

CANADIAN GENERAL ELECTRIC CO.

Limited

Annual Report of the Board of Directors for the Year Ended 31st December, 1910

DIRECTORS.

W. R. BROCK, President.
 H. P. DWIGHT, FREDERIC NICHOLLS, Vice-Presidents.
 SIR WM. MORTIMER CLARK, LL.D., K.C.
 HON. GEO. A. COX, HON. ROBERT JAFFRAY,
 A. E. DYMENT, HON. J. K. KERR, K.C.
 RODOLPHE FORGET, SIR WM. MACKENZIE,
 HERBERT S. HOLT, W. D. MATTHEWS,

JAMES ROSS.

General Manager FREDERIC NICHOLLS.
 Secretary and Assistant-General Manager..... J. J. ASHWORTH.
 Solicitors KERR, DAVIDSON, PATERSON & McFARLAND.
 Bankers.—THE BANK OF MONTREAL, THE CANADIAN BANK OF COMMERCE.
 Stock Transfer Agents.—NATIONAL TRUST CO., TORONTO; CANADIAN BANK OF COMMERCE, LONDON, ENGLAND.

ANNUAL REPORT OF THE DIRECTORS

Submitted to the Shareholders at the Annual General Meeting, held at the Offices of the Company, in Toronto, on Monday, 27th March, 1911.

Your Directors submit herewith a Consolidated Balance Sheet of the Company as upon the 31st day of December, 1910; a combined statement of Profit and Loss for the year, and the Certificate of Messrs. Price, Waterhouse and Company, Chartered Accountants.

Your Directors are pleased to be able to report that the Gross Profits exceeded those of the previous year by nearly fifty per cent., and that after reserving the sum of \$188,087.79 for depreciation, and the payment of \$76,820.68 in interest, there remained the sum of \$646,300.08. Deducting from this amount dividends on Preference and Common Stock at the rate of 7 per cent. per annum, amounting to \$494,624.83, there remained a balance of \$151,675.25 which has been carried to the credit of Profit and Loss. This sum added to the balance at the credit of that account at the end of the previous year makes the present balance \$311,143.31, which, together with the Reserve Fund of \$1,669,531.95, makes a total surplus of \$1,980,675.26.

Your Directors are also pleased to advise the Shareholders that the business contracted for during the past year was most satisfactory both with regard to volume and price; that unfinished business, upon which no profit whatever has been taken into account, is carried forward to the current year to the value of \$4,000,000.00, and that orders are still being received in satisfactory volume.

On account of this large amount of business being in process of manufacture, our Current Liabilities have moderately increased, but a reference to the Current Assets will show a contra account of \$5,999,730.67 in Inventory and Accounts Receivable.

During the year there has been under construction an extensive addition to the main machine shop at the Peterborough works, and this shop, with the addition, will be approximately one thousand feet in length. It is anticipated that this extension will be completed and fully equipped with new machinery and appliances by about the first of May next, and will afford much-needed relief to the present congestion at these works, and will enable us to increase our output very materially.

A year ago the Shareholders were advised that it had become necessary to increase the capacity of our Structural Steel Department, and that negotiations were then pending for the acquirement of a suitable location for the extension of that Department. In furtherance of this policy the Company has leased the lands and plant of the Canadian Shipbuilding Company, near Bridgeburg, Ontario, which have proved to be admirably suited for the purpose. While the transaction is in the nature of a lease, it has been acquired in the same way as the Company acquired their hydro-electric power plant at Nassau some years ago, that is to say: the capital sum of \$250,000.00 will be extinguished by twenty annual payments of principal and interest, so that at the end of the twenty years the property comes into the absolute possession of the Company without further charge. This transaction is responsible for the increase in the mortgage indebtedness from \$267,568.05, as shown in the last statement, to \$503,702.79 this year.

Following the usual policy of this Company, the inventory has been taken on a conservative basis, at cost price or the market price, whichever was the lower, and ample deductions have been made for depreciation throughout.

The Real Estate owned by the Company is carried on our books at a valuation very far below the present market values, and it is proposed during the year to secure a report of the present value of the Company's Real Estate, and the appreciation in value will be shown in next year's Annual Report for the information of the Shareholders.

W. R. BROCK, President.

CERTIFICATE OF CHARTERED ACCOUNTANTS

Cable address "PRICEWATER," New York.

