

ANNUAL

REPORT

**TO THE
SHAREHOLDERS OF CANADIAN VICKERS LIMITED**

FOR THE YEAR ENDED FEBRUARY 28TH

1945



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 22ND, 1945

FOR VANDER HAN
LIBRARIES

JAN 1946

MCGILL UNIVERSITY

CABLES:
"VICKERS MONTREAL"

TELEPHONE:
CLAIRVAL 7711



REFERENCE NUMBER

J. W. S.

OFFICE & WORKS:
NOTRE DAME ST. EAST

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

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS:

Notice is hereby given that the Annual General Meeting of the Shareholders of Canadian Vickers, Limited, is called to convene at the Head Office of the Company, 4970 Notre Dame Street, East, in the City of Montreal, Province of Quebec, on Friday, the 22nd day of June, 1945, at 11 o'clock in the forenoon (Eastern War Time) for purposes of receiving and considering the financial statements of the Company and the report of the Directors for the year ended 28th February, 1945; of ratifying amendment to by-law number 10; of election of Directors for the ensuing year; of appointment of Auditors and for the transaction of such other business as may properly come before the meeting.

Montreal, June 6th, 1945.

By Order of the Board,

J. W. SAVIDANT

Secretary

N.B.—In the event of your inability to be personally present at the meeting, please execute and return the enclosed instrument of proxy PRIOR TO JUNE 22nd, 1945.

Annual Report of the Directors

FISCAL YEAR ENDED FEBRUARY 28th, 1945

To the Shareholders:

I have the honour to submit, on behalf of your Directors, the Annual Report, together with the Balance Sheet and Profit and Loss Account, duly certified to by the Company's Auditors, Messrs. Macintosh, Robertson and Paterson, Chartered Accountants, covering operations of your Company for the fiscal year ended February 28th, 1945.

Profits for the year under review, after provision for all charges except as undernoted, amounted to \$2,213,126.50. After provision for Income and Excess Profits Taxes of \$1,887,258.68 and for Ordinary Depreciation (presently disallowed for income tax purposes) in the amount of \$175,798.42, net profits stand at \$150,069.40.

The foregoing figures include the major portion of the result of operations at your Aircraft Division, Cartierville, up to November 11th, 1944, at which date operations were transferred to the Federal Government. Your Directors had been giving considerable thought to the Company's position relative to future aircraft manufacture—the new plant at Cartierville was the property of the Federal Government; aircraft in production were approaching completion; post-war aircraft possibilities were an unknown factor and in any event participation by your Company at your main plant would be limited to inadequate space and facilities for the purpose after meeting the requirements for the production of ships, engines, boilers and miscellaneous engineering equipment, etc.

Your Directors decided that the interests of your Company would be best served by concentration on construction and repair of ships and on engineering production, consequently, a satisfactory separation agreement was entered into with the Federal Government as of November 11th, 1944.

The balance of earnings under that agreement cannot be determined until completion of Federal Cost Audit and, therefore, will fall to be included in the next annual report.

Of the special features referred to in the Annual Report for the previous year, renegotiation has been concluded but the items of depreciation, subsidy and standard profits allowance are still having the attention of your Directors.

Net Working Capital stands at \$2,560,468.26.

All physical assets of your Company have continued to be properly maintained.

Post-war possibilities are being given every attention by your Directors and the Management. Production of diesel engines for commercial vessels has recently been entered into, arrangements are under way with the objective of production of new lines of equipment for commercial use, and others are pending. Over and above the order for cargo vessels referred to last year, your Company has received further orders for cargo vessels of greater tonnage. This is in addition to the war contract for large Transport Ferries which your Company is also engaged upon.

During the year, twenty-nine additional members qualified for membership in the Quarter Century Club.

Vacancies occurring on your Board of Directors during the year have been filled in accordance with the By-Laws of your Company.

Your Directors regret to report the death on April 7th, 1945, of Mr. R. M. Wolvin, Vice President, whose counsel and advice had been ever at their service during his tenure of office.

The personnel of your Company deserves much praise for the loyalty and efficiency shown during these worrisome years and your Directors and Officers now express the appreciation so well deserved.

Respectfully submitted,

J. EDOUARD LABELLE,
President.

MONTREAL, JUNE 6th, 1945.

