

Russell Industries Limited

REPORT OF THE BOARD OF DIRECTORS

ANNUAL MEETING

MARCH 29th, 1941

TO THE SHAREHOLDERS:

The Report submitted herewith covers the operations of the Company for the twelve months ended December 31st, 1940, and Balance Sheet as of that date.

Your Directors express their profound regret at the loss sustained by the Company through the death of its late President, Mr. T. A. Russell. Under his direction over a long period of years, Russell Industries Limited and its two operating subsidiaries, Canada Cycle & Motor Company Limited and Canadian Acme Screw & Gear, Limited, have grown and expanded until to-day they occupy an important place in Canadian industry. Combining a wide business experience with sound common sense, personal charm and sympathy, Mr. Russell occupied a unique place in the hearts of his colleagues and of the whole organization. Notwithstanding his many business activities, he found time for other worthy objects, and will be seriously missed by the community at large as he had a keen sense of public duty.

The Statement of Profit and Loss which has been reported upon by Messrs. Edwards, Morgan & Company, Chartered Accountants, is as follows:

Balance brought forward January 1, 1940.....	\$582,274.20		
ADD: Increase Cash Value Life Insurance.....	16,321.01	\$598,595.21	
Net Gain for year ended December 31, 1940.....	\$163,538.19		
DEDUCT: Dividend on Cumulative Preference Shares for year ended December 31, 1940.....	\$61,748.75		
Dividend on Common Shares for year ended Decem- ber 31, 1940.....	65,430.00	127,178.75	36,359.44
Balance carried forward December 31, 1940.....		\$634,954.65	

During the year, quarterly dividends at the rate of 7% per annum were paid on the Preference Shares and 80 cents a share on the new Common Shares of the Company.

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Canada Cycle & Motor Company Limited showed substantial increases in sales during the year, and after providing \$302,142.85 for Dominion and Provincial Income Taxes and Dominion Excess Profits Taxes, as against \$112,768.85 for Dominion and Provincial Income Taxes in 1939, the net profits for the year amounted to \$390,480.25. After payment of the dividend of 5% on the Cumulative Redeemable Sinking Fund First Preference Shares and payment to this Company of dividends amounting to \$140,000 on the Common Shares, and other adjustments amounting to \$17,581.65, a balance of \$184,629.85 has been added to their Profit and Loss Account.

The sales of Canadian Acme Screw & Gear, Limited were also substantially increased and, after providing \$230,000.00 for Dominion and Provincial Income Taxes and Dominion Excess Profits Taxes, as against \$31,547.00 for Dominion and Provincial Income Taxes in 1939, Net Profits for the year amounted to \$176,712.63. No dividends were declared or paid by the Company during the year.

Both of these important subsidiaries of your Company in addition to a considerable extension of their normal business have been actively engaged on war work, and this has necessitated increased plant facilities to efficiently meet the demands of their customers and of the Government.

Your Directors regret that Mr. J. W. Gibson, who has been one of the best known executives in the bicycle business in Canada, has asked to be relieved as a Director of this Company on account of ill health, but we shall continue to have the benefit of his advice and counsel as he has consented to remain as a Director and Vice-President of Canada Cycle & Motor Company Limited.

Mr. Glyn Osler, K.C., and Mr. J. A. Russell have been added to the Board to fill the vacancies occasioned by the death of Mr. T. A. Russell and the resignation of Mr. J. W. Gibson.

Both of your operating subsidiaries continue active and the outlook for the current year is promising.

All of which is respectfully submitted.

H. R. TUDHOPE,
President.

RUSSELL INDUSTRIES LIMITED

(INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

Balance Sheet, December 31st, 1940

ASSETS

CASH IN BANKS:		
Current Account	\$105,121.76	
Savings Accounts	77,754.10	\$182,875.86
Cash Value due from Life Insurance Company		49,100.80
Dividends Receivable—Canada Cycle & Motor Company Limited, (Received January 2, 1941)		50,000.00
Accounts Receivable		5,247.26
		\$ 287,223.92
INVESTMENTS AT BOOK VALUE:		
Dominion of Canada Bonds	\$360,956.25	
Provincial Government Bonds	94,362.50	
Bonds and Preferred Stocks of Industrial Companies	147,759.48	
Common Stocks of Industrial Companies	215,853.97	
Common Stocks of Railway and Public Utility Companies	21,877.76	
Bank Stocks	22,623.92	
Mortgages Receivable	141,333.60	
(Market Value of Investments—\$1,005,806.86)		1,004,767.48
Investments in Allied and Subsidiary Companies		\$1,291,991.40
Office Furniture and Fixtures		1,499,962.25
		1.00
		\$2,791,954.65

LIABILITIES

Reserves for Investments, Etc		\$ 457,000.00
CAPITAL STOCK—		
8,734 7% Cumulative Preference Shares—Par Value \$100.00	\$873,400.00	
82,660 Common Shares—Par Value \$10.00	826,600.00	1,700,000.00
		\$2,157,000.00
(NOTE: 266 7% Cumulative Preference Shares—Par Value \$100.00 were exchanged for 2,660 Common Shares—Par Value \$10.00 during the year 1940).		
Profit and Loss Account		634,954.65
		\$2,791,954.65

We have audited the books of Russell Industries Limited for the year ending December 31, 1940, 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.

March 5, 1941.

(Sgd.) EDWARDS, MORGAN & CO.,
Chartered Accountants.

1940

ANNUAL REPORT

**RUSSELL INDUSTRIES
LIMITED**

Head Office - - - TORONTO

Directors:

H. R. TUDHOPE, Esq.
C. J. HARRIS, Esq.
G. S. BRADEN, Esq.
T. B. RUSSELL, Esq.
N. P. PETERSEN, Esq.
GLYN OSLER, Esq., K.C.
J. A. RUSSELL, Esq.

Officers:

H. R. TUDHOPE, President
C. J. HARRIS, Vice-President
G. W. SUGGITT, Secretary and Treasurer

Russell Industries Limited

NOTICE OF ANNUAL
GENERAL MEETING OF SHAREHOLDERS

TORONTO, March 17th, 1941.

NOTICE is hereby given that the Annual General Meeting of the Shareholders of Russell Industries Limited will be held at the Head Office of the Company, 207 Weston Road South, Toronto, Ontario, on Saturday, the 29th day of March, 1941, at 12 o'clock noon (Daylight Saving Time), to receive the Report of the Directors and Financial Statements for the past year; to elect Directors; to appoint Auditors to hold office until the next Annual Meeting; 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 form which, if you are unable to attend the Meeting, kindly sign and return to the undersigned.

By Order of the Board,

G. W. SUGGITT,
Secretary.