

SERVING MANY CANADIAN INDUSTRIES

1948 ANNUAL REPORT • RUSSELL INDUSTRIES LIMITED

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HELPING TO DEVELOP SPORTS AND YOUTH

McGILL UNIVERSITY

Russell Industries Limited

and its subsidiaries

CANADA CYCLE AND MOTOR COMPANY LIMITED
(and its subsidiaries)

and

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

REPORT OF THE BOARD OF DIRECTORS ANNUAL MEETING March 24th, 1949

TO THE SHAREHOLDERS:

Your Directors present herewith Consolidated Balance Sheet, Profit and Loss and Surplus Statements of the Company and its subsidiaries for the year ended December 31st, 1948, as reported upon by your auditors, Messrs. Clarkson, Gordon & Co., Chartered Accountants.

The Consolidated Profit of the Company, after providing for all charges, including a tax-paid Inventory Reserve of \$100,000 and depreciation of \$510,300.92, but before taxes on income, amounted to \$2,343,531.05. After providing for taxes on income of \$913,483.15, the Net Profit is \$1,430,047.90.

The Refundable Portion of Excess Profits Taxes shown in your last Balance Sheet as Deferred Surplus amounting to \$438,665.58 has been transferred to Surplus Account in view of the fact that \$205,808.06 of this is payable by March 31st.

Capital expenditures during the year, amounting to \$686,278.47, were made to maintain the plants of your Company's operating subsidiaries on an efficient basis and to provide for diversification in their products. Some new lines have been added this year and others are under consideration.

During the year a new company was incorporated under the name of Monroe-Acme Limited to manufacture shock absorbers, sway bars and other ride control equipment for the motor car industry. Your Company provided the initial capital for the new company and undertook to provide working capital for the operation of its business by way of advances in return for a two-thirds interest in the new company.

Consolidated Net Working Capital as at December 31st last was \$6,664,085.03.

A further 212 Preference Shares of Russell Industries Limited have been converted into Common Shares during the year, reducing the number of Preference Shares outstanding at the end of the fiscal year to 601 shares.

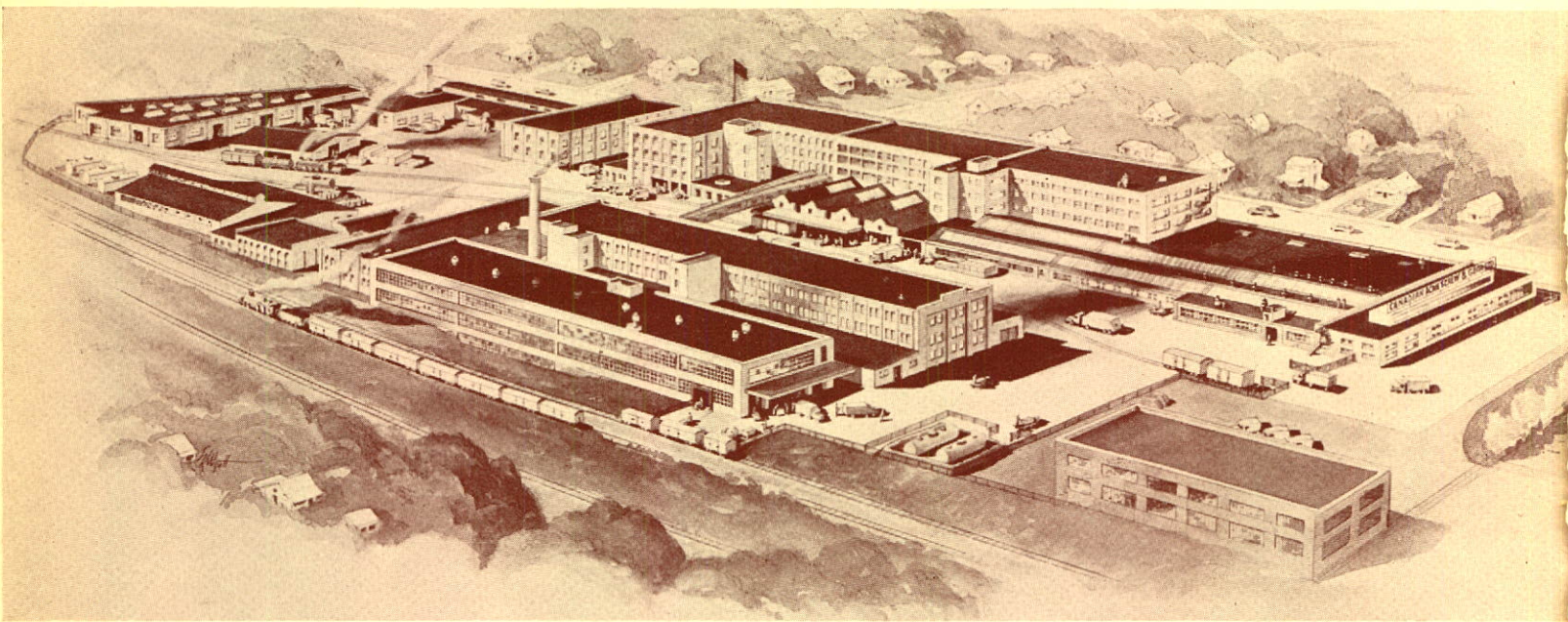
Industrial production in many lines has reached a balanced position with present demand, thus eliminating much of the forward buying so evident in the past. We believe this situation to be basically a constructive development. There is some evidence of growing caution in general business but this has not yet been reflected in the operations of your Company's subsidiaries, whose products continue in good demand.