Balance Sheet as at 28th February, 1945

(With comparative figures for the previous year)

Assets

	As at February 28, 1945	As at February 29, 1944
CURRENT ASSETS:		
Cash on hand and in Bank	2,669,944.24	27,926.72
Dominion of Canada Bonds (at par)	275,000.00	125,000.00
Accounts Receivable (less Reserve)	5,446,264.44	7,152,488.19
Due by wholly owned Subsidiary Company Current Account	18,089.88	140,060.10
Work in Progress at Cost plus Estimated Profit, and Contract Stores applicable thereto, less Amounts invoiced	2,055,258.53	5,466,212.23
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 lower of cost or market (less Reserve), and prepayments towards material on order	2,596,873.82	714,401.65
LESS Contract Stores applicable to Work in Progress	2,263,729.05	.....
Aircraft Division at Book Value (less Reserve), and prepayments towards material on order . . . . .	.....	12,982,294.38
Funds in hands of Trustees for Band- holders	4,000.00	4,000.00
Department of Public Works, Subsidy accrued	16,153.96	16,153.96
TOTAL CURRENT ASSETS	10,817,855.82	26,628,537.23
EMPLOYEES VICTORY LOAN TRUST FUNDS—per Contra	190,364.79	451,735.94
AMOUNT DUE UNDER AGREEMENT FROM SUBSCRIBERS TO CAPITAL STOCK AL- LOTTED	45,000.00	76,000.00
DEFERRED CHARGES:		
Prepaid Taxes, Insurance and other Expenditure made on account of future business	99,757.84	78,318.65
INVESTMENT IN AND ADVANCES TO wholly owned Subsidiary Company—		
Investment	1.00	1.00
Advances	482,899.56	455,054.42
	482,900.56	455,055.42
OTHER INVESTMENTS:		
Bonds of the Company purchased for Sinking Fund (at par)	29,500.00	20,000.00
Sundry at Nominal Value	2.00	2.00
	29,502.00	20,002.00
REFUNDABLE PORTION OF EXCESS PROFITS TAXES—(Estimated)	1,203,213.08	863,255.28
FIXED ASSETS:		
Real Estate, Buildings, Floating Dock, Plant and Equipment	7,893,032.90	8,024,873.32
Leasehold	600,000.00	600,000.00
As per Valuation by Coverdale & Colpiitts dated 30th September, 1927, with subsequent additions at cost, less retirements	8,493,032.90	8,624,873.32
LESS: Depreciation Reserve	5,621,470.42	5,205,522.27
	2,871,562.48	3,419,351.05
	\$15,740,156.57	\$31,992,255.57

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the Books and Accounts of your Company for the Year ended 28th February, 1945 and have obtained all the information and explanations required by us. The Company's War Contracts, whether completed or in progress, have been invoiced on the basis of contract prices but, as certain of these have been the subject of renegotiation, suitable provision has been made to meet such liability as may accrue therefrom. The liabilities in connection with Income and Excess Profits taxes are subject to final determination by the taxing authorities. Subject to the foregoing and 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 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,

MONTREAL, 19th May, 1945.

Chartered Accountants.

Liabilities

	As at February 28, 1945	As at February 29, 1944
CURRENT LIABILITIES:		
Bank Loans (Secured).....	276,000.00	480,070.66
Bank Loan-repayable from Current Contracts.....	.....	369,592.22
Accounts Payable, including Provision for Contracts renegotiation.....	5,351,641.00	8,057,020.65
Advances by Dominion Government on account of Stores Purchased.....	.....	10,095,428.41
Sundry Taxes Payable.....	36,393.53	176,035.54
Reserve for Income and Excess Profits Taxes (Estimated).....	2,593,353.03	5,655,694.02
TOTAL CURRENT LIABILITIES.....	8,257,387.56	24,833,841.50
EMPLOYEES VICTORY LOAN TRUST— per Contra.....	190,364.79	451,735.94
RESERVES:		
Miscellaneous.....	205,316.64	182,316.64
BONDED INDEBTEDNESS:		
First Mortgage 20 Year 6% Bonds (due 1st August, 1947)— Authorized.....	<u>\$5,000,000.00</u>	
Issued.....	2,750,000.00	2,750,000.00
LESS: Redeemed.....	<u>386,500.00</u>	<u>313,500.00</u>
	2,363,500.00	2,436,500.00
CAPITAL STOCK:		
7% Cumulative Redeemable Preferred Stock—		
Authorized 50,000 Shares of \$100 each.....	<u>\$5,000,000.00</u>	
Issued 19,500 Shares of \$100 each.....	1,950,000.00	
Subscribed and Al- lotted—500 Shs.	50,000.00	
	2,000,000.00	2,000,000.00
Dividends paid to 31st October, 1929.		
Common Stock—		
No Par Value—		
Authorized 100,000 Shares:		
Issued 52,500 Shares.....	2,412,500.00	
Subscribed and Al- lotted 500 Shs.	2,500.00	
	<u>2,415,000.00</u>	
LESS: Deficit as per Statement attached.....	<u>894,625.50</u>	
	<u>1,520,374.50</u>	<u>1,224,606.21</u>
	3,520,374.50	3,224,606.21
DEFERRED SURPLUS:		
Refundable Portion of Excess Profits Taxes—(estimated).....	1,203,213.08	863,255.28
	<u>\$15,740,156.57</u>	<u>\$31,992,255.57</u>
CONTINGENT LIABILITY:		
Guarantee of Principal and Interest of \$452,500.00—6% Bonds due 1948 of Montreal Dry Docks Limited—wholly owned Subsidiary.		

Approved on behalf of the Board of Directors,

(Signed) J. EDOUARD LABELLE, K.C.

