

Corporation  
File

ANNUAL  
REPORT

RUSSELL INDUSTRIES LIMITED

PURVIS HALL  
LIBRARIES  
APR 10 1947  
MCGILL UNIVERSITY

1 9 4 6

# *Russell Industries Limited*

and its subsidiaries

CANADA CYCLE AND MOTOR COMPANY LIMITED  
(and its subsidiaries in Canada and United States)

CANADIAN ACME SCREW & GEAR, LIMITED  
(and its subsidiaries)

and

WEST TORONTO HOLDINGS LIMITED

---

**REPORT OF THE BOARD OF DIRECTORS  
ANNUAL MEETING  
April 19th, 1947**

---

TO THE SHAREHOLDERS:

Your Directors submit herewith Consolidated Balance Sheet, Profit and Loss and Surplus Statements of the Company and its subsidiaries for the year ended December 31, 1946, as reported upon by your auditors, Messrs. Clarkson, Gordon & Co. and Messrs. Edwards, Morgan & Company, Chartered Accountants.

The Consolidated Net Profit of the Company, after providing for all charges, including depreciation, but before Income and Excess Profits Taxes, amounted to \$1,363,445.84. After provision for Income and Excess Profits Taxes aggregating \$602,408.65, the Net Profit is \$761,037.19 as compared with \$544,567.87 in the preceding year.

The Surplus of one of your Company's sub-subsidiaries at 1st January, 1946, amounting to \$211,002.04, which represents fees received by it (less provision for taxes) for its services in managing a munitions production operation for the Government over a period of four years, has been credited to Reserve for Contingencies.

The 5,990 outstanding Preferred Shares of Canada Cycle and Motor Company Limited were called for redemption December 31, 1946.

During the year capital expenditures of \$900,409.00 were made on new equipment for your plants which was not available during the war years and on equipment for new lines of business. Notwithstanding these important expenditures, Net Working Capital was maintained in a strong position, amounting to \$5,437,784.43 at the end of the year. This amount includes \$645,294.00 Net Current Assets of sub-subsidiary companies which were not consolidated in the statement for the year ended December 31, 1945, and compares with Net Working Capital of \$5,514,479.15 at the end of the preceding year.

The item "Investment in sub-subsidiary companies at cost \$353,143.19" appearing in the Company's last Balance Sheet is now eliminated, as the Assets and Liabilities of these sub-subsidiary companies have been included under their respective headings in this year's Consolidated Balance Sheet.

During the year a contributory Pension Plan was established for the employees of Canada Cycle and Motor Company Limited, the Company assuming the full cost of that portion of the Plan which is attributable to the past services of its employees. A Reserve of \$375,000 was provided for this purpose by an appropriation from Contingency Reserve and will be paid to the insurance company administering the Fund in annual instalments over a ten-year period. A payment of \$80,000 was made to the insurance company during 1946, of which \$50,000 has been charged to Profit and Loss Account and \$30,000 to the Pension Reserve, reducing it to \$345,000.

In the course of the year 1,269 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 886 shares (and, as of the date of issue of this Report, these shares had been further reduced to 844 shares).

The subdivision of each of the Company's Common Shares of \$10 par value into 4 Common Shares without nominal or par value, approved by the shareholders at the last meeting, has, as anticipated, resulted in a wider distribution of the stock, and as at the end of the Company's fiscal year there were 1,112 Common Shareholders, as compared with 609 at the end of the preceding year.

The strikes in the steel and automotive industries, lasting several months, curtailed the business of one of your operating subsidiaries which is importantly concerned in serving them, and this had its effect on the results of this year's operations. Having regard to orders in hand, and barring unforeseen interruptions of operations affecting the Company, its customers or its suppliers of materials, the outlook for the current year is satisfactory.

The Company's relations with its employees have continued on a satisfactory basis, and your Directors and Officers wish to express their sincere appreciation of the efficient services rendered by the employees throughout the year.

All of which is respectfully submitted.

