

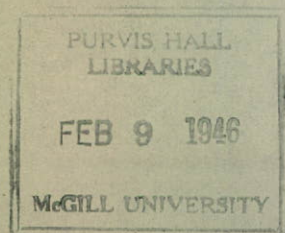
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# FAIRCHILD AIRCRAFT LIMITED

NOTICE  
*of*  
ANNUAL GENERAL MEETING  
*of*  
SHAREHOLDERS

TO BE HELD ON  
OCTOBER 17th, 1940  
*and*  
ANNUAL REPORT  
FOR THE YEAR ENDED JUNE 30TH, 1940



# FAIRCHILD AIRCRAFT LIMITED

## DIRECTORS

G. H. DUGGAN . . . . .	Montreal, P.Q.
W. C. FINLEY . . . . .	Montreal, P.Q.
R. B. IRVINE . . . . .	Montreal, P.Q.
BEAUDRY LEMAN . . . . .	Montreal, P.Q.
HOWARD MURRAY . . . . .	Montreal, P.Q.
H. B. NORRIS . . . . .	Ottawa, Ont.
H. M. PASMORE . . . . .	Montreal, P.Q.
J. G. PORTEOUS . . . . .	Montreal, P.Q.
LEO G. RYAN . . . . .	Montreal, P.Q.
W. TAYLOR-BAILEY . . . . .	Montreal, P.Q.
N. F. VANDERLIPP . . . . .	Montreal, P.Q.

## OFFICERS

H. M. PASMORE  
*President*

HOWARD MURRAY  
*Vice-President*

W. TAYLOR-BAILEY  
*Vice-President*

R. B. IRVINE  
*Secretary-Treasurer*

*General Offices and Works*  
LONGUEUIL, QUE.

FAIRCHILD AIRCRAFT LIMITED  
LONGUEUIL  
P. Q.



NOTICE  
*of*  
ANNUAL GENERAL MEETING of SHAREHOLDERS



Notice is hereby given that the Annual General Meeting of the Shareholders of Fairchild Aircraft Limited will be held in the Board Room, Aldred & Co. Ltd., Aldred Building, Place d'Armes, in the City of Montreal, Canada, on Thursday the 17th day of October 1940, at the hour of 12.00 o'clock noon, for the following purposes:

1. To receive the Report of the Directors of the Company and the Financial Statements for the year ended June 30th, 1940.
2. To elect Directors for the ensuing year.
3. To appoint Auditors for the ensuing year.
4. To transact such other business as may properly come before the Meeting.

Blank form of proxy for use at the above Meeting is appended herewith and if you are unable to be at the Meeting, you are requested to sign and return the proxy to the Secretary-Treasurer of the Company.

R. B. IRVINE,  
*Secretary-Treasurer.*

Longueuil, Que.  
October 2, 1940.

ANNUAL REPORT OF THE DIRECTORS  
*of*  
FAIRCHILD AIRCRAFT LIMITED

Year ended June 30th, 1940

TO THE SHAREHOLDERS  
FAIRCHILD AIRCRAFT LIMITED:

Your Directors submit for your consideration the Report of your Company's operations for the period July 1, 1939 to June 30, 1940.

In March, 1940, the original contract placed with your Company by the Department of National Defence for the manufacture of eighteen (18) Bristol Bolingbroke Bomber aircraft was superseded by a contract for the supply of eighty-nine (89) aircraft of the same type. Satisfactory progress was made on this order and deliveries are being effected as required by the contract. The accompanying Financial Statements include profit accruing to your Company on eleven (11) of the aircraft delivered prior to June 30th.

In accordance with the requirements of the Defence Program which is being undertaken by the Department of Munitions and Supply, we have been instructed to increase our rate of production of Bolingbroke aircraft to fifteen (15) per month, and it is expected that this output will be reached early in 1941, provided that the necessary man power and materials are available. As anticipated in last year's Report, the area of the plant was increased early in 1940 to over 100,000 square feet. The area of the original plant, completed in 1930, was 38,000 square feet. In order to make possible production on the scale now required, further extensions to your plant have been authorized by the Department of Munitions and Supply and upon completion of this further enlargement, your Company will have over 215,000 square feet of manufacturing space available. The value of the facilities provided by the Department of Munitions and Supply are not included among the Assets which appear on the Balance Sheet as title to such facilities remains with the Government. Likewise no liability rests with the Company in relation to the cost of these facilities.

Your Company has completed payment of its subscription in the amount of \$166,500 to the Capital Stock of Canadian Associated Aircraft Limited as required under the terms of the Agreement with that Company dated November 12th, 1938.

Satisfactory progress has been made on the contract placed with your Company by Canadian Associated Aircraft Limited in accordance with the Agreement. Deliveries are being made as required. Under the terms of the contract, no profit was payable during the period ended June 30th, 1940.

The volume of orders received for replacement parts, overhaul work and repairs was less than in previous years due to the reduction in civil flying in Northern areas.

As anticipated in last year's Report the sale was made at par and accrued interest of \$150,000 principal amount of 5% Convertible Notes. Since the date of issue the holders of notes amounting to \$39,000.00 have exercised their conversion rights leaving a balance of \$111,000.00 outstanding.

In the year under review inventories have increased from \$68,208.54 to \$239,252.78.

Accounts Receivable have increased in this period from \$243,022.88 to \$794,943.07. Of the latter amount \$771,573.01 represents amounts billed to Canadian Associated Aircraft Limited and to the Department of Munitions and Supply in connection with current contracts.