J. McL. STEPHEN

Statement of Income and Expenditure for the year ended 28th Feb., 1945

(With comparative figures for the previous year)

	As at February 28th, 1945	As at February 29th, 1944
Operating Profit for Year ended 28th February, 1945, before taking into account the items shown below	\$2,719,778.46	\$5,622,992.93
LESS:		
Bond Interest	\$ 166,152.44	\$ 208,516.99
Depreciation and Amortization	573,040.21	875,958.36
Directors' Fees	1,925.00	3,000.00
Provision for Income and Excess Profits Taxes (including refundable portion of Excess Profits Tax \$337,785.07)—estimated	1,887,258.68	4,476,488.22
	<u>2,628,376.33</u>	<u>5,563,963.57</u>
	91,402.13	59,029.36
ADD:		
Income from Investments	40,776.02	29,032.00
Profit on Disposal of Capital Assets	18,584.50	1,524.02
Profit on Bonds purchased for Redemption . . . . .	.....	12,124.80
	<u>59,360.52</u>	<u>42,680.82</u>
	150,762.65	101,710.18
LESS:		
Loss on Bonds purchased for Redemption	287.00	.....
Loss on Sale of Investments	406.25	1,018.75
	<u>693.25</u>	<u>1,018.75</u>
NET PROFIT FOR YEAR	150,069.40	100,691.43
Deficit as of 29th February, 1944	1,190,393.79	85,965.86
LESS:		
Net Adjustments applicable to prior years including the reinstatement of Reserves no longer required	145,698.89	1,205,119.36
	<u>1,044,694.90</u>	<u>1,291,085.22</u>
Deficit at 28th February, 1945, as per Balance Sheet	<u>\$894,625.50</u>	<u>\$1,190,393.79</u>
Remuneration of Executive Officers and Legal Advisers of the Company included in Operating Expenses	\$ 39,146.54	\$ 42,954.36

Directors

W. L. BAYER
Montreal, P.Q.

G. E. D. GREENE
Toronto, Ont.

JOHN COWLING
Montreal, P.Q.

E. GERALD HANSON
Montreal, P.Q.

H. C. FLOOD
Montreal, P.Q.

J. EDOUARD LABELLE, K.C.
Montreal, P.Q.

LIONEL A. FORSYTH, K.C.
Montreal, P.Q.

