

Balance Sheet as at 31st December, 1913, of the City of Toronto Hydro-Electric System

ASSETS			LIABILITIES		
FIXED.			ON CURRENT ACCOUNT.		
	Amount	Total.		Amount.	Total.
To Capital Expenditure on—			By Sundry accounts payable—		
Lands, buildings, transmission system, sub-station equipment and feeder system, distribution system, municipal street lighting system, line transformers, meters equipment and devices, general office stores department, utility department and miscellaneous equipment, and Exhibition construction and equipment	\$4,549,270.93		Including provision for accrued charges and contingencies	\$260,648.19	\$260,648.19
Leasehold premises and improvements	70,268.27		By Corporation of the City of Toronto—		
	4,619,539.20		For interest due and accrued to date	274,126.05	274,126.05
To Debenture discount and expenses	933,068.06		For Sinking Funds due and accrued to date, as follows—		
		5,552,607.26	Under By-law No. 5036—		
			Instalments	\$200,590.50	
			Interest thereon	14,178.93	
				214,769.43	
			Under By-law No. 5918—		
			Instalments	68,508.00	
			Interest thereon	1,292.23	
				69,809.23	
			Under By-law No. 6674—		
			Instalment	4,641.50	4,641.50
					289,211.16
					\$823,985.40
			ON CAPITAL ACCOUNT.		
			By Corporation of City of Toronto—		
			Cash advanced under By-law No. 5036	\$2,240,124.55	
			Debenture discount and expenses under By-law No. 5036	509,875.45	
				2,750,000.00	
			Cash advanced under By-law No. 5918	1,816,774.89	
			Debenture discount and expenses under By-law No. 5918	383,225.11	
				2,200,000.00	
			Cash advanced under By-law No. 6674	431,464.51	
			Debenture discount and expenses under By-law No. 6674	39,967.50	471,432.01
					5,421,432.01
			ON SURPLUS ACCOUNT.		
			By depreciation Reserve Fund—		
			In respect of general system after providing out of income for repairs and maintenance—		
			Brought forward from 1912	68,568.20	
			Appropriated in 1913	165,958.56	
				234,526.76	
			In respect of leasehold property—		
			Brought forward from 1912	3,041.00	
			Appropriated in 1913	9,080.01	12,121.01
					246,647.77
					\$6,492,065.18
					\$6,492,065.18

AUDITORS' REPORT.

Toronto General Trusts Building,
Toronto 21st March, 1914.

The Toronto Electric Commissioners, Toronto.
Gentlemen,—

We beg to annex hereto the Revenue Account for the year ended, and the Balance Sheet as at, 31st December, 1913, together with auxiliary accounts of the Toronto Hydro-Electric System. We have audited the books and accounts of the System for the year 1913, and we report thereon as follows:

(1) That the Income Account has been properly charged with all Operating and Revenue expenditure for the year, viz.:

(a) With the whole of the expenses of management maintenance, and operation, including the total cost of getting new business, and with provision for losses on Consumers' Accounts against the general public;

(b) With interest on the whole of the funded and floating debt owing to the Corporation of the City of Toronto;

(c) With provision for depreciation of the physical plant and equipment based upon an appraisal made by the General Manager of the wearing lifetime and the residual values of the various parts thereof, and with special provision for depreciation of leasehold buildings and improvements based on the duration and terms of the respective leases; and

(d) With Sinking Funds as required by Debenture By-laws Nos. 5036, 5918, and 6674 of the Corporation of the City of Toronto.

(2) That the Sinking Fund liability of \$94,617.20 carried forward in Suspense Account as a charge upon future profits is correct in principle and amount; and that the said sum represents the difference between the total amount of the contract liability of the Corporation of the City of Toronto at 31st December, 1913, in respect of the Hydro-Electric debenture issues and the provision made therefor by the Commission in appropriating from each of the Income Accounts for 1912 and 1913 one full year's sinking fund instalment upon the capital debt of the System as it stood at the end of each said year, and in appropriating thereto the surpluses of the said years.