Your Directors and Officers wish to record their sincere appreciation of the co-operation and efforts of your Management and Employees throughout the year.

All of which is respectfully submitted.

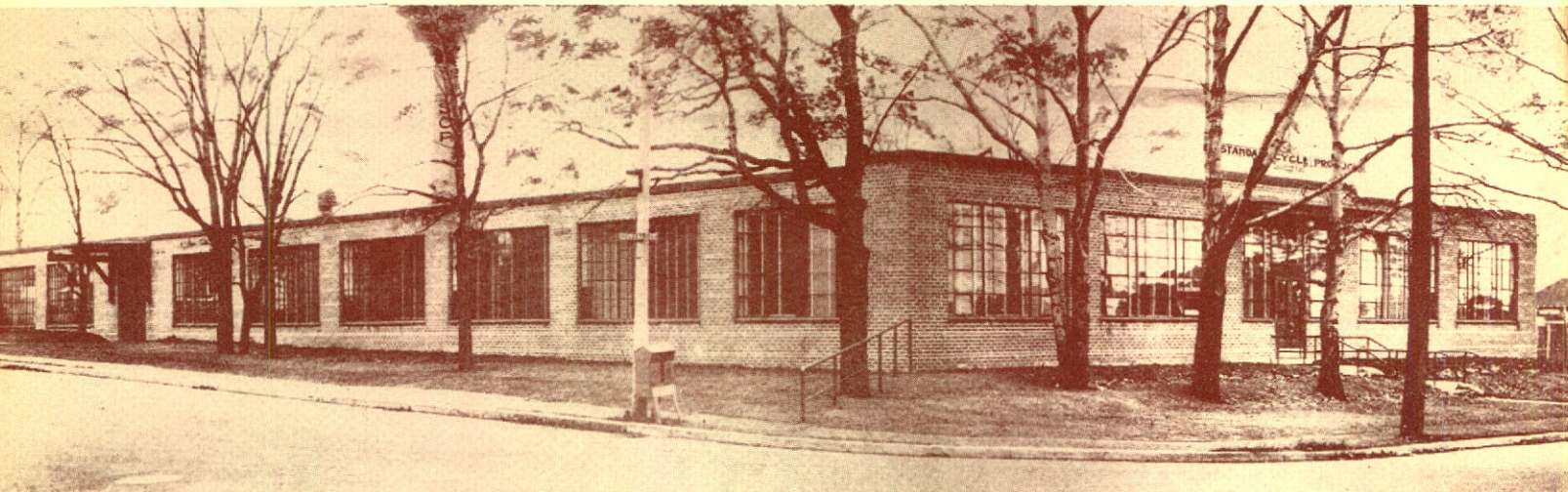
H. R. TUDHOPE,
President.

Toronto, March 7th, 1949.