J. McL. STEPHEN
Montreal, P.Q.

Officers

J. EDOUARD LABELLE, K.C.
President

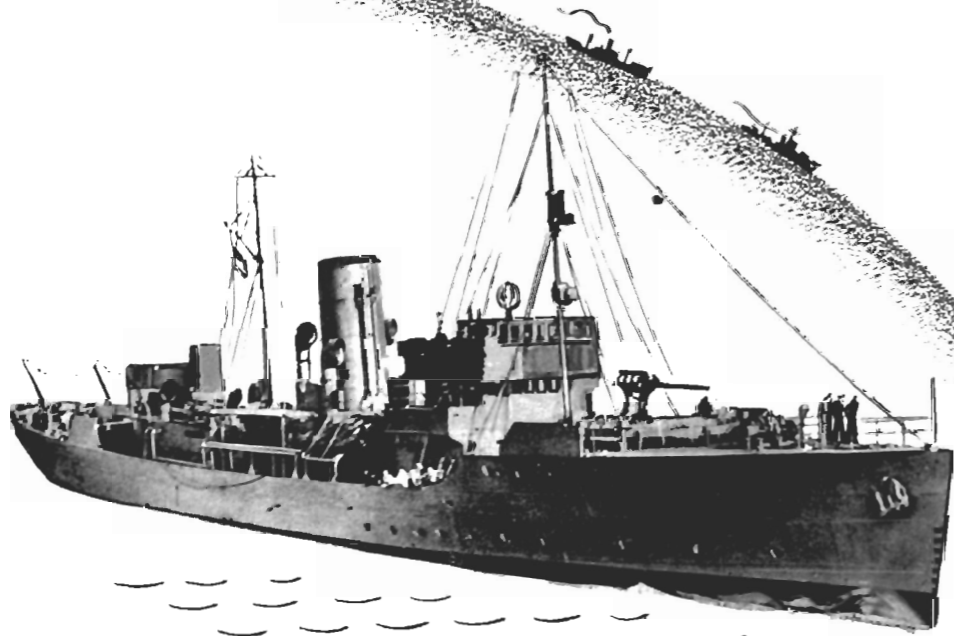
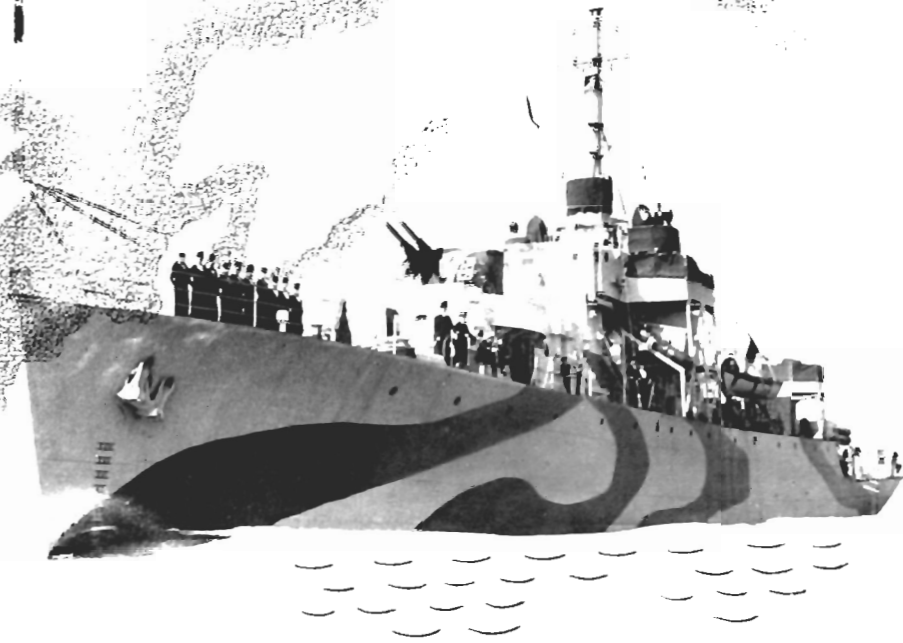
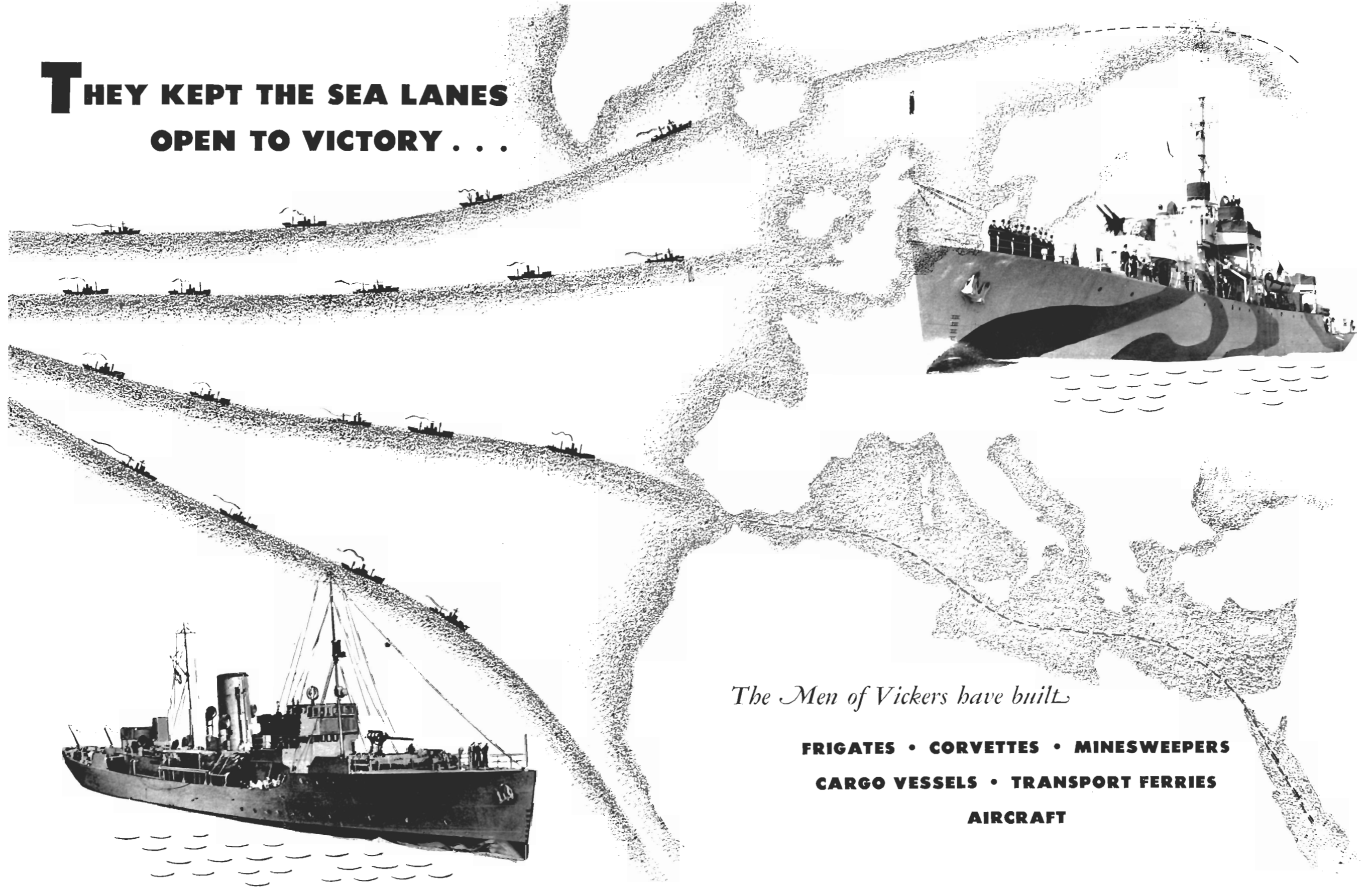
J. McL. STEPHEN
Vice-President

T. R. McLAGAN
Vice-President and General Manager

J. W. SAVIDANT
Secretary and Treasurer, Comptroller



THEY KEPT THE SEA LANES
OPEN TO VICTORY . . .



