

THIRTY-FIFTH ANNUAL REPORT

DECEMBER 31st, 1938



CANADIAN WESTINGHOUSE COMPANY, LIMITED

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CANADIAN WESTINGHOUSE COMPANY, LIMITED

THIRTY-FIFTH ANNUAL REPORT

DECEMBER 31st, 1938

The Board of Directors submits the customary certified Balance Sheet of the Company at the close of the fiscal year ended December 31st, 1938, and a statement of the Profit and Loss and Earned Surplus Accounts.

The statement shows the current year's earnings from all sources, including investment returns, etc., after provision made for bad and doubtful accounts, to be \$2,238,944.97. From this total, deductions have been made for the payment of Taxes; for Directors' Fees, Executive Remuneration and Legal Expenses paid; for depreciation of Property and Plant, and a donation to the Employees Pension Fund; all as shown on the statement; leaving a net of \$1,323,483.38.

In our Annual Report for 1937 some stress was laid on the general improvement in business conditions, and the increased demand for our apparatus over that experienced during the preceding year; and this increased demand was maintained to a fair degree throughout the first half of the year 1938. In the closing months of the year, however, there was a pronounced curtailment in purchases of all classes of the Company's products, with the result that the total sales for the year fell appreciably below those for 1937.

Due to orders on hand from the previous year, however, the total volume of shipments was practically the same as in 1937, and the net results were very similar to those of that year.

The electrical apparatus supplied during the year was both diverse and unusual in character and included some very heavy steel mill equipment, and the two largest transformers ever built in Canada. These transformers were three-phase and had a rating of 50,000 kilovolt-amperes each. We also made in our own works and supplied complete sets of motors, control, brakes and other equipment for 140 street-cars of a new and unusual type, developed after several years' study by the Presidents' Conference Committee of the American Transit Association. Cars of this type have been in service in the United States for the last year or two, but the ones in question were the first to go into use in Canada. The successful operation in service of all these various installations is a tribute both to the skill of our Engineering Department and the quality of factory workmanship.

The railway rolling stock program for 1938 proved to be, as anticipated in last year's report, somewhat smaller than that for 1937, and as a result the operations of the Air Brake Department were quite spasmodic.

The physical inventories of the Company have been carefully and accurately compiled and the values used are the lower of either cost or present value.

Your Board wishes to record with due appreciation the loyalty and efficiency of all of the Company's forces throughout the year.

Your Board records with profound sorrow the death on June 28th, 1938, of the Honorable Thomas Ahearn, P.C., of Ottawa, Ontario. Mr. Ahearn had been a member of the Board of Directors of the Company since its incorporation in 1903, and prior to that time was the agent of the Westinghouse Electric and Manufacturing Company in Canada. His Westinghouse affiliations spanned a period of over fifty years.

By order of the Board,

PAUL J. MYLER,

Chairman and President.

Hamilton, Canada
February 23rd, 1939

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

BALANCE SHEET

AS AT 31ST DECEMBER, 1938

ASSETS

CURRENT ASSETS:

CASH ON HAND AND IN BANKS - - - - -	\$ 1,480,506.77
GOVERNMENT BONDS, ETC., AT BOOK VALUE - - - - - (Quoted market value \$4,622,274.75)	4,341,414.15
ACCOUNTS RECEIVABLE LESS RESERVE - - - - -	1,327,400.53
INVENTORIES OF MATERIALS AND PRODUCTS FINISHED AND IN PROCESS AS DETERMINED AND CERTIFIED BY THE MANAGEMENT AND VALUED AT THE LOWER OF COST OR MARKET - - - - -	3,806,263.41
	\$10,955,584.86

PROPERTY AND PLANT:—

Real estate, buildings, machinery, tools and equipment; main office and district office properties — at cost less depreciation written off - - - - -	\$6,014,445.76
PREPAID INSURANCE - - - - -	64,805.70
PATENTS, RIGHTS AND LICENSES - - - - -	1.00
	\$17,034,837.32