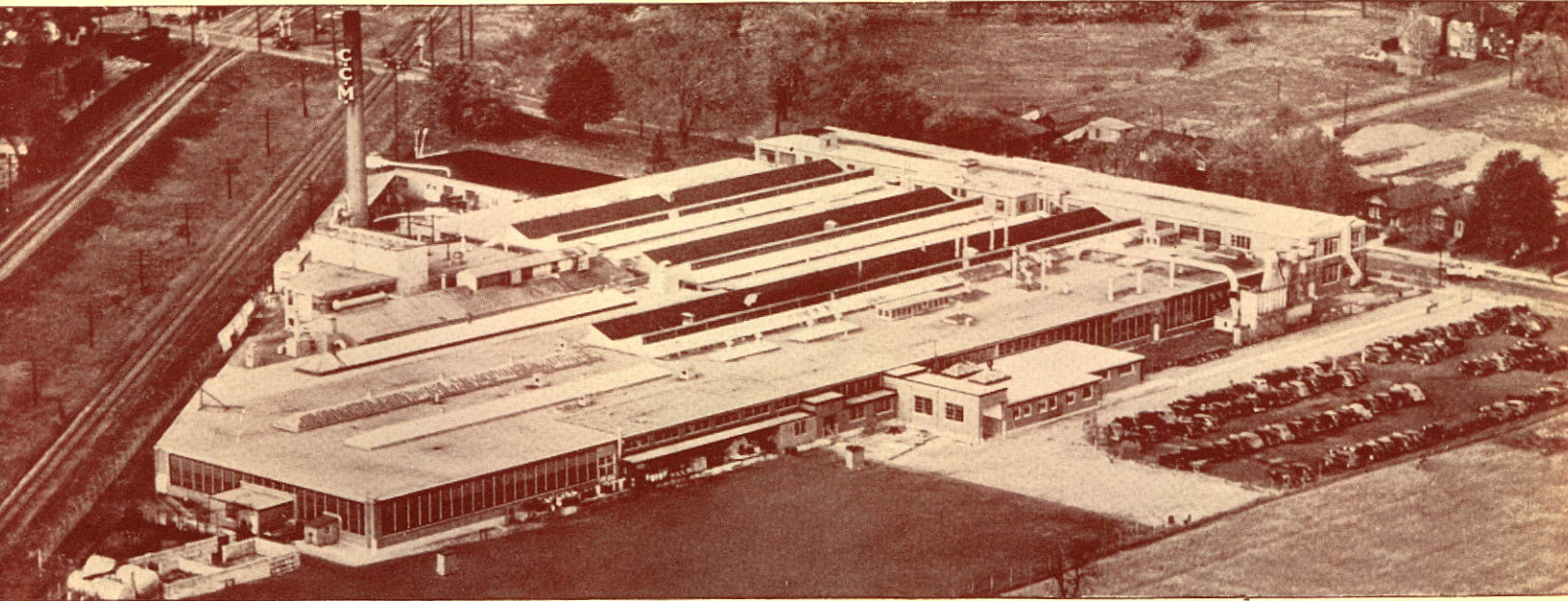


CANADIAN ACME SCREW & GEAR, LIMITED, TORONTO, ONTARIO
Standard and Special Screw Products, Gears, Transmissions, Shock Absorbers, Stampings, General Machine Work, Heat Treating
Area of plant and buildings, 350,000 square feet

FOUR FACTORIES OF RUSSELL INDUSTRIES LIMITED



PLANT No. 2 — STANDARD CYCLE PRODUCTS LIMITED, TORONTO, ONTARIO
Manufacturers of Bicycles, Tricycles and Juvenile Vehicles. Area of plant, 25,000 square feet.



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.