The Men of Vickers have built

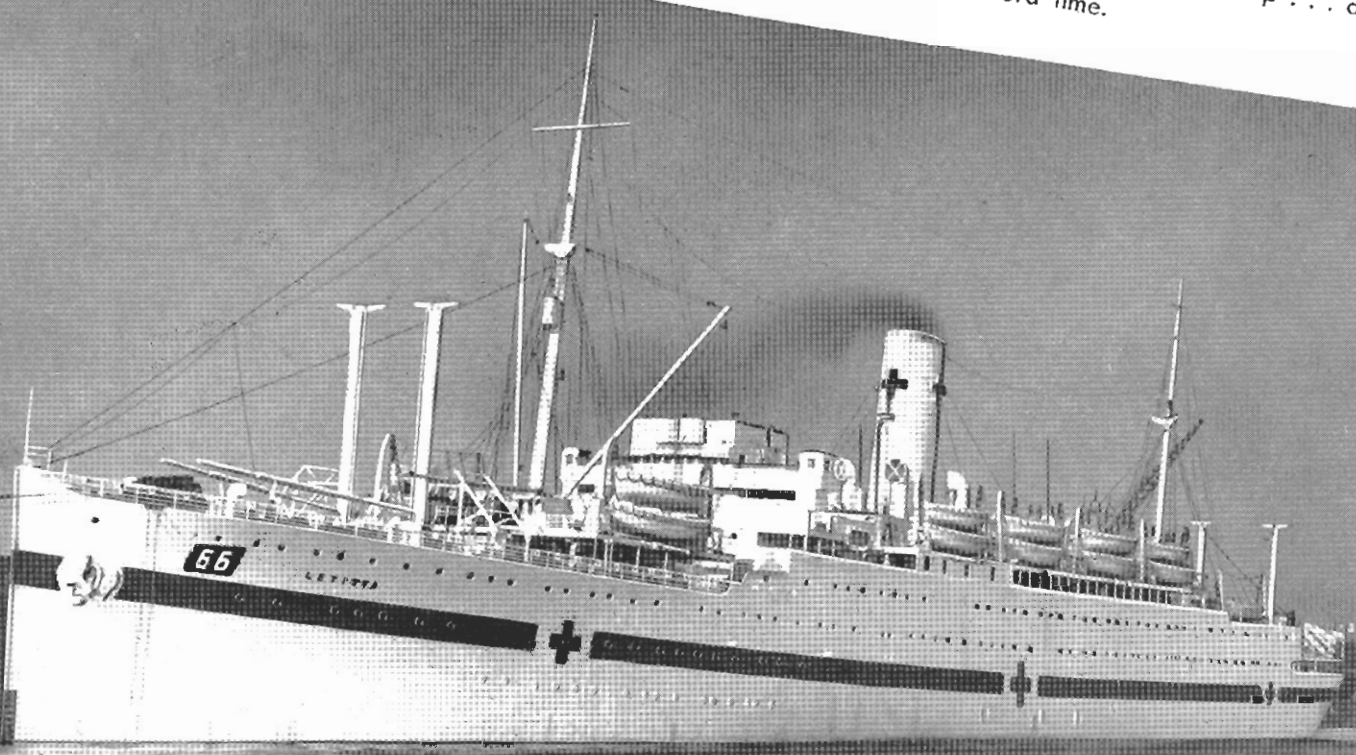
**FRIGATES • CORVETTES • MINESWEEPERS
CARGO VESSELS • TRANSPORT FERRIES
AIRCRAFT**



First CONVERTED INTO AN
ARMED MERCHANT CRUISER

in your yard in 1939, the luxury liner "Letitia" played its part as a speedy and effective protector of convoys on the Atlantic sea lanes.