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED CHARGES - - -	\$ 642,188.45
ADVANCE PAYMENTS RECEIVED ON CONTRACTS - - -	19,557.08
PROVISION FOR TAXES - - - - -	320,000.00
	\$ 981,745.53
RESERVE FOR DEPRECIATION - - - - -	400,000.00
CAPITAL STOCK:	
AUTHORIZED — 900,000 SHARES OF NO PAR VALUE - - -	
ISSUED — 546,000 SHARES OF NO PAR VALUE - - -	\$9,100,000.00
EARNED SURPLUS - - - - -	6,553,091.79
	\$17,034,837.32

For the Directors:

N. S. BRADEN,
JOHN R. READ.

CANADIAN WESTINGHOUSE COMPANY, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1938

NET EARNINGS FROM OPERATIONS BEFORE PROVISION FOR DEPRECIATION	- - - - -	\$ 2,068,670.69
INTEREST ON INVESTMENTS	- - - - -	170,274.28
		<u>\$ 2,238,944.97</u>
DEDUCT:		
Depreciation Written Off Property and Plant	- - - - -	\$ 455,000.00
Directors' Fees	- - - - -	13,800.00
Executives' Remuneration and Legal Fees	- - - - -	76,661.59
Transferred to Employees' Pension Fund	- - - - -	50,000.00
		<u>595,461.59</u>
NET PROFIT FOR YEAR BEFORE PROVISION FOR INCOME TAXES	- -	\$ 1,643,483.38
PROVISION FOR DOMINION AND PROVINCIAL INCOME TAXES	- -	320,000.00
		<u>\$ 1,323,483.38</u>

EARNED SURPLUS ACCOUNT

As At 31st DECEMBER, 1938

BALANCE AT 1ST JANUARY, 1938	- - - - -	\$ 6,321,608.41
PROFIT FOR YEAR	- - - - -	1,323,483.38
		<u>\$ 7,645,091.79</u>
LESS DIVIDENDS PAID	- - - - -	1,092,000.00
		<u>\$ 6,553,091.79</u>

AUDITORS' REPORT

TO THE SHAREHOLDERS, CANADIAN WESTINGHOUSE COMPANY LIMITED:

We have made an examination of the accompanying balance sheet of Canadian Westinghouse Company Limited as at 31st December 1938 and of the statements of profit and loss and 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.

The inventories of materials and products finished and in process are as determined and certified by the management, based upon book records verified by a complete physical count made by the company's officials as at 31st December 1937 supplemented by similar physical counts of part of the inventories during the months of October, November and December 1938.

We report that in our opinion, based upon such examination, the accompanying balance sheet and related statements of profit and loss and surplus have been drawn up in accordance with accepted principles of accounting, so as to exhibit a true and correct view of the state of the company's affairs at 31st December 1938 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.

CLARKSON, GORDON, DILWORTH AND NASH
Chartered Accountants.

Hamilton, Canada,
17th February, 1939.

DIRECTORS

PAUL J. MYLER, CHAIRMAN AND PRESIDENT

F. A. MERRICK, VICE-PRESIDENT

A. W. ROBERTSON

N. S. BRADEN, VICE-PRESIDENT

A. L. HUMPHREY

JOHN R. READ, VICE-PRESIDENT

CHARLES A. ROWAN

JOHN F. MILLER

GEORGE H. BUCHER

RALPH KELLY

W. E. SPRAGUE, VICE-PRESIDENT AND SECRETARY

H. A. COOCH, VICE-PRESIDENT

JOHN S. MARTIN, GENERAL ACCOUNTANT

C. N. SALVISBURG, TREASURER

C. H. MITCHELL, MANAGER OF WORKS

H. M. BOSTWICK, MANAGER OF SALES

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.

FORT WILLIAM, ONT.