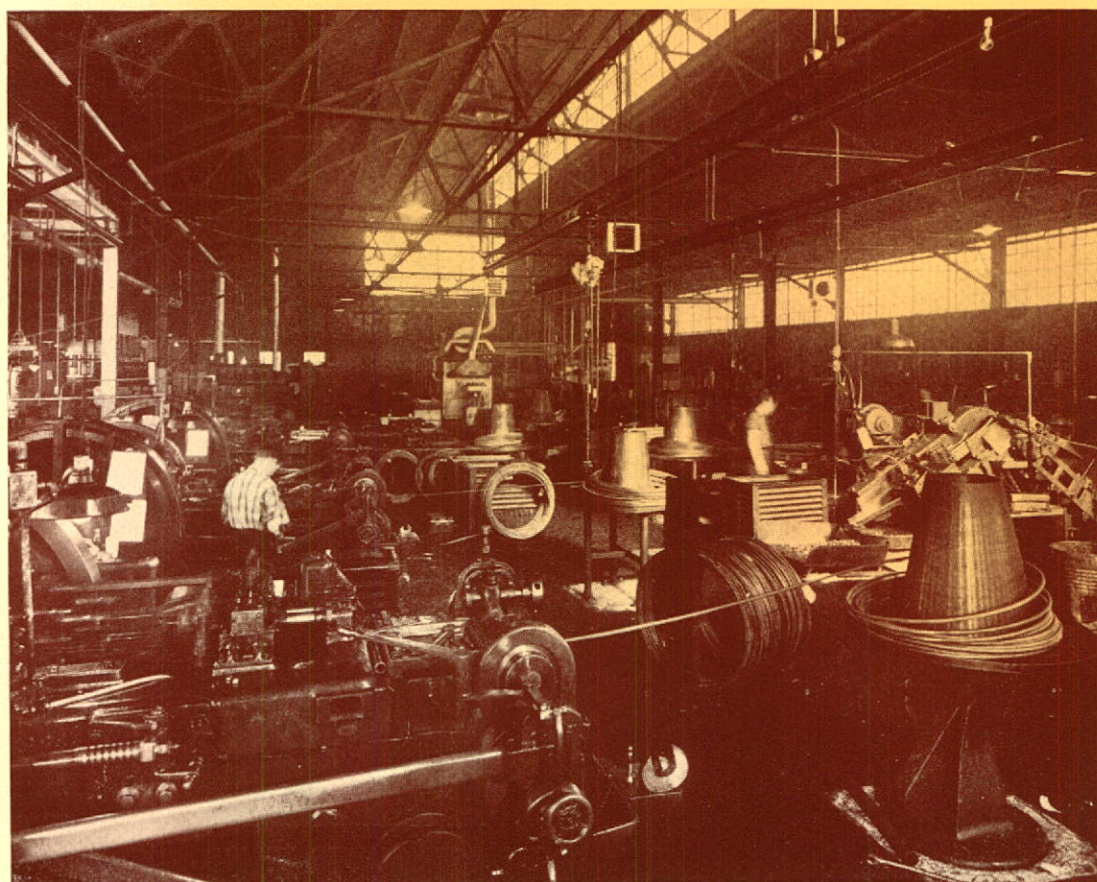
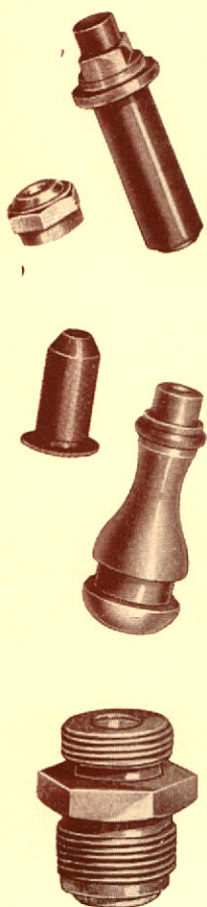
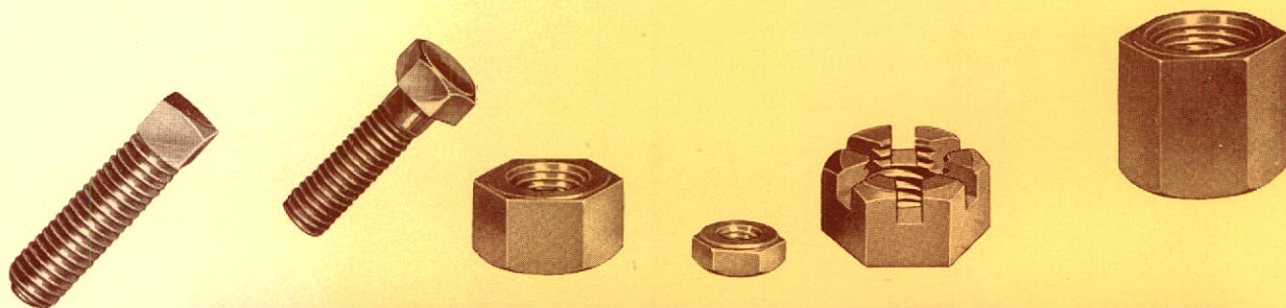
THE TOTAL PLANT AREA IS 618,966 SQUARE FEET



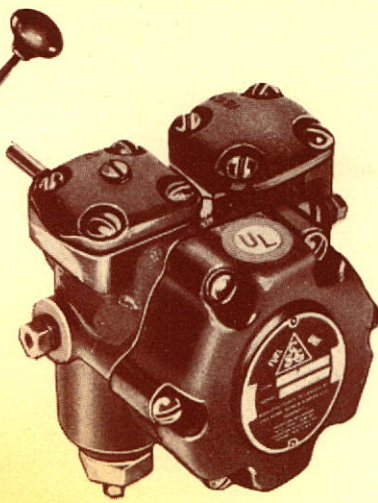
PLANT No. 3 — CHO-WOOD PRODUCTS LIMITED, ST. JOHNS, QUEBEC
Manufacturers of Hockey Sticks, Skis and other Wood Products. Area of plant, 37,671 square feet.

Canadian Acme Screw & Gear, Limited supplies a wide variety of products to many Canadian industries.