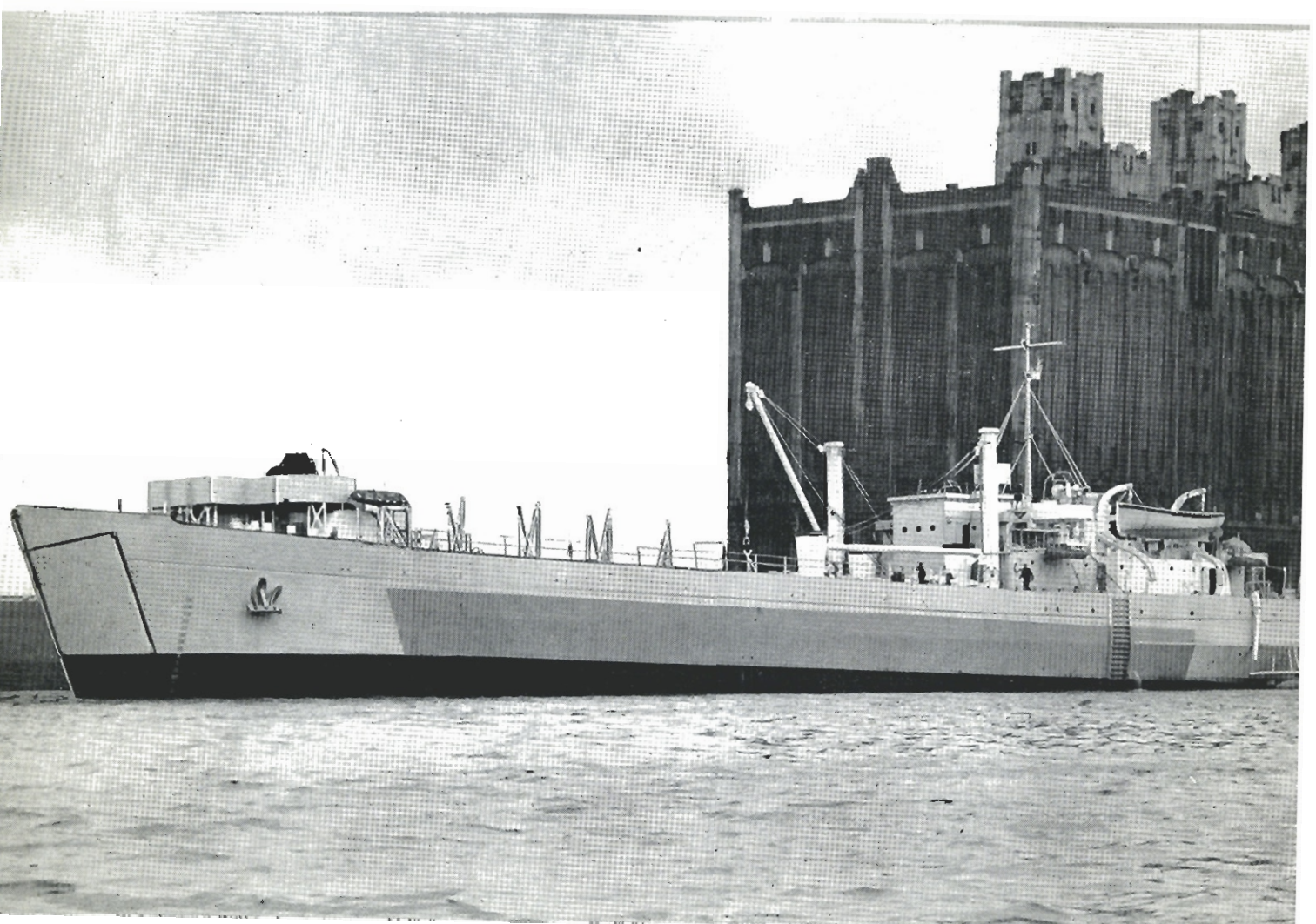
Then during the summer of 1944, your company again undertook her conversion... this time into a gleaming white hospital ship... a major task, finished in record time.





and Now for the far Pacific ...

we are building transport ferries, — a new type of Landing Ship—which are the largest warships produced in Canada. This is a task in which your designing and engineering departments demonstrated their capacity and versatility. On August 24th, 1944, your company launched the first of these vessels in record breaking time.

