

Canadian General Electric Co. LIMITED

Annual Report of the Board of Directors For the Year Ending 31st December, 1909

DIRECTORS

W. R. BROCK, President. H. F. DWIGHT, First Vice-President.
FREDERIC NICHOLLS, Second Vice-President and General Manager.
SIR WM. MORTIMER CLARK, LL.D., K.C.
HON. ROBERT JAFFRAY.
HON. GEO. A. COX. HON. J. K. KERR, K.C.
A. E. DYMENT. WM. MACKENZIE.
RODOLPHE FORGET. W. D. MATTHEWS.
HERBERT S. HOLT. JAMES ROSS.

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, CAN-
ADIAN BANK OF COMMERCE, London, England.

ANNUAL REPORT OF THE DIRECTORS

Submitted to the Shareholders at the Annual General Meeting, Held
at the Office of the Company, in Toronto,
on Monday, 28th March, 1910.

Your Directors submit herewith the Consolidated Balance Sheet
of the Company as upon the 31st Day of December, 1909, the com-
bined statement of Profit and Loss for the year, and the Certificate
of Messrs. Price, Waterhouse & Company, Chartered Accountants.

The Profit and Loss Statement, while showing that the Dividend
for the year has been earned, does not reflect the actual measure
of the prosperity of the Company at the end of the year. Owing to
the financial and industrial depression existing in 1908, and extend-
ing well into 1909, the first half of our financial year showed dis-
couraging results because of insufficient manufacturing orders to
enable us to keep the various departments of our works operating
on an economical basis, and our desire, irrespective of profit, to
find employment for as many as possible of our employees during
the period of acute distress.

Fortunately, however, the latter part of the year showed such
decided improvement that we almost succeeded in equalling the
earnings of the previous year. At the time of closing our Books we
had more work in progress in various stages of completion than
since 1907, but as the Company only inventories work in progress at
the actual cost of labor and material, no estimated profits have
been taken into account.

Since the close of the year the marked improvement in volume
of orders received has been maintained, and present trade condi-
tions warrant the belief that this improvement will continue.

The Company, within the last two or three months, has secured
some of the most important contracts for electrical apparatus ever
awarded in any country, totalling nearly two hundred thousand
horse-power. These include three generators of 15,000 horse-power
each, three generators of 12,500 horse-power each, and two of 11,000
horse-power each, and for size and importance have no counterpart
in the world to-day, and it should be gratifying to our Shareholders
that this Company is in the foremost rank as manufacturers of high-
class machinery of such magnitude.

The Canada Foundry Company has just satisfactorily completed
for the Canadian Government, at St. Andrew's Rapids, near Winni-
peg, a movable dam of steel construction that is one of the most
important engineering propositions yet undertaken in Canada, and
have recently entered into a contract with the Dominion Iron and
Steel Company for the construction of their new Blast Furnace Plant.

All departments of the Canada Foundry Company are now back
to normal production, the Structural Steel Department being over-
taxed. As we have had to forego much business for this depart-
ment, because of insufficient capacity, your Directors decided to pro-
vide for a largely increased output, and negotiations are now pend-
ing for the acquirement of a suitable location for the extension of
this department.

During the year our Bank Account was reduced below \$300,000,
at which time our Accounts Receivable amounted to nearly \$2,000,000,
but the rapid influx of orders necessitated the purchase of large
quantities of raw materials, no less than \$400,000 of such materials,
principally iron, steel and copper, having been received during the
month of December, with the result of increased borrowings to a
moderate amount.

The great development of the Canadian Northwest made it in-
creasingly difficult to handle the business of that District from
either our Vancouver or Winnipeg branches, and your Directors ar-
ranged to open a new Branch Office in Calgary, Alberta, which is
now in operation. W. R. BROCK, President.

CERTIFICATE OF CHARTERED ACCOUNTANTS

PRICE, WATERHOUSE & CO., Chartered Accountants,

London (England), New York, Philadelphia, Chicago, St. Louis,
Pittsburg, San Francisco, Seattle, Mexico and Montreal (Canada).
54 William Street, New York, 14th March, 1910.

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 1909, and we 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 per-
manent improvements. Proper provision has been made for de-
preciation 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 Re-
ceivable and for all ascertainable liabilities.

We have verified the Cash, the Investments and the Bank Bal-
ances 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, 1909, 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, 1909.

ASSETS.	
Capital Assets—	
Patents and Contracts	\$ 428,012 54
Real Estate, Buildings, etc., at Toronto, Peterboro', Montreal, Branches, and Power Plant at Nassau	3,528,264 06
Machinery and Tools	1,687,200 56
Patterns and Drawings	347,200 47
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	\$5,990,776 63
Investments	211,630 00
Current Assets—	
Cash	\$ 10,661 92
Accounts Receivable (less Reserve for doubtful debts)	1,951,473 15
Notes Receivable	28,963 94
Inventory of Raw Material, Supplies, Work in Progress and Finished Ma- terials	2,042,128 90
Expenditure on Contracts (less collec- tions on account)	47,999 39
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	\$4,081,218 31
Discount and Insurance Unexpired	8,194 04
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	\$10,291,838 98
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LIABILITIES.	
Capital Liabilities—	
Capital Stock, Common	\$4,700,000 00
Capital Stock, Preferred	2,000,000 00
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	\$6,700,000 00
Mortgages	267,568 05
Current Liabilities—	
Bank Advances	\$ 703,151 24
Accounts Payable	579,157 68
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	\$1,282,308 92
Reserve for Depreciation	219,661 00
Surplus—	
Reserve	\$1,669,531 95
Profit and Loss Balance per account an- nexed	159,468 06
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	\$1,829,000 01
(Contingent Liability on Notes Receiv- able Discounted	\$293,743 80)
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	\$10,291,838 98

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, 1909.

PRICE, WATERHOUSE & CO.,

Chartered Accountants.

CONSOLIDATED SURPLUS ACCOUNT.

Profit for the Year Ended 31st December, 1909. (Before providing for Depreciation and In- terest on borrowed Capital)	\$ 605,999 03
Less—	
Depreciation of Buildings, Machinery, Pat- terns, etc.	\$91,093 00
Interest	51,660 52
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	\$ 443,235 51
Less Dividends Paid	469,000 00
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	\$14,235 51
Add—	
Undivided Profits as at 31st December, 1908	145,031 35
Balance at Credit of Profit and Loss Account... ..	159,468 06
Reserve Fund, as at 31st December, 1908	1,669,531 95
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Surplus, per Balance Sheet	\$1,829,000 01

Certified to be correct.
PRICE, WATERHOUSE & CO.,
Chartered Accountants,
14th March, 1910.

LYNDHURST OGDEN,
Auditor.