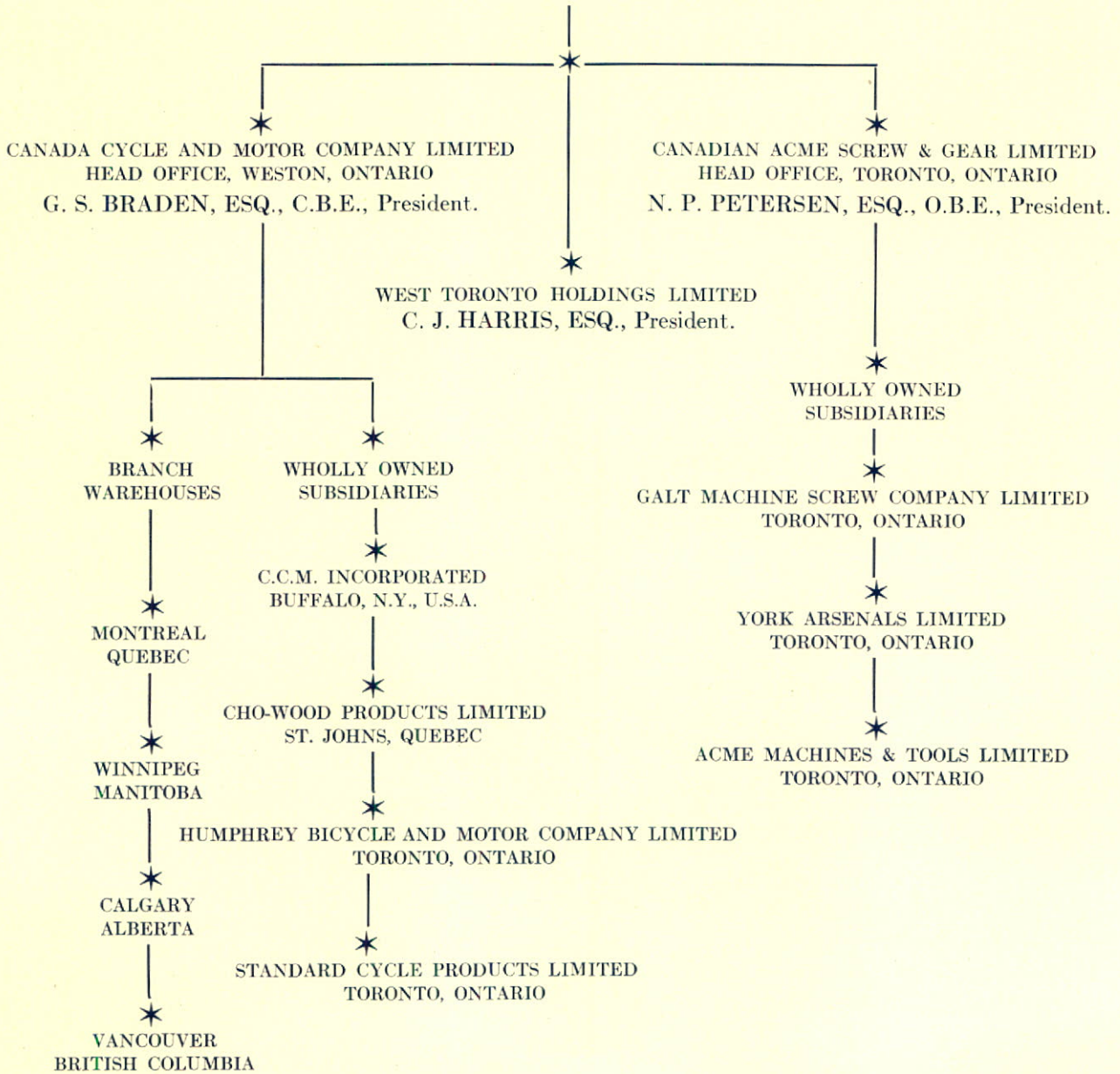
H. R. TUDHOPE,  
*President.*

Toronto, March 20, 1947.