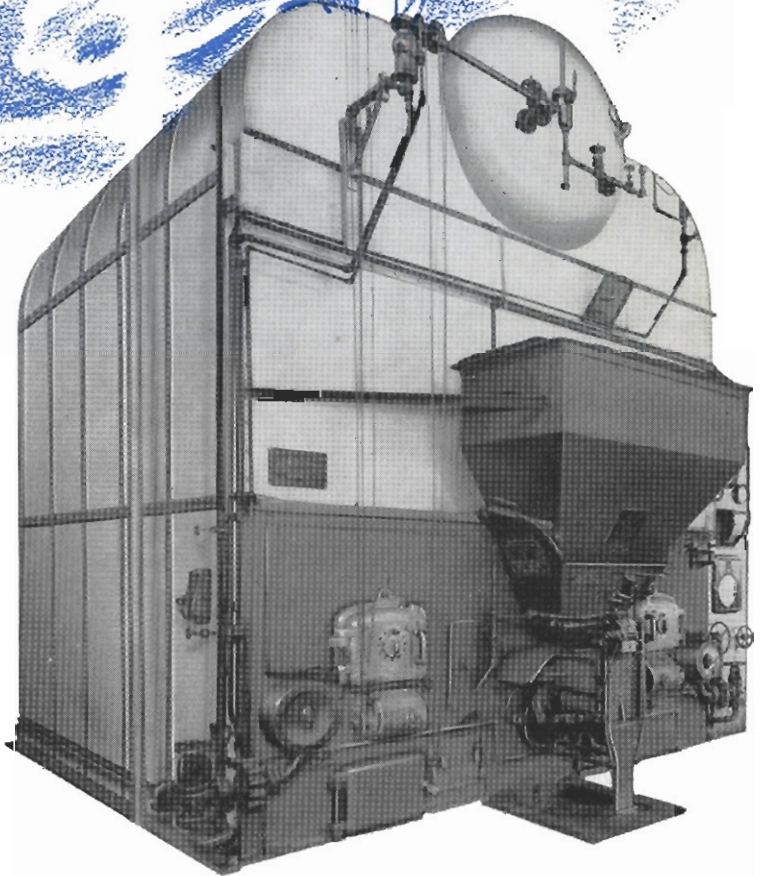




AT HOME

ON the home front, one of your company's important contributions to the war effort was the supplying of 134 Vickers-Keeler boilers to large industrial and government plants engaged in the production of arms, munitions and other war material.

Other activities included the manufacturing of marine engines for other shipyards in Canada and the United States, mining machinery, kilns for aluminum production, aircraft landing gear for aircraft companies and miscellaneous heavy equipment for essential industries.



POSTWAR



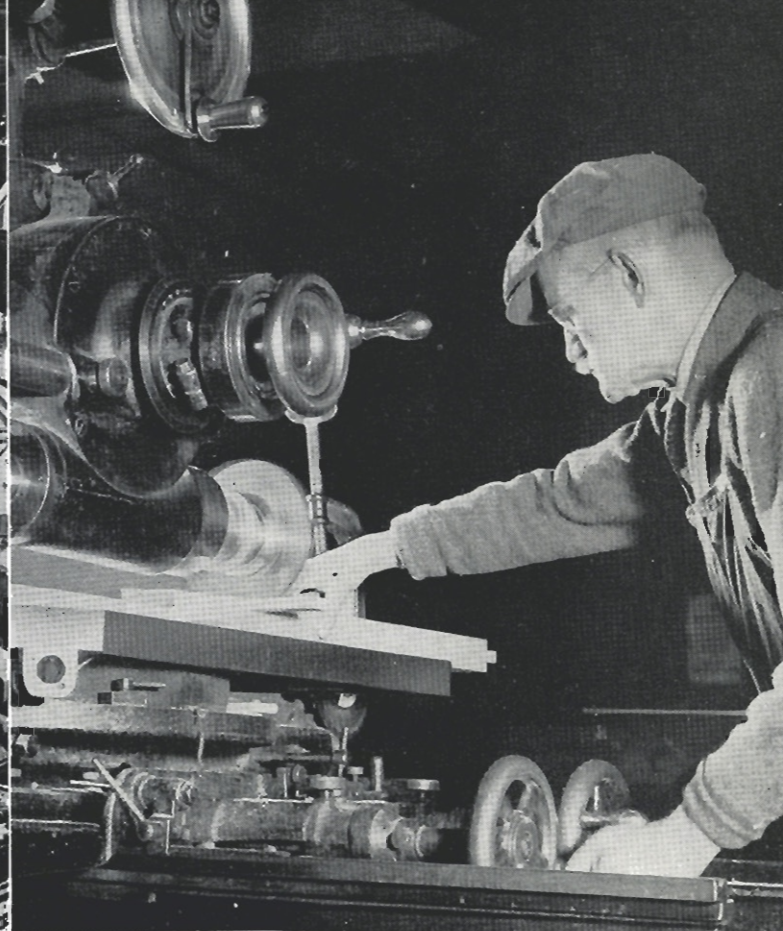
O produce ships, planes, engines, boilers and other engineering products, your shop capacity was increased and improved; new equipment was installed and improved manufacturing methods devised. This has placed your company in a strong position to seek additional types of work in the postwar shipbuilding, mining and industrial fields.

Your Postwar Planning Committee has concluded certain arrangements and others are pending, which will augment your company's lines of heavy and light engineering equipment.