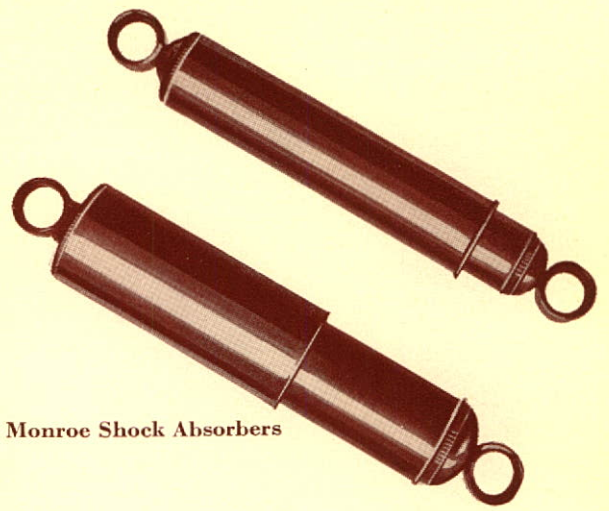
Screw Machine Products Division—Cap Screws, Nuts, Special Parts in steel and brass.



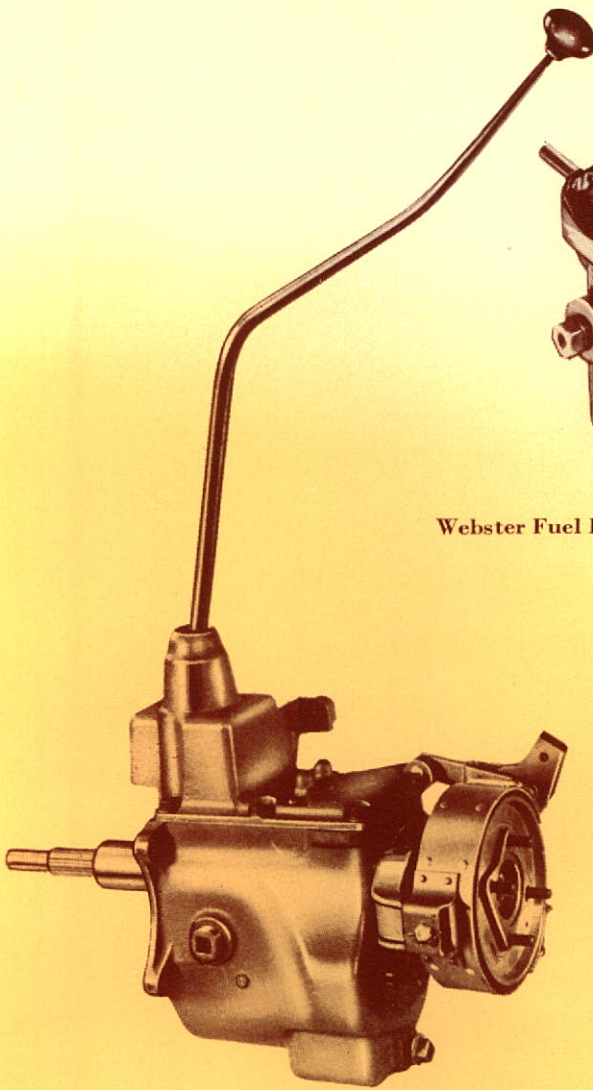
View of Cap Screw and Nut manufacturing facilities.



