7,935,881.59</u>	<u>\$3,330,112.30</u>
DEFERRED CHARGES:		
Prepaid Taxes, Insurance and other expenditure made on account of future business	259,954.48	178,464.72
INVESTMENT IN AND ADVANCES to wholly owned Subsidiary Company—		
Investment	1.00	1.00
Advances	417,199.21	402,587.56
	<u>417,200.21</u>	<u>402,588.56</u>
OTHER INVESTMENTS:		
Bonds of the Company purchased for Sinking Fund (at cost)	5,710.00	5,710.00
1,666 Shares of \$100 each of Canadian Associated Aircraft Ltd.	166,600.00	166,600.00
Sundry at nominal value	2.00	2.00
	<u>172,312.00</u>	<u>172,312.00</u>
CONSIGNMENT STOCK as per Contra	3,610.98	3,610.98
FIXED ASSETS:		
Real Estate, Buildings, Floating Dock, Plant and Equipment	6,857,107.08	6,351,940.42
Leasehold	600,000.00	600,000.00
As per valuation by Coverdale & Colpitts, dated 30th September, 1927, with subsequent additions at cost, less retirements	7,457,107.08	6,951,940.42
Less Depreciation Reserve	3,579,908.26	3,000,692.54
	<u>3,877,198.82</u>	<u>3,951,247.88</u>
	<u>\$12,666,158.08</u>	<u>\$8,038,336.44</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the Books and Accounts of your Company for the Year ended 28th February, 1942, and have obtained all the information and explanations required by us, and we report that, subject to the collectibility of the advances made to your wholly owned Subsidiary Company, the above Balance Sheet in our opinion 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.

In accordance with Section 114 of the Companies Act 1934, we also report that the profits of your wholly owned Subsidiary Company are carried forward in its own accounts and are not represented in the accounts of your Company.

(Signed) MACINTOSH, ROBERTSON & PATERSON,
Chartered Accountants.

MONTREAL, 29TH JUNE, 1942.

CANADIAN VICKERS, LIMITED

Balance Sheet as at 28th February, 1942

(With comparative figures for the previous year)

LIABILITIES

	As at February 28th, 1942	As at February 28th, 1941
CURRENT LIABILITIES:		
Bank Loan and Overdraft (secured).....	\$ 985,587.01	\$ 325,849.53
Accounts and Bills Payable.....	2,349,785.66	1,472,228.86
National Defence, Sales and other Taxes.....	105,700.62	120,903.72
Reserve for Income and Excess Profits Taxes.....	2,300,000.00	
	<u>\$5,741,073.29</u>	<u>\$1,918,982.11</u>
DEFERRED LIABILITY:		
Bond Interest—Unpaid since 1st February, 1939, with interest thereon.....	498,546.99	327,186.85
Payment by instalments extending to January, 1943.....	<u>10,000.00</u>
		337,186.85
CONSIGNMENT ACCOUNTS PAYABLE as per Contra.....	3,610.98	3,610.98
BONDED INDEBTEDNESS:		
First Mortgage 20 Year 6% Gold Bonds (due 1st August, 1947)		
Authorized.....	<u>\$5,000,000.00</u>	<u>\$5,000,000.00</u>
Issued.....	2,750,000.00	2,750,000.00
Less—Redeemed.....	<u>243,500.00</u>	<u>243,500.00</u>
	2,506,500.00	2,506,500.00
Sinking Fund Obligations not met since 1st August, 1932.		
RESERVES:		
Contingencies.....	82,880.77	85,606.90
Uncompleted Contracts.....	<u>20,000.00</u>	<u>20,000.00</u>
	102,880.77	105,606.90
CAPITAL STOCK:		
7% Cumulative Redeemable Preferred Stock—		
Authorized 50,000 Shares of \$100 each.....	<u>\$5,000,000.00</u>	<u>\$5,000,000.00</u>
Issued 19,000 Shares of \$100 each.....	1,900,000.00	1,900,000.00
Subscribed and Allotted—1,000 Shares.....	<u>100,000.00</u>	<u>100,000.00</u>
	2,000,000.00	2,000,000.00
Dividends paid to 31st October, 1929.		
Common Stock—No Par Value—		
Authorized 100,000 Shares		
Issued—52,000 Shares.....	2,410,000.00	2,410,000.00
Subscribed and Allotted—1,000 Shares.....	<u>5,000.00</u>	<u>5,000.00</u>
	2,415,000.00	2,415,000.00
Less—Deficit as per attached Statement.....	<u>601,453.95</u>	<u>1,248,550.40</u>
	1,813,546.05	1,166,449.60
	<u>3,813,546.05</u>	<u>3,166,449.60</u>
	<u>\$12,666,158.08</u>	<u>\$8,038,336.44</u>

CONTINGENT LIABILITY—

Guarantee of Principal and Interest of \$564,500.00—6% Bonds due 1948 of Montreal Dry Docks Ltd., wholly owned Subsidiary.

Certain Fixed Assets on the Company's premises are owned by the Government of the Dominion of Canada and are therefore not included in the above Balance Sheet.

Signed on Behalf of the Board,

(Sgd.) J. EDOUARD LABELLE, }
J. McL. STEPHEN, } *Directors.*

CANADIAN VICKERS, LIMITED

Statement of Income and Expenditure

FOR THE YEAR ENDED 28th, FEBRUARY 1942

(With comparative figures for the previous year)

	As at February 28th, 1942		As at February 28th, 1941	
Net Operating Profit for Year ended 28th February, 1942, before taking into account the items shown below . . .	\$4,391,578.70			\$1,262,736.87
<i>Less—</i>				
Bond Interest, including interest on Arrears	\$ 171,360.14		\$ 162,312.03	
Depreciation and Amortization	742,522.14		592,774.26	
Directors' Fees	4,700.00		3,325.00	
Reserves for Doubtful Accounts and Inventories	375,000.00		133,773.43	
Provision for <i>Income and Excess Profits</i> Taxes—estimated	2,300,000.00	3,593,582.28		892,184.72
		797,996.42		370,552.15
Income from Investments	2,133.34			2,080.00
<i>Less—</i> Loss on Sale of Investment	31.25	2,102.09		
Net Profit for Year		800,098.51		372,632.15
Deficit as at 28th February, 1941	1,248,550.40		1,598,326.63	
<i>Add:</i> Income and Excess Profits Taxes for 1940-41—estimated	\$ 131,725.76			
Other Net Adjustments applicable to prior years	21,276.30	153,002.06	1,401,552.46	22,855.92
Deficit as at 28th February, 1942, as per Balance Sheet . .	\$ 601,453.95			\$1,248,550.40
Remuneration of Executive Officers and Legal Advisers of the Company included in Operating Expenses amounts to	\$ 28,359.56			\$ 24,157.72