Building Cargo Vessels for **POSTWAR**

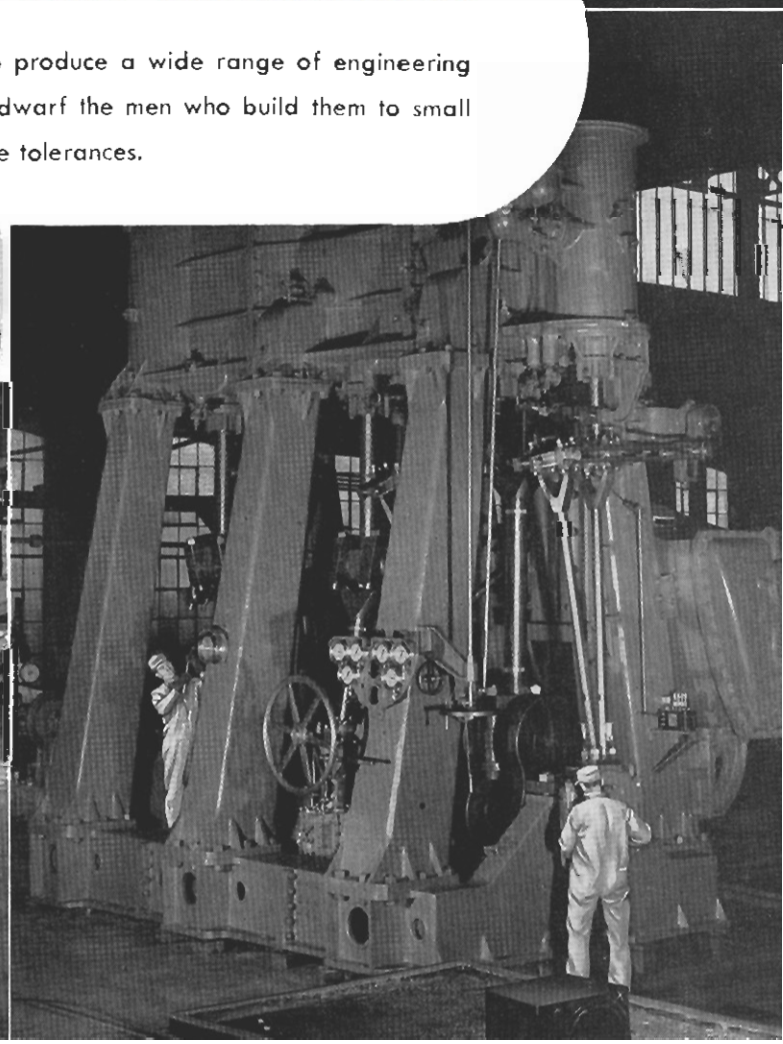
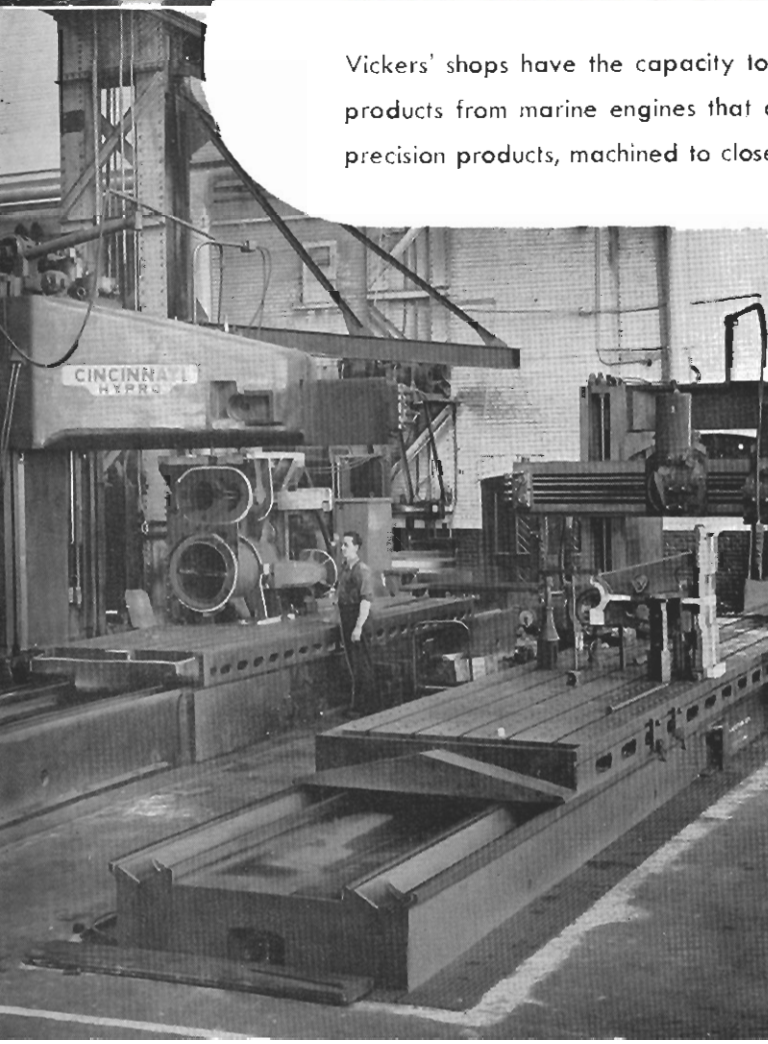
Your company is already engaged in construction of peacetime ships. The first two trim cargo vessels have gone down the Vickers' ways and are now being out-fitted for delivery. Others are being built. Left, is shown the first of these vessels just before the launching ceremony and, below, the assembled guests on the platform, during the blessing of the ship.





THE MEN . . . THE MACHINES

Vickers' shops have the capacity to produce a wide range of engineering products from marine engines that dwarf the men who build them to small precision products, machined to close tolerances.





CANADIAN

LIMITED

VICKERS

HEAD OFFICE AND PLANT
MONTREAL, QUE.