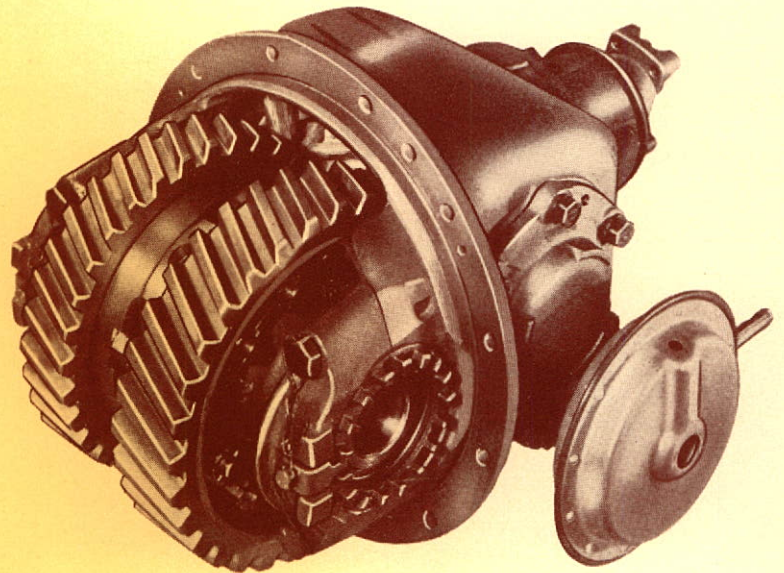
Webster Fuel Pump



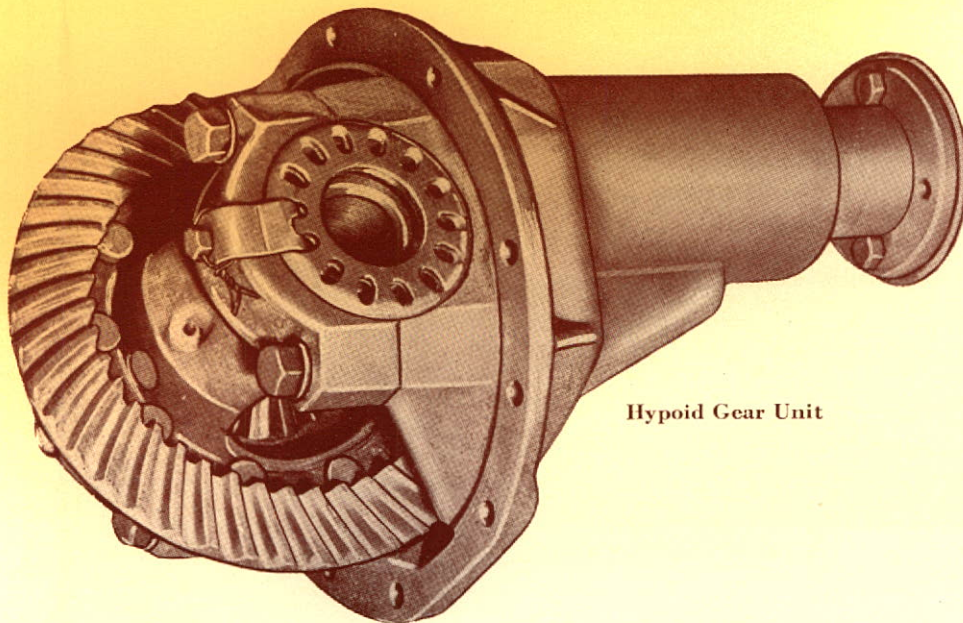
Monroe Shock Absorbers



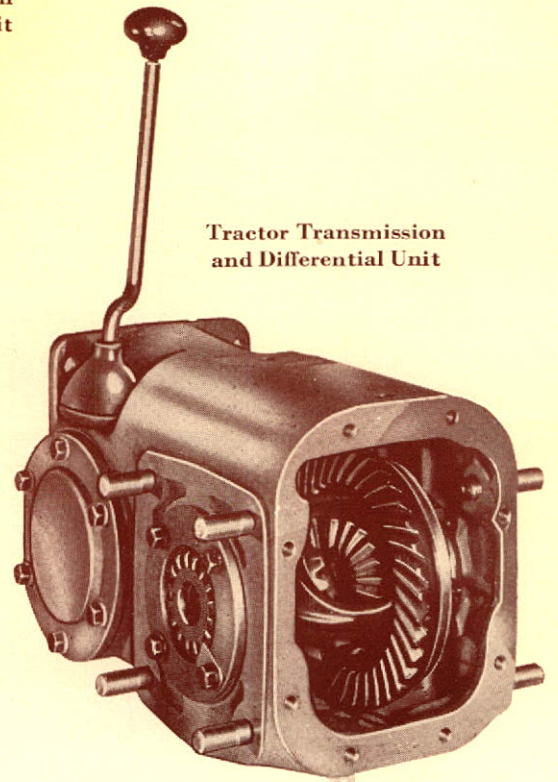
Truck Transmission



Timken Double Reduction
Two-Speed Hypoid Gear Unit



Hypoid Gear Unit



Tractor Transmission
and Differential Unit

Russell Industries Limited

(Incorporated under the
and its wholly-owned

CANADA CYCLE AND MOTOR COMPANY
(and its wholly-owned

CANADIAN ACME SCIENTIFIC
(and its wholly-owned

Consolidated Balance Sheet

ASSETS

CURRENT:

Cash on hand and in banks.....	\$	348,812.66	
Investment in marketable securities at book value (quoted market value \$1,251,000).....		1,225,071.75	
Accounts receivable, less reserve for doubtful accounts.....		2,098,434.85	
Refundable portion of taxes on income due March 31, 1949.....		205,808.06	
Inventories of materials, supplies, work in process and finished goods as determined and certified by the management, based in part on book records which were verified by physical count at least once during the year, and valued at the lower of cost or market.....	\$5,104,147.13		
Less inventory reserve.....	274,000.00		4,830,147.13
Total current assets.....			\$ 8,708,274.45

