CANADIAN GENERAL ELECTRIC COMPANY, Limited

Annual Report of the Board of Directors for the Year Ended the 31st December, 1913

DIRECTORS:

FREDERIC NICHOLLS, President.

W. R. BROCK, Hon. President and Chairman of the Board. IC NICHOLLS, W. D. MATTHEWS, HON. J. K. KE Vice-President. HERBERT S. HOLT.

th of the Board.

HON. J. K. KERR, K.C.,

Vice-President.

SIR WM. MORTIMER CLARK, LL.D., K.C.

SIR WM. MORTIMER CLARK, LL.D., K.C.

E. W. COX.

SIR WILLIAM MACKENZIE.

SIR RODOLPHE FORGET.

F. GORDON OSLER. J. K. L. ROSS.

ANNUAL REPORT OF THE DIRECTORS. To be Submitted to the Shareholders at the Annual General Meeting of the Company in Toronto, on Wednesday, March 25th, 1914.

Your Directors submit herewith the Balance Sheet of the Company as upon the 31st day of December, 1913, also Statement of Profit and Loss for the year, and Certificate of Messrs. Price, Waterhouse & Company, Chartered Accountants.

In view of the financial stringency that existed during the year, and the consequent lessening of demand, your Directors are gratified at being able to present such a satisfactory Statement to the Shareholders.

An examination of the Balance Sheet will show that a Profit of \$2,029, \$98.60 was earned, and that after deducting the sum of \$470,933.98 for depreciation, and \$222,654.69 for interest, there remained a net balance of \$1,336,309.93. Deducting from this amount Dividends on Preference and Common Stock at the rate of 7% per annum, and a Bonus of 1% on the Common Stock, amounting in all to \$776,634.17, there remain surplus earnings of \$559,675.76, of which \$328,134.05 has been added to the Reserve Fund and \$231,541.71 to the balance of \$682,390.63 at Credit of Profit and Loss, 31st December, 1912. The Reserve now amounts to \$2,700,000.00, the balance at the credit of Profit and Loss to \$913,932.34, making a total Surplus of \$3,613,932.34, equal to 36.13% of the par value of the share Capital of the Company, both Common and Preference.

There has also been accumulated a Reserve for Depreciation now amounting to \$1.537,605,42.

Following the usual policy of the Company, the Inventory has been taken at cost or market value, whichever was the lower. Ample deductions have been made for depreciation and any obsolete stock has been written down to scrap value.

From the inception of the Company until about five years ago, it had been the custom to write off the yearly allowance for depreciation of Buildings, Plant and Machinery, instead of carrying it forward to Reserve for Depreciation Account as at present, and the large amount that has each year been provided for depreciation has resulted in the book value of our Assets having been written down below their actual value.

INCREASE IN VALUE OF REAL ESTATE HOLDINGS.

The Real Estate owned by the Company has also greatly risen in value since the respective dates of purchase, but has been carried on our books at its original purchase price. In order to secure an independent and careful valuation, the services of the Canadian Appraisal Company were retained to make a complete itemized appraisal, and their report shows the replacement value of our Real Estate, Plant and Equipment to be \$3,200,000.00 in excess of our book values. From this amount they deduct \$1,271,685.00 for a liberal depreciation, leaving a net excess of \$1,928,315.00.

VALUE OF PATENTS AND CONTRACTS WRITTEN OFF.

Last year, under the heading of "Patents and Contracts," our Balance Sheet contained the item of \$503,761.42, being their book value after depreciation had been written off from year to year. It will be understood that our Patents, acquired from time to time, represent a very considerable outlay, and our Contracts, which include our Trade Marks, and our Agreements with the General Electric Company and many other Companies whose Canadian rights we have acquired from time to time, are of prime importance to the successful conduct of our business. Notwithstanding their great actual value to the Company, your Directors recognize that these Assets are of intangible

Surplus per Balance Sheet

PRICE, WATERHOUSE & CO., Chartered Accountants.

value, and therefore have decided to write them down to the nominal sum of One dollar, increasing the value of our Real Estate by the amount written off Patents and Contracts, and allowing the balance of excess of the appraised value of our Real Estate, Plant and Equipment, amounting to \$1,424,554.58, to remain as an inactive Reserve.

The item of borrowed capital shows a considerable increase, on account of very large contracts that were in process of completion and not available for collection before the close of the year. The policy of the Company has always been to borrow funds to finance large contracts during progress so as to avoid a fixed dividend charge in the event of any serious recession in trade. It will be noted, however, that our Accounts and Notes Receivable amount to \$5,183,330.50, and our Inventory of Materials and Work in Progress to \$6,936,672.50, or together a sum of \$12,120,003.00. Since the close of the year our current indebtedness has been reduced by about \$1,000,000, and it

is expected that within the next thirty days it will be further reduced.

