

RUSSELL INDUSTRIES LIMITED

and its subsidiaries

CANADA CYCLE AND MOTOR COMPANY LIMITED

(and its United States subsidiary C. C. M. Incorporated)

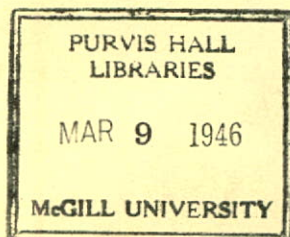
CANADIAN ACME SCREW & GEAR, LIMITED

and

WEST TORONTO HOLDINGS LIMITED

Annual Report

For the Year Ended December 31st, 1944



RUSSELL INDUSTRIES LIMITED

and its subsidiaries

CANADA CYCLE AND MOTOR COMPANY LIMITED
(and its United States subsidiary C. C. M. Inc.)

CANADIAN ACME SCREW & GEAR, LIMITED

and

WEST TORONTO HOLDINGS LIMITED

REPORT OF THE BOARD OF DIRECTORS ANNUAL MEETING April 7th, 1945

TO THE SHAREHOLDERS:

Your Directors submit herewith the Annual Report of the operations of your Company together with Consolidated Balance Sheet, Profit and Loss and Surplus Statement of the Company and subsidiaries for the year ended December 31st, 1944, to which is appended the certificate of your auditors, Messrs. Clarkson, Gordon, Dilworth & Nash and Messrs. Edwards, Morgan & Company, Chartered Accountants.

The Consolidated Profit of the Company and subsidiaries for the year, before Income and Excess Profits Taxes but after providing for all charges, including depreciation, amounted to \$1,616,892.42. Provision for Income and Excess Profits Taxes aggregated \$1,183,100.00, of which \$160,000.00 is refundable. This leaves a Net Profit of \$478,478.40, exclusive of the refundable portion of Excess Profits Taxes, as compared with \$487,201.68 in 1943.

The Current Assets amount to \$6,515,708.65, of which \$3,694,076.91 is represented by cash and marketable securities and of the latter \$2,529,421.25 is represented by investments in Dominion Government Bonds. Current Liabilities amount to \$1,436,431.54, leaving Net Working Capital of \$5,079,277.11.

The major portion of the Company's manufacturing facilities during the past year has been devoted directly or indirectly to the production of war supplies, but indications point to a substantial decrease in war production and an increase in production for civilian needs. This was much more apparent towards the end of the Company's fiscal year. In connection with the change-over to civilian production, problems relating to reconversion and increasing costs of production may have an adverse effect on profits of the Company for the ensuing year.

The Company's manufacturing plants have been maintained as efficient operating units. Capital expenditures during the year amounted to \$281,560.77.

In addition to its own operations, Canadian Acme Screw & Gear, Limited operates for the Government (on a management fee basis), York Arsenals Limited, which manufactures an important volume of war products.

During the year, regular quarterly dividends at the rate of 7% per annum were paid on the Preference Shares and quarterly dividends at the rate of \$1.20 per annum on the Common Shares of Russell Industries Limited.

In the course of the year, 4,521 Russell Industries Limited Preference Shares were converted into Common Shares of the Company, reducing the amount of Preference Shares outstanding at the end of the fiscal year to 3,059 shares.

Regular quarterly dividends at the rate of 5% per annum on the Preference Shares of Canada Cycle and Motor Company, Limited were maintained. Sinking Fund:— 3,005 of this Company's Preference Shares were called for redemption on April 30th, 1944, and 3 shares were purchased during the year, leaving \$599,700.00 Preference Capital outstanding at the end of the Company's fiscal year.

Your Directors and Officers take pleasure in expressing their appreciation of the loyal and co-operative services rendered by the employees of the Company during the year. They also record with pride that at the end of the year there were 1,045 members of the staff of the Company and subsidiaries serving in His Majesty's Forces.

All of which is respectfully submitted.

H. R. TUDHOPE,

President.

Toronto, March 19th, 1945.