Bank loans as at June 30th, 1940, were \$678,341.30 as against \$196,064.90 at the same date last year. This increase is due to the acceleration in the rate of production and the consequent increase in the cash required for payrolls and inventories.

The amount of \$36,354.38 previously carried in the Balance Sheet as the cost of Development of Commercial types of Aircraft has been written off.

In respect of Fixed Assets acquired prior to June 30th, 1939, depreciation for the year has been provided at normal rates. In respect of Fixed Assets acquired subsequent to June 30th, 1939, to fulfill orders for war purposes, depreciation to the extent of one third of the value thereof has been provided.

The Profit and Loss Account for the year ended June 30th, 1940, shows an Operating Profit of \$118,951.00 before making provision for Depreciation and Amortization of Development of Sekani Aircraft. After making such charges, the Net Profit for the period was \$13,018.18.

The Property has been maintained in good condition.

Submitted on behalf of the Board,

H. M. PASMORE,  
*President.*

# FAIRCHILD AIR

*Balance Sheet as*

## ASSETS

### CURRENT:

Cash on Hand and in Bank .....	\$	5,481.09	
Accounts Receivable .....		794,943.07	
Inventories .....		239,252.78	
(Raw Materials — based on physical inventories as at 30th April 1940 adjusted for transactions to 30th June 1940, Work in Process, Finished Parts and Supplies—based on physical inventories as at 30th June 1940; determined and valued by the Management at cost or market value whichever was the lower.)			
Uncompleted Contracts—			
Cost to date .....	\$2,306,059.10		
Less: Amounts billed .....	2,222,545.85		
		83,513.25	
			\$1,123,190.19

### PARTLY FINISHED AIRCRAFT (Sekani Type)

At cost less amounts written off .....	32,345.00
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### INVESTMENT—

Canadian Associated Aircraft Limited, at cost .....	166,500.00
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### FIXED:

Land at cost less amount written off .....	48,831.04	
Other Fixed Assets, at cost—		
Test Field, Land and Improvements .....	89,216.23	
Seaplane Base .....	21,659.46	
Factory Buildings .....	351,589.25	
Machinery and Equipment .....	84,388.09	
Office Furniture and Fixtures .....	20,419.01	
Railroad Siding .....	5,304.80	
	572,576.84	
Less: Reserve for Depreciation .....	157,045.87	
	415,530.97	
		464,362.01

### DEFERRED CHARGES—

Prepaid Taxes, Insurance, etc .....	9,466.28
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### DEFICIT:

Balance at debit 1st July 1939 .....	81,709.10	
Deduct: Profit for the year .....	13,018.18	
Less: Provision for Income and Excess Profits Taxes .....	1,573.75	
	11,444.43	
		70,264.67
		<u>\$1,866,128.15</u>

FAIRCHILD AIRCRAFT LIMITED,  
Longueuil, Quebec

AUDITORS'

We have audited the books of account of Fairchild Aircraft Limited for the year required

We have been unable to ascertain the market value of Partly Finished Aircraft

In respect of Fixed Assets acquired prior to 30th June, 1939, depreciation for the 30th June, 1939, to fulfill orders for war purposes depreciation to the extent of one third Income Tax Department for approval and the provision for Income and Excess Profits Ta

Subject to the foregoing, we certify that, in our opinion, the above Balance Sheet and correct view of the state of the Company's affairs as at 30th June, 1940, according of the Company.

# CRAFT LIMITED

at 30th June, 1940

## LIABILITIES

### CURRENT:

Bank Loans — Secured .....	\$ 678,341.30	
Accounts Payable and Accrued Liabilities .....	396,938.80	
Taxes Payable .....	40,848.05	
		<u>\$1,116,128.15</u>

### 5% CONVERTIBLE NOTES — due 1st October 1941 to 1944 —

Authorized and Issued .....	150,000.00	
Less: Converted into Capital Stock .....	39,000.00	
		<u>111,000.00</u>

### CAPITAL STOCK:

Authorized — 370,000 Shares, Par Value \$5.00	
Issued — 127,800 Shares .....	639,000.00

NOTE: Of the unissued shares there are outstanding options to subscribe for 12,000 shares at \$5.00 per share to 1st October 1940 and \$6.00 per share from 2nd October 1940 to 1st October 1941 and in addition 22,200 shares are reserved for conversion of the outstanding 5% Convertible Notes.

\$1,866,128.15

## REPORT

ended 30th June, 1940, and have obtained all the information and explanations we have (Sekani Type) carried on the above Balance Sheet at \$32,345.00.

year has been provided at normal rates. In respect of fixed assets acquired subsequent to of the value thereof has been provided. This basis has not yet been submitted to the xes has been based on the minimum taxes payable by the Company.

et and relative Profit and Loss Account are properly drawn up so as to exhibit a true to the best of our information, the explanations given to us and as shown by the books

(Signed) P. S. ROSS & SONS,  
Chartered Accountants.

# FAIRCHILD AIRCRAFT LIMITED



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

30TH JUNE, 1940



Profit from Operations .....	\$167,521.81
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Deduct:

Executive Officers' Salaries .....	\$20,900.00
Legal Fees .....	2,324.34
Interest on Bank Loans, etc. ....	21,217.02
Interest on 5% Convertible Notes .....	4,129.45
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	48,570.81

Profit for the year before charging provisions for Depreciation and Amortization of Development of Aircraft (Sekani Type) .....	118,951.00
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Deduct:

Provision for Depreciation of Fixed Assets .....	69,578.44
Amortization of Development of Aircraft (Sekani Type)....	36,354.38
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	105,932.82

Net Profit for the year transferred to Deficit Account .....	<u><u>\$ 13,018.18</u></u>
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