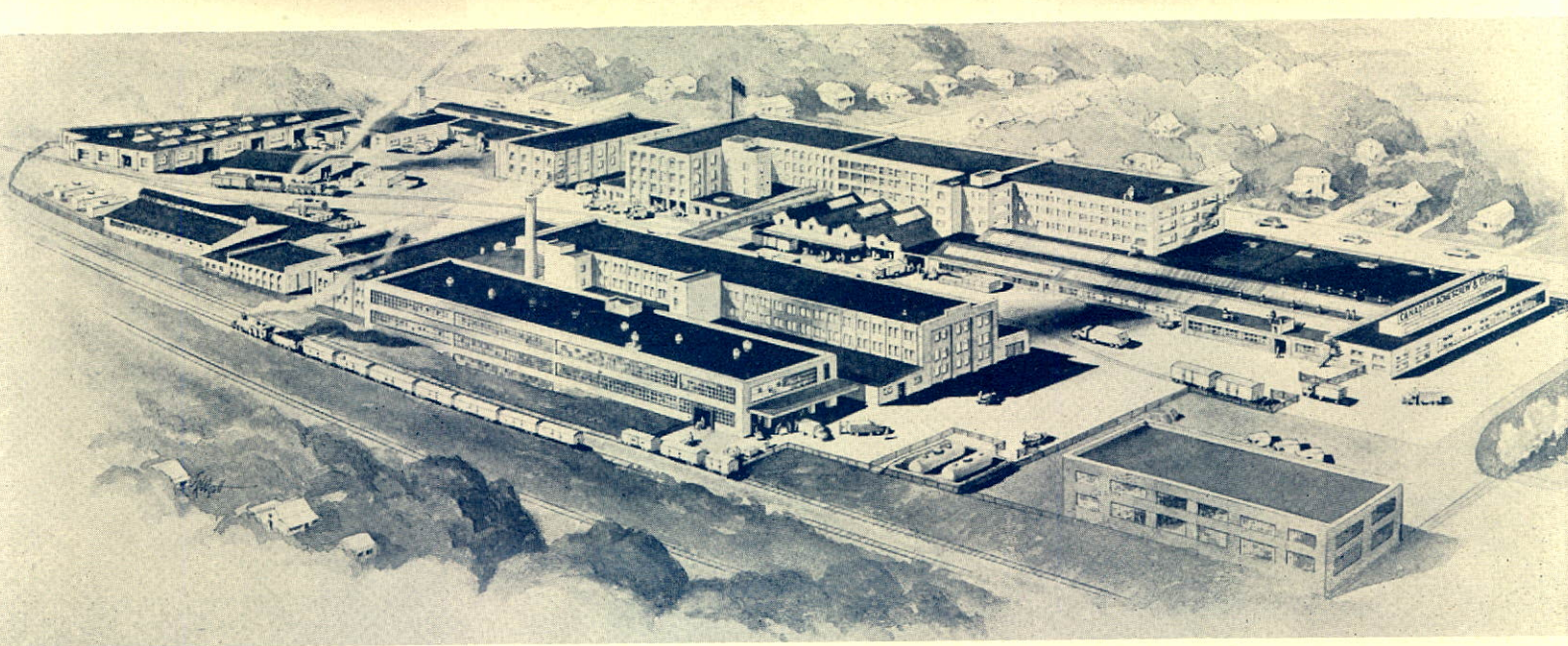
# Russell Industries Limited

Head Office, Toronto, Ontario

H. R. TUDHOPE, ESQ., O.B.E., President.



Graph Showing Allied Companies

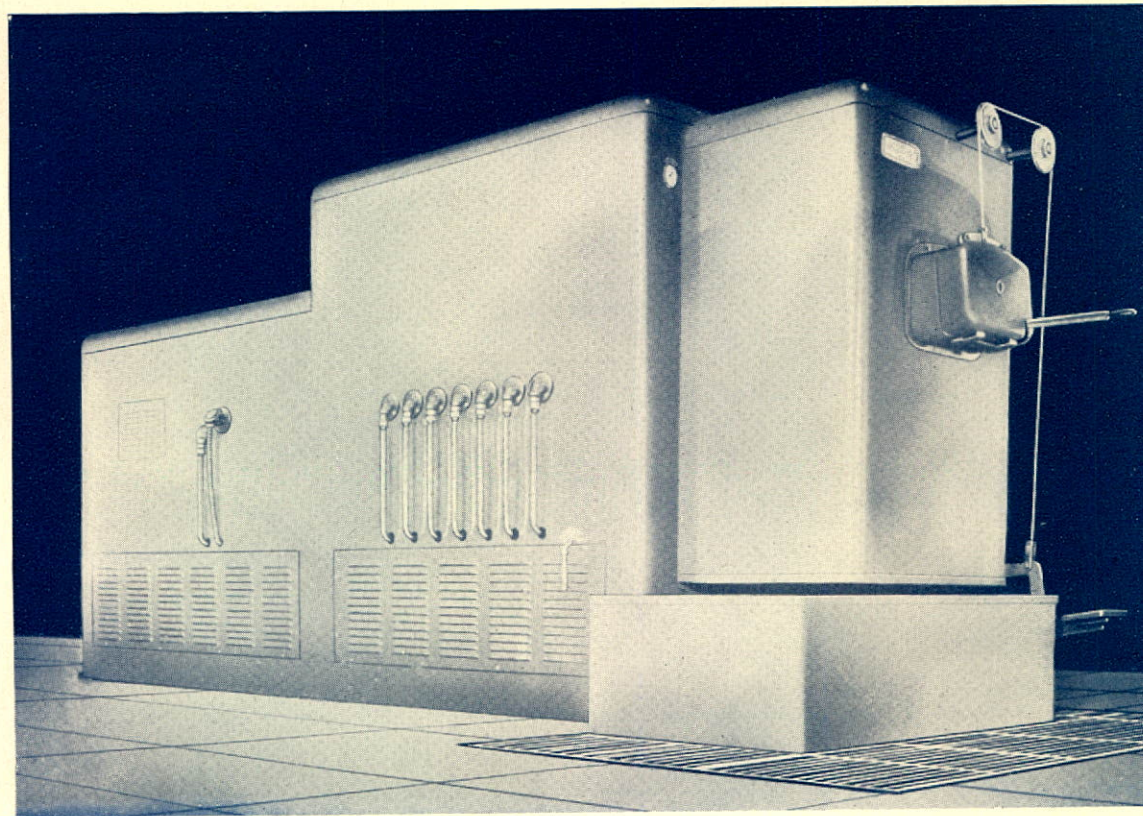


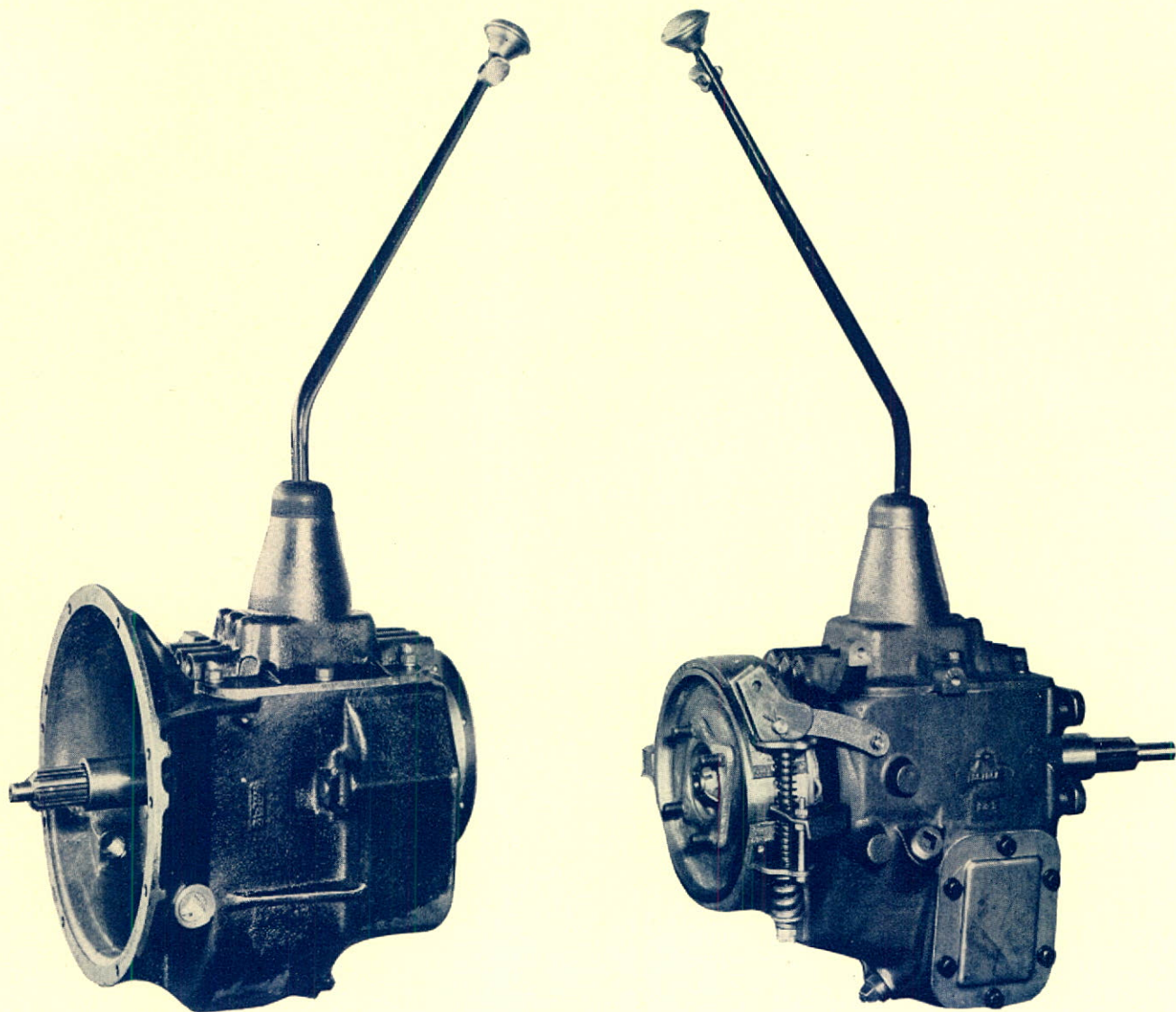
CANADIAN ACME SCREW & GEAR, LIMITED, TORONTO, ONTARIO

*Standard and Special Screw Products*  
*Gears — Transmissions — Shock Absorbers*  
*Stampings — General Machine Work*  
*— Heat Treating —*

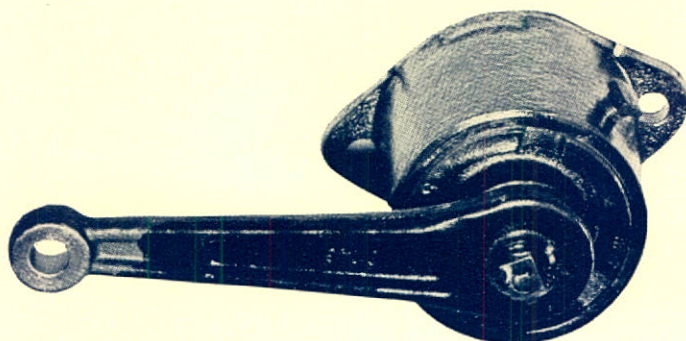
AREA OF PLANT AND BUILDINGS, 350,000 SQUARE FEET.

*Lithium Industrial Furnaces—A new development which simplifies control of furnace atmospheres by the use of the element Lithium.*