TRIES LIMITED

(Ontario Companies Act)

subsidiaries

(and its United States subsidiary, C.C.M. Incorporated)

W & GEAR LIMITED and

OLDINGS LIMITED

STATE AS AT 31st DECEMBER, 1944

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued charges..... \$ 611,874.11
Reserve for taxes on income less instalments paid..... 824,557.43

Total current liabilities..... \$1,436,431.54

RESERVE FOR CONTINGENCIES..... 1,090,647.59

PREFERRED SHARES OF CANADA CYCLE AND MOTOR COMPANY LIMITED:

Authorized and issued—10,000 5% cumulative sinking fund first preference
shares of a par value of \$100 each, redeemable at \$105 per share and
accrued dividends..... \$1,000,000.00
Less 4,003 shares redeemed, of which 3,008 were redeemed during 1944. 400,300.00
599,700.00

CAPITAL OF RUSSELL INDUSTRIES LIMITED:

Authorized and outstanding—
3,059 7% cumulative convertible preference shares of a par value of
\$100 each..... \$ 305,900.00
139,410 common shares of a par value of \$10 each..... 1,394,100.00
\$1,700,000.00

NOTE: 5,941 preference shares have been converted to 59,410 common shares,
of which 4,521 preference shares were converted during 1944.

SURPLUS..... 3,291,233.75

DEFERRED SURPLUS:

Post-war refund of excess profits taxes..... 515,845.81 5,507,079.56

\$8,633,858.69

THE SHAREHOLDERS

subsidiaries, Canada Cycle and Motor Company Limited (and its United States subsidiary, C.C.M. Incorporated), and the attached consolidated statements of profit and loss and surplus for the year ended on that date. The accounts have been audited and examined or tested accounting records but we did not make a detailed audit of the transactions.

not included in the attached consolidated statement of profit and loss except to the extent of the divisions and sub-subsidiaries.

contracts. No provision has been made in the above consolidated balance sheet and the attached statements of profit and loss and surplus.

and related consolidated statements of profit and loss and surplus have been drawn up so as to exhibit a true and correct view of their operations for the year ended on that date, according to the best of our information, and the expenses incurred in connection therewith.

CLARKSON, GORDON, DILWORTH & NASH,
EDWARDS, MORGAN & CO.

Chartered Accountants.

RUSSELL INDUSTRIES LIMITED

(Incorporated under the Ontario Companies Act)

and its subsidiaries

CANADA CYCLE AND MOTOR COMPANY LIMITED

(and its United States subsidiary, C. C. M. Incorporated)

CANADIAN ACME SCREW & GEAR LIMITED

and

WEST TORONTO HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ended 31st December, 1944

Profit from operations after providing depreciation of \$287,000.84 but before providing for taxes on income.....			\$1,616,892.42
ADD:			
Interest and dividends.....	\$	81,939.20	
Profit on disposal of capital assets.....		4,715.15	
Sundry income.....		17,166.86	103,821.21
Profit before provision for taxes on income and for contingencies.....			\$1,720,713.63
DEDUCT:			
Provision for income and excess profits taxes of which the refundable portion amounts to \$160,000.00.....	\$1,183,100.00		
Provision for contingencies.....	59,135.23	1,242,235.23	
Net profit for year transferred to surplus.....			<u>\$ 478,478.40</u>

CONSOLIDATED STATEMENT OF SURPLUS

Balance 1st January, 1944.....			\$3,048,543.75
ADD:			
Net profit for year.....	\$	478,478.40	
Less amounts paid in connection with 5% preference shares of Canada Cycle and Motor Company Limited:			
Dividends of 5%.....	\$	35,040.90	
Premium on shares redeemed.....	15,042.50	50,083.40	428,395.00
			<u>\$3,476,938.75</u>
DEDUCT:			
Dividends paid during year by Russell Industries Limited:			
Cumulative convertible preference shares—7%.....	\$	25,613.00	
Common shares—\$1.20 per share.....		160,092.00	185,705.00
Balance 31st December, 1944.....			<u>\$3,291,233.75</u>

RUSSELL INDUSTRIES LIMITED

Head Office - Toronto

Directors:

H. R. TUDHOPE, Esq.

C. J. HARRIS, Esq.

G. S. BRADEN, Esq.

N. P. PETERSEN, Esq.

T. B. RUSSELL, Esq.

GLYN OSLER, Esq., K.C.

ALLAN E. ARSCOTT, Esq., C.B.E.

Officers:

H. R. TUDHOPE, President

C. J. HARRIS, Vice-President

G. W. SUGGITT, Secretary and Treasurer

