

Russell Motor Car Company, Limited

REPORT OF THE BOARD OF DIRECTORS

ANNUAL MEETING

OCTOBER 26th, 1922

TO THE SHAREHOLDERS:

The Report herewith submitted covers the operations of the Company for the year ending July 31st, 1922.

The activities of the Company are now reflected in the operations of the Companies in which it holds stock, as follows:

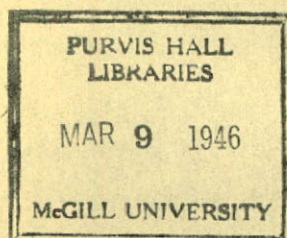
CANADA CYCLE & MOTOR COMPANY, LIMITED, Weston.
RUSSELL MOTOR CAR COMPANY, INCORPORATED, Buffalo, N.Y.
RUSSELL GEAR & MACHINE COMPANY, LIMITED, Toronto.
WILLYS-OVERLAND LIMITED, Toronto.

The business year of Canada Cycle & Motor Company, Limited, terminates with December 31st, next, but the volume of business to date indicates that its sales and profits will be considerably in excess of those of 1921. In addition to its local business, the Company is active in the prosecution of Export trade and at present has a representative abroad for this purpose. The manufacture of Skates, which was commenced some years ago, is proving an increasingly important department of the business and helps materially to keep the factory employed during the months that would otherwise be comparatively idle in the Bicycle business.

We reported last year that the operations of Russell Motor Car Company, Incorporated, Buffalo New York, had been completed, with the exception of one unsettled Claim with the United States Navy. Upon the advice of our Attorneys, we decided to enter suit in the Court of Claims, with a view to securing an equitable settlement. The Court of Claims delivered judgment in June last, increasing the compensation to this Company by approximately \$50,000.00 over the settlement offered by the Navy officials. While this was gratifying to your Directors, as indicating the justice of the Company's position, they have felt that the Court of Claims did not take into account the most important feature in connection with the Claim, and have decided to appeal the case to the Supreme Court of the United States, where we hope the case will be heard and judgment given within the next twelve months.

The Russell Motor Car Company, of Buffalo, is the owner of the stock previously held direct by this Company in Willys-Overland Limited.

Willys-Overland Limited has made progress during the year. The heavy inventories of relatively high-priced material have been disposed of. The new Models which were introduced in 1920 have been tested out and refined to a point which makes them leaders in their respective fields. While business has not been on a sufficient scale during the past year to permit of operation at a profit, it is believed that the condition of the Company and the out look in the trade are more favorable than they have been at any time in the past two years.



The business of Russell Gear & Machine Company, Limited, continues to be the manufacture of Motor Car Transmissions, Parts, Spark Plugs, Gramophone Motors and general machine work. At the present time there are negotiations on for additional new work which, if obtained, would be of great value in making possible the successful operation of this plant. The new line of Radio parts has been commenced and our product has met with considerable success. We are looking forward to it as a department which will be of increasing volume.

The statement of Profit and Loss is as follows:

Balance brought forward July 31, 1921.....	1,071,618.13
Net Gain for year ending July 31, 1922.....	117,499.89
(Provision having been made for Income Tax, Directors' Fees and other Contingencies).	
Transferred to Investment Reserve.....	600,000.00
Dividend on Preferred Shares for year ending July 31, 1922.....	84,000.00
Dividend on Common Shares for year ending July 31, 1922.....	32,000.00
Balance carried forward.....	473,118.02
	<u>\$1,189,118.02</u> <u>\$1,189,118.02</u>

We have thought it wise to make a transfer from the balance in Profit and Loss Account to our Reserves against Investments, so that the re-valuation of these would be on a sufficiently conservative basis. For this reason we have decided to transfer the sum of \$600,000.00 in Profit and Loss Account to the Account of "Buildings, Investments and Insurance Reserve". This amount we feel is adequate to take care of all contingencies.

During the year regular quarterly dividends at the rate of Seven (7%) per cent. per annum were paid upon the Preferred Stock of the Company.

Dividends totalling Four (4%) per cent. were paid upon the Common Stock of the Company.

The Statement of Assets and Liabilities as of July 31st, 1922, is herewith submitted.

The Accounts of the Company have been duly audited and certified to by Messrs. Edwards, Morgan & Company, Chartered Accountants.

All of which is respectfully submitted.

LLOYD HARRIS,
President.

T. A. RUSSELL,
Vice-President.

RUSSELL MOTOR CAR COMPANY, LIMITED

Balance Sheet, July 31st, 1922

ASSETS

Cash on Hand and in Bank.....	\$	34,159.21	
Dominion of Canada War Loan Bonds.....		106,459.37	
Accounts and Bills Receivable.....		511,394.98	\$ 652,013.56
Investments in other Companies.....		3,428,099.50	
Less amount returned thereon.....		278,069.43	3,150,030.07
Real Estate.....		42,231.00	
Office Furniture & Fixtures.....		532.19	42,763.19
			<u>\$3,844,806.82</u>

LIABILITIES

Bankers' Advances.....	\$	142,000.00	
Accounts and Bills Payable.....		48,672.15	
(Including Provision for Taxes)			
Dividends, Declared and Unpaid.....		31,000.00	221,672.15
Contingent Account.....			216,075.50
Buildings, Investments and Insurance Reserves.....			933,941.15
Capital Stock—Preferred.....		1,200,000.00	
Common.....		800,000.00	2,000,000.00
			3,371,688.80
Profit and Loss Account.....			473,118.02
			<u>3,844,806.82</u>

We have audited the books of the Russell Motor Car Company, Limited, for the year ending July 31st, 1922, and we certify that our requirements as Auditors have been complied with.

We also certify that the annexed Balance Sheet is in accord with the books and, in our opinion, correctly states the position of the Company on that date.

October 6th, 1922

(Sgd.) EDWARDS, MORGAN & CO.

1922

ANNUAL REPORT

RUSSELL MOTOR CAR
COMPANY, Limited

Head Office - - - TORONTO

DIRECTORS:

LLOYD HARRIS, ESQ., PRESIDENT
T. A. RUSSELL, ESQ., VICE-PRESIDENT
A. E. AMES, ESQ.
E. B. RYCKMAN, ESQ.
J. N. SHENSTONE, ESQ.
C. R. BURT, ESQ.
H. D. SCULLY, ESQ.

Russell Motor Car Company
LIMITED

NOTICE OF ANNUAL MEETING

TORONTO, OCTOBER 14th, 1922.

Notice is hereby given that the Annual General Meeting of the Shareholders of Russell Motor Car Co., Limited, will be held in Room 35, Third Floor, National Trust Building, 20 King Street East, in the City of Toronto, on Thursday, the 26th day of October, 1922, at 12 o'clock noon, to receive the Report of the Directors for the past year; to elect Directors for the ensuing year; and generally to transact any other business relating to the Company's affairs which may be brought before the Meeting.

A copy of the Annual Statement is enclosed, also a proxy which kindly sign and return to the undersigned.

LLOYD HARRIS,
President.

G. W. SUGGITT,
Secretary.