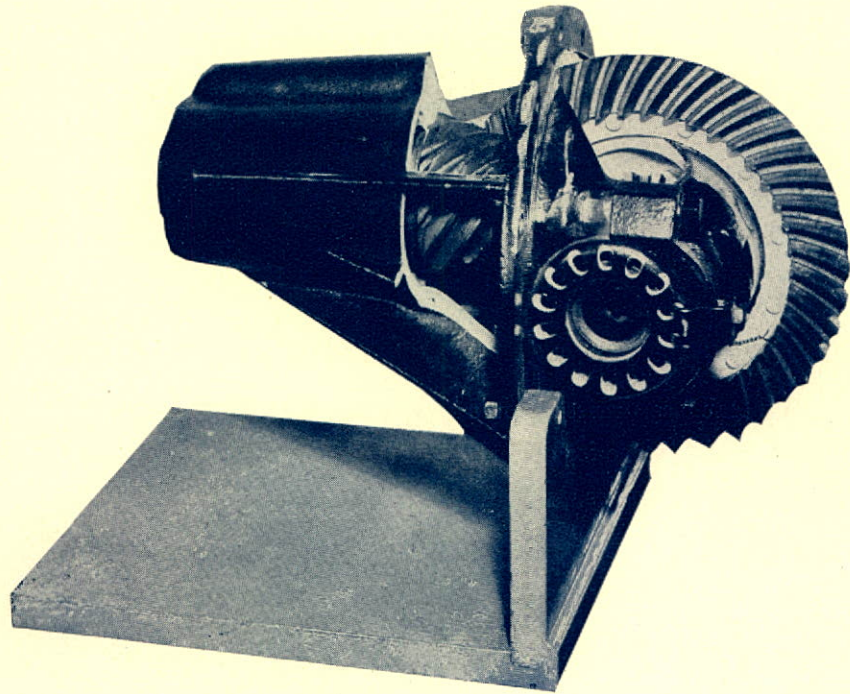




*Truck Four Speed Transmissions.*

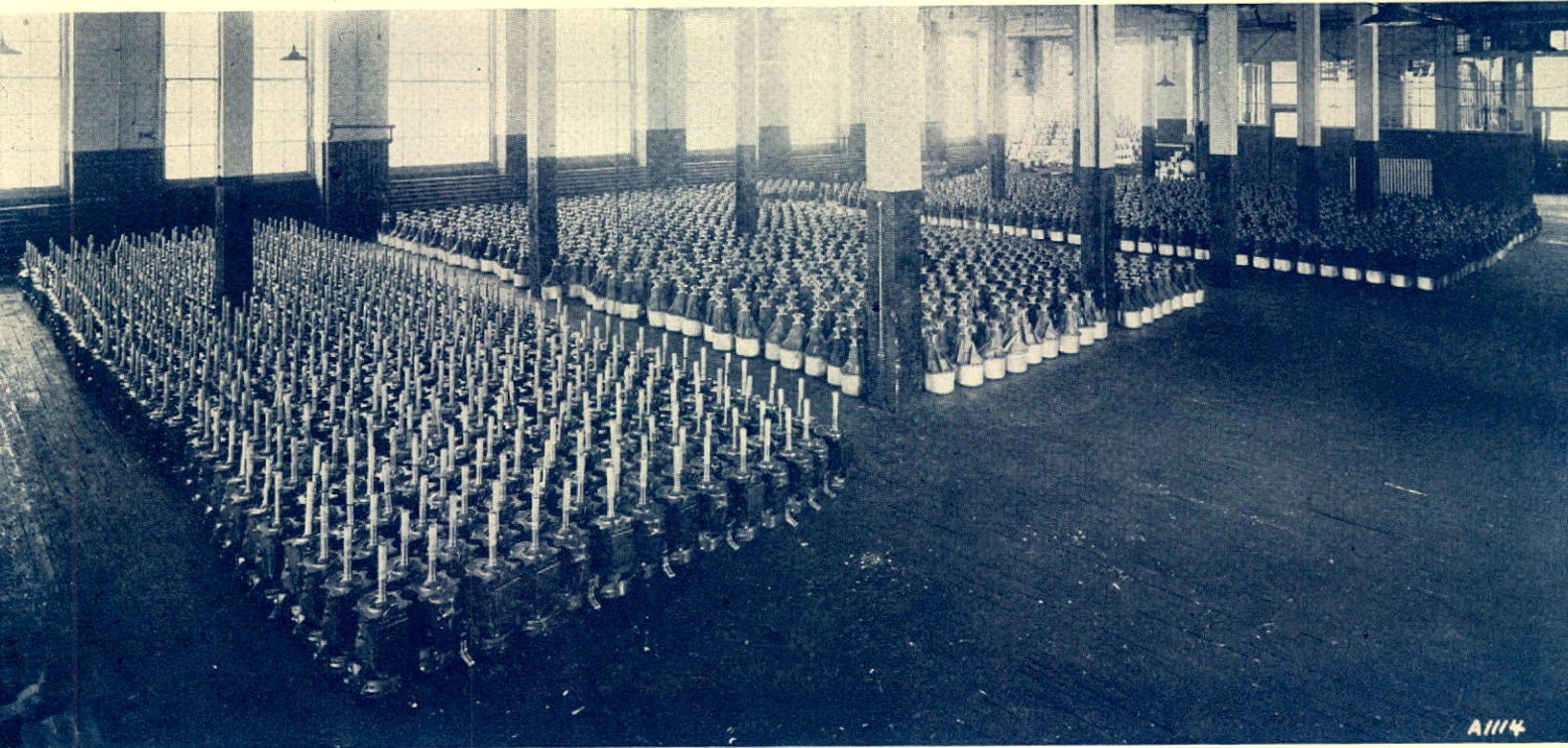


*Shock Absorber.*



*Motor Car and Truck Rear Axle Differential.*

*Motor Car Transmissions Ready for Shipment.*



*Russell Industries*

(Incorporated under the laws of the Province of Ontario)

and its subsidiaries

CANADA CYCLE AND MOTOR CO.

(and its subsidiaries)

CANADIAN ACME SCREW CO.

(and its subsidiaries)

WEST TORONTO HOLDINGS LIMITED

*Consolidated Balance Sheet*

## ASSETS

## CURRENT ASSETS:

Cash on hand and in banks .....		\$	713,169.79
Investment in marketable securities (quoted market value \$2,067,000) .....			2,005,305.75
Accounts receivable, less reserve for doubtful accounts .....			1,286,997.89
Inventories of materials, supplies, work in process and finished goods as determined and certified by the management, based on physical counts made in part at 2nd November and 31st December respectively and adjusted to the latter date, and valued at not more than the lower of cost or market .....	\$3,116,180.16		
Less special inventory reserve .....	182,959.52		2,933,220.64
Total current assets .....			\$6,938,694.07

## FIXED ASSETS AT COST:

Land .....		\$	92,320.10
Buildings, machinery, equipment, etc. ....	\$6,488,880.09		
Less reserve for depreciation .....	4,355,044.57	2,133,835.52	2,226,155.62

## OTHER ASSETS:

Cash surrender value of life insurance .....		\$	34,551.75
Prepaid expenses, deferred charges, etc. ....			62,865.50
Refundable portion of taxes on income .....			438,665.58

\$9,700,932.52

## AUDITORS' REPORT TO SHAREHOLDERS

We have examined the above consolidated balance sheet of Russell Industries Limited and its subsidiaries (and its subsidiaries) and West Toronto Holdings Limited as at 31st December, 1946, and the profit and loss account for the year ended on that date. In connection therewith we reviewed the systems of internal control and accounting procedures and we have not made a detailed audit of their transactions. The balance sheets and related statements of profit and loss for the year ended 31st December, 1946, of the respective companies (and their subsidiaries) have been audited by independent auditors of the respective companies (and their subsidiaries).

We report that in our opinion the above consolidated balance sheet and related statements of profit and loss for the year ended 31st December, 1946, and of the results of operations for the year ended 31st December, 1946, are in accordance with the explanations given us and as shown by the books of the companies. All our requirements as auditors have been satisfied.

Toronto, Canada, 19th March, 1947.



# Russell Industries Limited

(Ontario Companies Act)

## Subsidiaries

TORONTO MOTOR COMPANY LIMITED

(Subsidiaries)

ACME SCREW & GEAR, LIMITED

(Subsidiaries)

and

WEST TORONTO HOLDINGS LIMITED

Statement as at 31st December, 1946

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable and accrued charges .....	\$1,141,364.81	
Reserve for taxes on income less instalments paid .....	359,544.83	
Total current liabilities .....		\$1,500,909.64

### RESERVES:

For contingencies .....	\$1,040,690.78	
For employees' pensions .....	345,000.00	1,385,690.78

### CAPITAL OF RUSSELL INDUSTRIES LIMITED:

#### Authorized and outstanding—

886 7% cumulative convertible preference shares of a par value of \$100 each .....	\$ 88,600.00	
644,560 common shares of no par value .....	1,611,400.00	
		\$1,700,000.00

NOTE 1: 8,114 preference shares have been converted into 324,560 common shares of no par value, of which 1,269 preference shares were converted during 1946.