INVESTMENT IN AND ADVANCES TO PARTIALLY-OWNED SUBSIDIARY COMPANY:

Investment at cost.....	\$	100,000.00	
Advances.....		218,653.97	318,653.97

FIXED AT COST:

Land.....	\$	113,855.46	
Buildings.....	\$1,367,748.16		
Machinery, equipment, etc.....	6,182,763.27		
	\$7,550,511.43		
Less reserve for depreciation.....	5,032,449.57	2,518,061.86	2,631,917.32

OTHER:

Cash surrender value of life insurance.....	\$	44,574.75	
Prepaid expenses, deferred charges, etc.....		105,210.25	
Refundable portion of taxes on income not due within one year.....		154,375.10	304,160.10
			<u>\$11,963,005.84</u>

AUDITORS' REPORT TO

We have examined the consolidated balance sheet of Russell Industries Limited and its subsidiaries Limited (and its subsidiaries), as at December 31, 1948, and the related statements of profit and loss and accounting methods of the companies examined by us and, without making a detailed audit of their of profit and loss and surplus of the sub-subsidiary companies as reported upon by the independent auditors of Russell Industries Limited and its subsidiaries. All our requirements as auditors have been complied with.

We report that in our opinion the above consolidated balance sheet and related statements of profit and loss of the combined companies' affairs as at December 31, 1948, and of the results of their operations for the year ended and statements of the other auditors and as shown by the books.

Toronto, Canada, March 4, 1949.

Russell Industries Limited

(Ontario Companies Act)

Consolidated subsidiaries

Motor Company Limited

(Consolidated subsidiaries)

Acme Screw & Gear, Limited

(Consolidated subsidiaries)

Balance Sheet as at December 31, 1948

LIABILITIES

CURRENT:

Accounts payable and accrued charges	\$ 1,475,486.35	
Provision for taxes on income	568,703.07	
Total current liabilities	\$ 2,044,189.42	

RESERVES:

For contingencies	\$1,079,688.74	
For employees' pensions (C.C.M.)	304,835.95	1,384,524.69

CAPITAL OF RUSSELL INDUSTRIES LIMITED:

Authorized and outstanding:

601 7% cumulative convertible preference shares of a par value of \$100 each	\$ 60,100.00	
655,960 common shares of no par value	1,639,900.00	
	\$1,700,000.00	

NOTE: 8,399 preference shares have been converted into 335,960 common shares of no par value, of which 212 preference shares were converted during 1948.

SURPLUS	6,834,291.73	8,534,291.73
		<u>\$11,963,005.84</u>

THE SHAREHOLDERS

Canada Cycle and Motor Company Limited (and its subsidiaries) and Canadian Acme Screw & Gear, and surplus for the year ended on that date. In connection therewith we made a general review of the transactions, examined or tested their accounting records. The balance sheets and related statements of the respective companies are included in the consolidated balance sheet and related statements with.

Profit and loss and surplus have been drawn up so as to exhibit a true and correct view of the state of the company as at the date ended on that date, according to the best of our information, the explanations given us, the reports

CLARKSON, GORDON & CO.,
Chartered Accountants.

Russell Industries Limited
and its wholly-owned subsidiaries
CANADA CYCLE AND MOTOR COMPANY LIMITED
(and its wholly-owned subsidiaries)
and
CANADIAN ACME SCREW & GEAR, LIMITED
(and its wholly-owned subsidiaries)

Consolidated Statement of Profit and Loss
For the Year Ended December 31, 1948

Profit from operations after providing for depreciation of \$510,300.92 and a tax-paid inventory reserve of \$100,000 but before providing for taxes on income.....	\$2,340,393.72	
ADD:		
Interest and dividends.....	\$ 36,459.76	
Sundry income.....	18,737.77	55,197.53
		\$2,395,591.25
Deduct contribution for employees' pensions (C.C.M.).....	\$ 79,093.36	
Less portion thereof provided from pension reserve.....	27,033.16	52,060.20
		\$2,343,531.05
Deduct provision for taxes on income.....		913,483.15
Net profit for year transferred to surplus.....		\$1,430,047.90