(3) That the whole of the expenditure charged to Capital Account for additions to physical plant and equipment during the year is properly attributable thereto; that the charge against Capital Account in respect of debenture discount and expenses is correct in principle and amount, and that the final extinction thereof at the maturity of the respective debenture issues is secured by the operation of the Sinking Fund.

(4) That the inventory of stores taken at the end of the year disclosed a large surplus stock on hand—now under investigation for adjustment—for which no credit is taken in the annexed Balance Sheet; that there are errors in the Consumers' Ledgers of approximately \$3,500.00—also under adjustment—for which allowance has been made in the annexed Balance Sheet; and that certain of the general liabilities have yet to be verified by the production of original documents called for by us, but not yet received by the officers of the Commission.

(5) That the accuracy and reasonableness of certain

charges against the Corporation of the City of Toronto for the removal of poles, for the supply of motive power to the Civic Street Car System, and for other work, are disputed by the City; that no allowance has been made in the annexed accounts in respect thereof, and that while the income of and the expenditure upon the Municipal Light and Power System of North Toronto has been duly incorporated in the annexed Accounts, no liability has been assumed therein for its capital value as at the date of its acquisition, for the reason that so far as we can ascertain no agreement has yet been reached by the City and the Commissioners on the matter. If allowances should require to be made by the Commission in the final settlement with the City of these disputes, the amount thereof, together with provision for depreciation, interest, and sinking funds for the past year on the portions of the North Toronto System acquired at the time of the annexation will constitute a charge upon next year's income of, perhaps, from \$6,000 to \$12,000. We are unable, however, by reason of insufficient information, to make a satisfactory appraisal of this contingency, although we do not think, from the partial information before us, that it will absorb more than the amount stated.

Subject to the above reservations of paragraphs four and five, we certify that our requirements as Auditors have been complied with, and that the annexed Revenue Account and Balance Sheet are, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Toronto Hydro-Electric System.

JOHN MACKAY & CO.,
Chartered Accountants, Auditors.

COMMISSIONERS' REPORT

To His Worship the Mayor and the Members of the Council of the Corporation of the City of Toronto, Toronto.

Gentlemen:—

Your Commissioners beg to submit their Third Annual Report, accompanied by the Revenue Account, the Balance Sheet, and certain subsidiary statements, of the Toronto Hydro-Electric System, for the year ended 31st December, 1913. The accounts have been audited by John MacKay & Co., Chartered Accountants, whose certificate is appended thereto.

APPOINTMENT OF GENERAL MANAGER:

Before referring to the accounts which set forth the financial progress and position of the enterprise, it is proper to say that in the early part of 1913 Mr. H. H. Couzens, Electric Engineer of Hampstead, England, was appointed General Manager of the System under a three years' engagement. Mr. Couzens entered upon his duties at the beginning of July last, and the high opinion originally formed by your Commissioners of his qualifications and attainments has been fully vindicated by the zeal and capacity he has shown in the interval in carrying on the responsible and difficult administrative duties of his post.

The former Acting General Manager, along with a number of subordinate employees, had been peremptorily dismissed in the month of April for grossly improper conduct. Shortly after their dismissal there was a strike among the union employees of the System, the matter at issue, including that of wages, being, however, settled by arbitration within a short time thereafter. The rupture of the organization occasioned by the misconduct of the Acting General Manager, and other consequences of his incompetence for the position, together with the added charges laid upon the System in consequence of the strike, have added materially to the financial as well as to the administrative burdens of the past year. It is a matter, however, for congratulations that, as the

accounts will show, the financial burden has been entirely overcome, and no small part of the credit thereof is to be attributed to the General Manager whose administration under these unusually difficult conditions has given your Commissioners a very high degree of satisfaction.

FINANCIAL POSITION AS AT 31ST DECEMBER, 1913:

The operations for the year 1913 have yielded very satisfactory results. From the revenue account annexed hereto it will be observed that—

The gross income amounted to the sum of \$1,159,339.71
The cost of electric current and the expenses of operation and management, including repairs and maintenance, absorbed the sum of 681,217.01

Leaving a balance of net income of \$478,122.70