NOTE 2: Under authority of supplementary letters patent dated 17th April, 1946, each common share of \$10 par value was divided into four common shares of no par value.

NOTE 3: The 5,990 shares of 5% cumulative redeemable sinking fund first preference shares of a par value of \$100 each of Canada Cycle and Motor Company Limited outstanding at 31st December, 1945, were redeemed and cancelled during 1946.

SURPLUS .....	4,675,666.52	
---------------	--------------	--

### DEFERRED SURPLUS:

Refundable portion of taxes on income .....	438,665.58	6,814,332.10
		<u>\$9,700,932.52</u>

## THE SHAREHOLDERS

Subsidiaries, Canada Cycle and Motor Company Limited (and its subsidiaries), Canadian Acme Screw & Gear. The attached consolidated statements of profit and loss, surplus and deferred surplus for the year ended 1946 were prepared in accordance with the accounting procedures of the companies examined by us and examined or tested their accounting records but we did not audit the profit and loss and surplus of West Toronto Holdings Limited and of the sub-subsidiary companies (other than Canada Cycle and Motor Company Limited) which have been accepted by us and are included in the consolidated statements of Russell Industries Limited.

The profit and loss, surplus and deferred surplus have been drawn up so as to exhibit a true and correct statement of the operations for the year ended on that date, according to the best of our information and the law, and we have complied with.

CLARKSON, GORDON & CO.,

EDWARDS, MORGAN & CO.

Chartered Accountants.

# *Russell Industries Limited*

and its subsidiaries

## *Consolidated Statement of Profit and Loss*

For the Year Ended 31st December, 1946

Profit from operations after providing for depreciation of \$351,717.74 but before providing for taxes on income.....		\$1,317,111.81
ADD:		
Interest and dividends.....	\$ 76,133.60	
Sundry income.....	20,200.43	96,334.03
		\$1,413,445.84
Less contribution to employees' pension fund.....	\$ 80,000.00	
Less portion thereof provided from pension reserve.....	30,000.00	50,000.00
		\$1,363,445.84
Deduct provision for income and excess profits taxes.....		602,408.65
Net profit for year transferred to surplus.....		\$ 761,037.19

## *Consolidated Statement of Surplus*

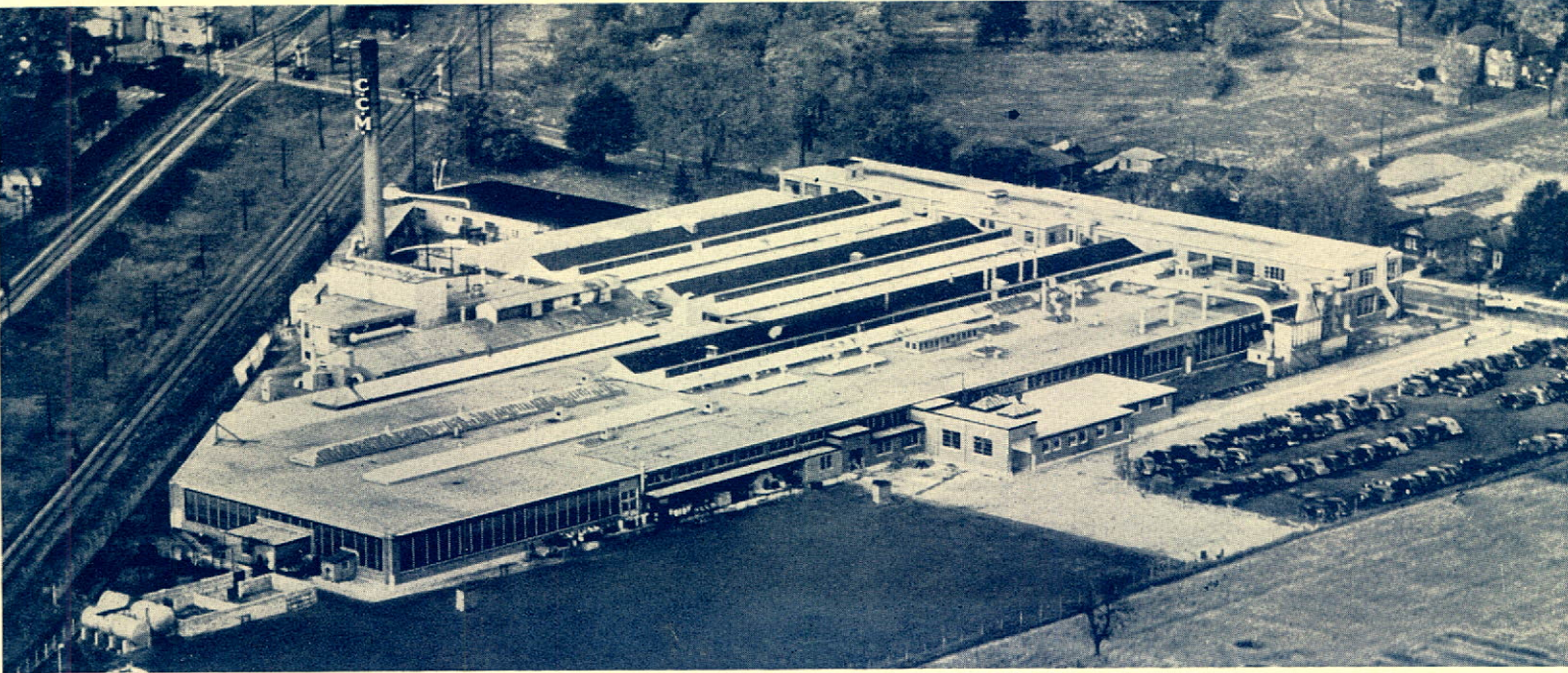
Balance 1st January, 1946—excluding sub-subsidiary companies not included in consolidation as at 31st December, 1945.....		\$3,998,325.11
—sub-subsidiary companies*.....	\$ 323,518.17	
Less transfer to reserve for contingencies.....	211,002.04	112,516.13
		\$4,110,841.24
ADD:		
Profit on sale of investments and portion of reserve provided in prior years against investments no longer required.....		91,789.10
Overprovision made in prior years for taxes on income.....		31,562.08
Transfer from deferred surplus of refundable portion of United States taxes on income collected by United States subsidiary during year.....		1,554.91
Net Profit for year.....	\$ 761,037.19	
Less amounts paid in connection with 5% preference shares of Canada Cycle and Motor Company Limited		
—dividends of 5%.....	\$29,950.00	
—premium of 5% on shares redeemed.....	29,950.00	59,900.00
		701,137.19
		\$4,936,884.52
DEDUCT:		
Dividends paid during year by Russell Industries Limited—		
Cumulative convertible preference shares — 7%.....	\$ 8,386.00	
Common shares — 40c. per no par value share.....	252,832.00	261,218.00
		\$4,675,666.52
Balance 31st December, 1946.....		\$4,675,666.52