PRICE, WATERHOUSE & CO., Chartered Accountants in England and Wales.

54 William Street, New York, 10th March, 1911.

To the Shareholders of the Canadian General Electric Company, Limited:—

We have examined the books and accounts of the Canadian General Electric Company, Limited, and of its subsidiary Companies (the Canada Foundry Company, Limited, and the Industrial Realty Company of Canada, Limited), for the year 1910, and find that the annexed Consolidated Balance Sheet and Surplus Account are correctly prepared therefrom.

During the year there have been charged to Capital Accounts only expenditures in respect of actual additions, extensions or permanent improvements. Proper provision has been made for

depreciation of plant and equipment.

The inventories of raw material, supplies, work in progress and manufactured products have been taken and certified by responsible officials of the Company, and have been checked by us with the factory records. The valuations have been accurately made at or below cost price, ample allowance being made in respect of goods that are either obsolete or not readily saleable.

Reserves have been made for Doubtful Accounts and Notes Receivable and for all ascertainable liabilities.

We have verified the Cash, the Investments and the Bank Balances by actual inspection or by properly certified statements.

We certify that the annexed Balance Sheet is properly drawn up so as to show the true position of the Company at December 31st, 1910, and that the Surplus Account shows the correct result of the operations for the year.

PRICE, WATERHOUSE & CO.

CANADIAN GENERAL ELECTRIC COMPANY, Ltd.

And Subsidiary Companies.

Consolidated Balance Sheet, 31st December, 1910.

ASSETS.

Capital Assets—	
Patents and Contracts	\$ 426,505 79
Real Estate, Buildings, etc., at Toronto, Peterboro, Bridgeburg, Montreal, branches and power plant at Nassau	3,935,008 38
Machinery and Tools	2,001,194 39
Patterns and Drawings	413,112 83
Total Capital Assets	\$ 6,765,821 39
Investments	218,793 00
Current Assets—	
Inventory of raw material, supplies, work in progress and finished materials, including expenditure on contracts (less collections on account)	\$3,254,574 38
Accounts Receivable (less reserve for doubtful debts)	2,681,959 26
Notes Receivable	45,130 88
Cash	18,066 15
Deferred charges	
	5,999,730 67
	20,371 38
	<u>\$13,004,716 44</u>

LIABILITIES.

Capital Liabilities—	
Capital Stock, Common.. \$5,640,000 00	
Less Subscriptions unpaid 247,263 34	
	\$5,392,736 66
Capital Stock, Preferred	2,000,000 00
	\$ 7,392,736 66
Mortgages	503,702 79
Total Capital Liabilities	\$ 7,896,439 45
Current Liabilities—	
Bank Advances	\$1,504,096 24
Accounts and Bills Payable	1,224,240 68
	2,728,336 92
Reserve for Depreciation	399,264 81
Reserve	\$1,669,531 95
Profit and Loss Balance, per account annexed	311,143 31
	1,980,675 26
(Contingent Liability on Notes Receivable discounted \$175,327 36)	
	<u>\$13,004,716 44</u>

We have audited the above Balance Sheet and certify that it is properly drawn up, so as to show the true financial position of the Company on 31st December, 1910.

PRICE, WATERHOUSE & CO.,

Chartered Accountants.

LYNDHURST OGDEN,

Auditor.

CONSOLIDATED SURPLUS ACCOUNT.

Profit for the year ended 31st December, 1910—(Before providing for Depreciation and Interest on borrowed Capital)	\$ 911,208 55
Less—	
Reserved for Depreciation of Buildings, Machinery, Patterns, etc.	\$188,087 79
Interest	76,820 68
	264,908 47
Net profit for year	\$ 646,300 08
Less—Dividends paid	494,624 83
	\$ 151,675 25
Add—	
Undivided profits as at 31st December, 1909.....	159,468 06
Balance at credit of Profit and Loss Account..	\$ 311,143 31
Reserve Fund, as at 31st December, 1909.....	1,669,531 95
Surplus, per Balance Sheet	\$ 1,980,675 26

Certified to be correct,
 PRICE, WATERHOUSE & CO.,
 Chartered Accountants.

LYNDHURST OGDEN,

Auditor.

10th March, 1911.