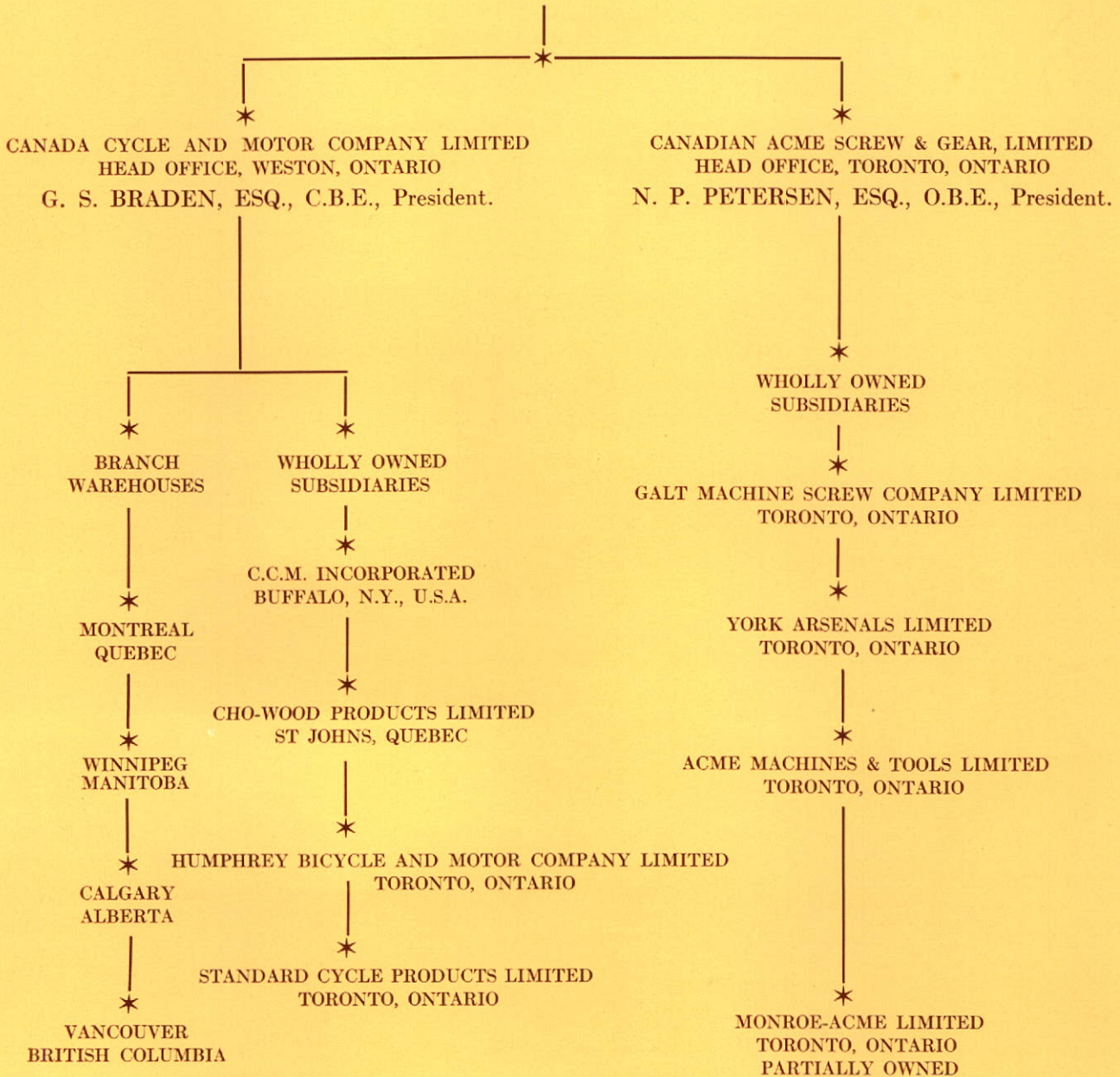
Consolidated Statement of Surplus
For the Year Ended December 31, 1948

Balance January 1, 1948.....		\$5,487,333.15
ADD:		
Transfer of balance of deferred surplus at January 1, 1948 representing refundable portion of excess profits taxes.....		438,665.58
Profit on sale of fixed assets and investments.....		7,454.93
Net profit for year.....		1,430,047.90
		\$7,363,501.56
DEDUCT:		
Dividends paid during year by Russell Industries Limited—		
Cumulative convertible preference shares—7%.....	\$ 4,403.00	
Common shares—70c. per share.....	458,391.46	
		\$462,794.46
Provision for taxes on income of prior years.....	66,415.37	529,209.83
Balance December 31, 1948.....		\$6,834,291.73

Russell Industries Limited

Head Office, Toronto, Ontario

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



Graph Showing Allied Companies

C.C.M. Bicycles, Joycycles, Bike-Wagons, Skate and Shoe "Matched Sets", Hockey Sticks, Skis and Ski-Harness





C.C.M. product popularity, through half a Century, is the result of continuous planning and new design.

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, TORONTO 9