## *Consolidated Statement of Deferred Surplus*

(Refundable portion of taxes on income)

Balance 1st January, 1946—excluding sub-subsidiary companies not included in consolidation as at 31st December, 1945.....		\$ 392,102.31
—sub-subsidiary companies*.....		48,118.18
		\$ 440,220.49
Deduct refundable portion of United States taxes on income collected by United States subsidiary during year.....		1,554.91
Balance 31st December, 1946.....		\$ 438,665.58

\*NOTE: The figures shown in the above consolidated statements include those of all subsidiary and sub-subsidiary companies of Russell Industries Limited. The figures for those sub-subsidiary companies which were not consolidated at 31st December, 1945 are shown separately above.

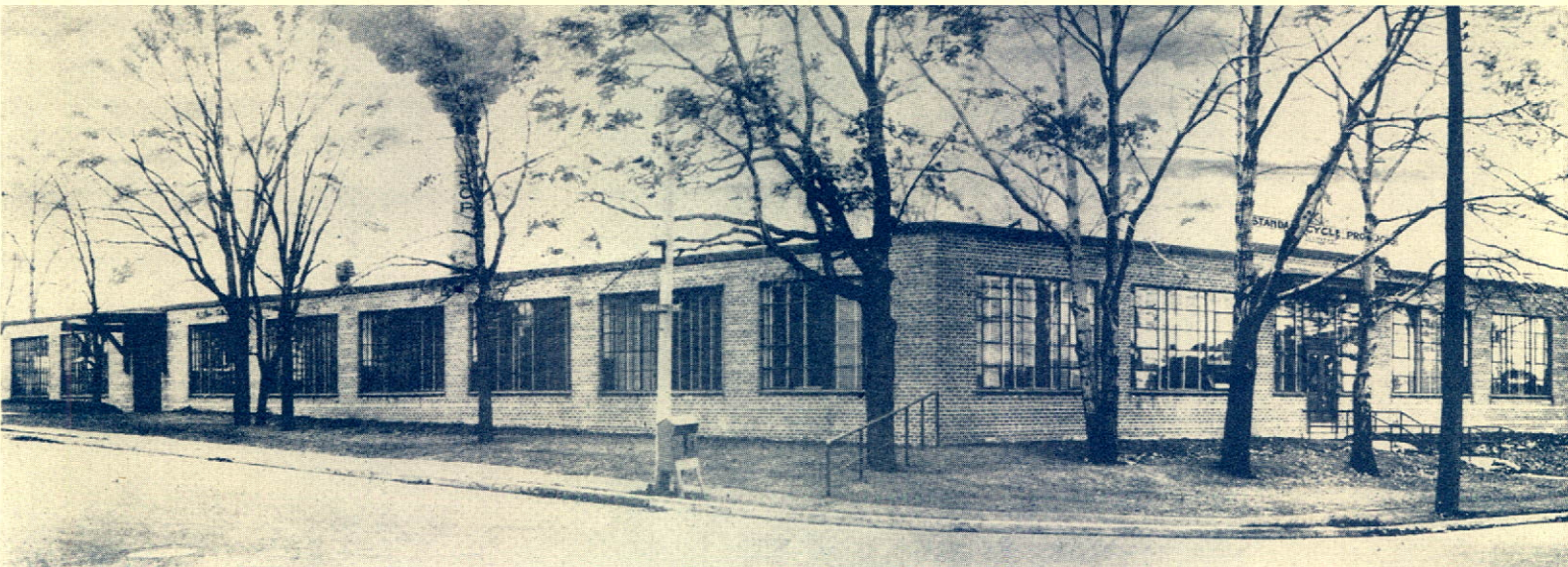


PLANT No. 1

CANADA CYCLE AND MOTOR COMPANY LIMITED, WESTON, ONTARIO

*Manufacturers of C.C.M. Bicycles, Joycycles,  
Bike-Wagons, Skates, Ski Harness*

AREA OF PLANT AND BUILDINGS, 206,295 SQUARE FEET.



PLANT No. 2

STANDARD CYCLE PRODUCTS LIMITED, TORONTO, ONTARIO

*Manufacturers of Bicycles, Tricycles  
and Juvenile Vehicles*

AREA OF PLANT, 25,000 SQUARE FEET.