Notwithstanding the financial stringency that existed during 1913, col-

lections have been very satisfactory.

Your Directors have for some time been anticipating a material shrinkage in the volume of business offering, but although orders fell off somewhat during the latter part of the year, no serious shrinkage has so far been experienced. It is yet too early in the year to warrant any forecast, but it is hoped that the prospects for a general trade revival will materialize.

COMPANIES ACQUIRED.

COMPANIES ACQUIRED.

During the year your Directors acquired, on favorable terms, all the property, liquid assets, and good-will of Allis-Chalmers-Bullock, Limited, of Montreal, including an agreement with the Allis-Chalmers Manufacturing Company of Milwaukee, which gives the Canadian General Electric Company the exclusive right to manufacture and sell in Canada the types of apparatus for which the Allis-Chalmers Company have achieved a world-wide reputation, such as Corliss Engines, Water Wheels, Saw Mill Machinery, Gas Engines, etc. The business so acquired is being conducted under the name of "Canadian Allis-Chalmers, Limited," as a subsidiary Company of the Canadian General Electric Company, a Charter having been secured for this purpose. In part payment of the purchase consideration the Vendors have accepted Five per cent. Twenty-year Bonds of the Canadian Allis-Chalmers, Limited, issued against the new property acquired, and a sum of \$700,000 is being paid for in seven annual installments, and will be met by the liquidation of the Cash Assets acquired, which amount to relatively the same figure.

The property and Assets of the Stratford Mill Building Company were also acquired, the purchase having been considered by your Directors to be of advantage to the Company.

Your Directors desire to express their great regret at the death of two Directors of the Company since the last Annual Meeting. The late Mr. James Ross joined the Board of Directors in 1901, and the late Hon. Geo. A. Cox was one of the original Directors. Mr. J. K. L. Ross has been elected to fill the vacancy created on the Board by his father's death, and the vacancy created by the death of Senator Cox has been filled by the election of his son, Mr. E. W. Cox, President of the Canada Life Assurance Company.

FREDERIC NICHOLLS.

LYNDHURST OGDEN. Auditor

CANADIAN GENERAL ELECTRIC COMPANY, LIMITED, And Subsidiary Companies.

	ubsidiary Companies			
ASSETS.	ince Sheet, 31st Deci	LIABILITIES.		
Capital Assets— Real Estate, Buildings, etc., at Toronto, Peterboro', Bridgeburg, Stratford, Montreal, Branch offices, Power Plant at Nassau, Canadian Sunbeam Lamp Company, Limited, and Canadian Allis-Chalmers, Limited	Tesned			0 0
Machinery and Tools Patterns and Drawings Patents, Contracts and Good-will Total Capital Assets System Inventory of Raw Material, Supplies, Work in Progress and Finished Materials, including expenditures on Contracts (less collections on account) Accounts Receivable (less reserve for doubtful debts) Accounts Receivable Bills Receivable Investments Cash Cash Defermed Charges	5,935.28 1,986.84 1.00 8,738.03 Bonded and Comorting Comments of Contingent 5,935.28 Bonded and Comorting Comments of Comments of Contingent 1,00 Bonded and Comorting Comments of Comme	Other Indebtedness— Obligations on Properties purchased ebtedness on properties purchased bility on purchase of Allis-Chalmers-Bullock, Lim red by bonds of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value of Other controls of the Canadian Allis-Chalmers over the Rockfield plant, of a par value	\$ 554,838.68 . 695,000.00 . 700,000.00 . \$ 3,542,200.66 . 1,782,196.46	\$10,000,000.0r 1,949,838.68 5,324,397.12 1,537,605.42
\$22.	\$561,389.5			•
NOTE.—As the appraised value of the Company's properties shows a net ex by \$503,761.42, which amount has been used to write down the Asset of Patents, We have audited the above Balance Sheet, and certify that it is properly draw PRICE, WATERHOUSE & CO., Chartered Accountants.	ss of \$1,928,315.00 over b	shows the true financial position of the Company	on 31st Decemb	per 1012
Profit for the year ended 31st December, 1913, before providing for Depreciation a	TED SURPLUS ACCO	papital	DHURST OGD	\$2 020 808 60
Reserved for Depreciation of Buildings, Machinery and Patterns, etc. Interest Net Profit for the Year Less—Dividends and Common Stock Bonus Paid			222,654.69	693,588.67
Less—Dividends and Common Stock Bonus Paid Surplus for the Year Add—Undivided Profits as at 31st December, 1912		Description of actually		776 624 17

Certified to be correct,