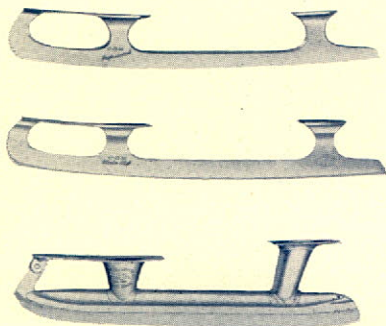
*C.C.M. Bicycles  
Precision-Built for Easy Running*



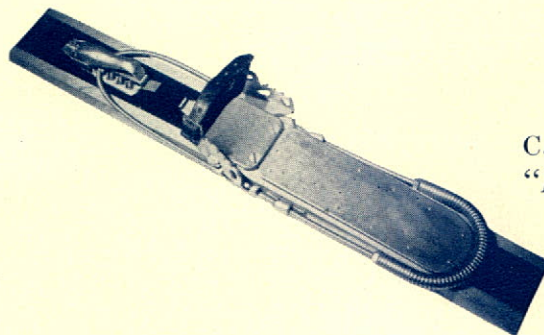
C.C.M. Joy-Rider  
Popular with "Young Canada"



C.C.M. Joycycles  
"Health and Joy for Girl or Boy"



C.C.M. Skates  
for Hockey—Pleasure  
and Figure Skating



C.C.M.  
"Flyte" Ski Binding



C.C.M. Prolite Skate  
and Tackaberry Shoe  
"Matched-Set"



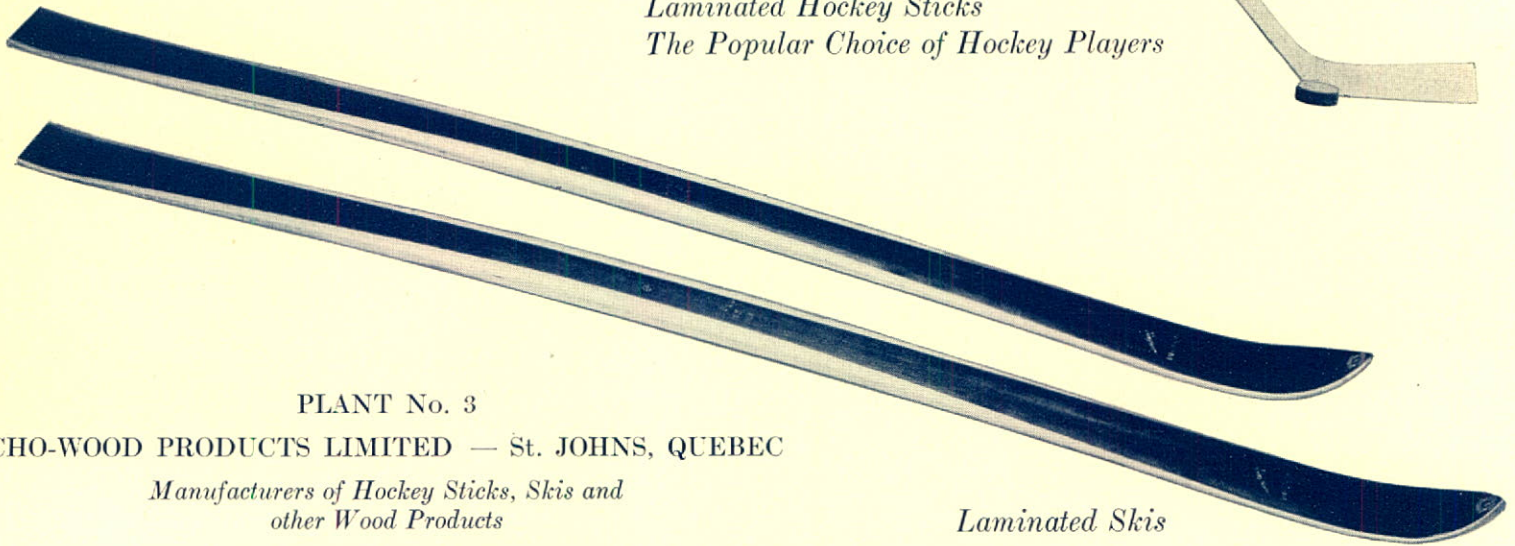
C.C.M. Bike-Wagons  
Chassis—Built of Bicycle Tubing throughout



*Cross Section of Laminated Ski  
Showing the various lamination built  
up from 16 to 24 pieces of selected woods*



*Laminated Hockey Sticks  
The Popular Choice of Hockey Players*



*Laminated Skis*

PLANT No. 3

CHO-WOOD PRODUCTS LIMITED — St. JOHNS, QUEBEC

*Manufacturers of Hockey Sticks, Skis and  
other Wood Products*

AREA OF PLANT, 37,671 SQUARE FEET.



RUSSELL INDUSTRIES LIMITED

DIRECTORS:

H. R. TUDHOPE, ESQ., O.B.E.	N. P. PETERSEN, ESQ., O.B.E.
C. J. HARRIS, ESQ.	T. B. RUSSELL, ESQ.
G. S. BRADEN, ESQ., C.B.E.	GLYN. OSLER, ESQ., K.C.
ALLAN E. ARSCOTT, ESQ., C.B.E.	

OFFICERS:

H. R. TUDHOPE, ESQ., O.B.E.	- - - - -	<i>President</i>
C. J. HARRIS, ESQ.	- - - - -	<i>Vice-President</i>
G. W. SUGGITT, ESQ.	- - - - -	<i>Secretary and Treasurer</i>

HEAD OFFICE, 207 WESTON ROAD S., TORONTO 9

