

ANNUAL

1949

REPORT

RUSSELL INDUSTRIES LIMITED

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Russell Industries Limited

and its subsidiaries

CANADA CYCLE AND MOTOR COMPANY LIMITED
(and its wholly-owned subsidiaries)

and

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

REPORT OF THE BOARD OF DIRECTORS ANNUAL MEETING

March 25th, 1950

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, 1949, as reported upon by your auditors, Messrs. Clarkson, Gordon & Co., Chartered Accountants.

The Consolidated Profit of the Company, after providing for all charges, and depreciation of \$638,334.10, but before taxes on income, amounted to \$2,332,161.19. After providing for taxes on income of \$941,792.90, the Net Profit is \$1,390,368.29.

Capital expenditures during the year amount to \$821,383.61, a substantial portion of which was for an extension of approximately 55,000 square feet to the plant of the Canada Cycle and Motor Company, Limited. Operations during the year included some new products, and it is anticipated that additional lines will be introduced during the coming months.

The Monroe-Acme Limited, a partially-owned subsidiary which was organized in 1948, operated at a profit during the past year, but the profits have been retained in the business to build up the working capital.

Consolidated Net Working Capital as at December 31st last was \$7,407,449.61.

A quarterly dividend of 25 cents per share on the Common Shares of the Company has been declared payable March 31st, 1950, increasing the current rate of dividend to \$1.00 per share per annum.

A further 463 Preferred Shares of Russell Industries Limited were converted into Common Shares during the year, reducing the number of Preferred Shares outstanding at the end of the year to 138 shares.

To provide for future growth of one of your operating subsidiaries, Canadian Acme Screw & Gear, Limited, a parcel of land (approximately seventy acres) has been purchased on Dufferin Street north of Eglinton Ave., North York Township. While it is not anticipated that this will be used immediately, your Directors thought it wise to acquire this strategically located property while it was available.

It is with profound regret that we record the passing on November 11th, 1949, of a valued member of our Board of Directors, Mr. Glyn Osler, K.C., of Toronto, who had been a Director of Russell Industries Limited and associated companies since January 24th, 1941. His wise counsel and sound judgment were an unfailing source of strength to his fellow-directors, and he made a notable contribution in the direction of the Company's affairs.

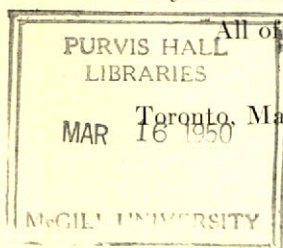
Colonel Malcolm P. Jolley, O.B.E., Director and General Manager of Canadian Acme Screw & Gear, Limited, was appointed to the Board of Directors of Russell Industries Limited on December 13th, 1949.

The production of your operating subsidiaries for the past year closely paralleled that of the year 1948. Economies in operation have partially offset increased costs to date, but the ability to continue this effectively is causing your management some concern. The demand for your Company's products continues on a satisfactory basis.

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.

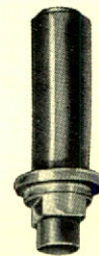
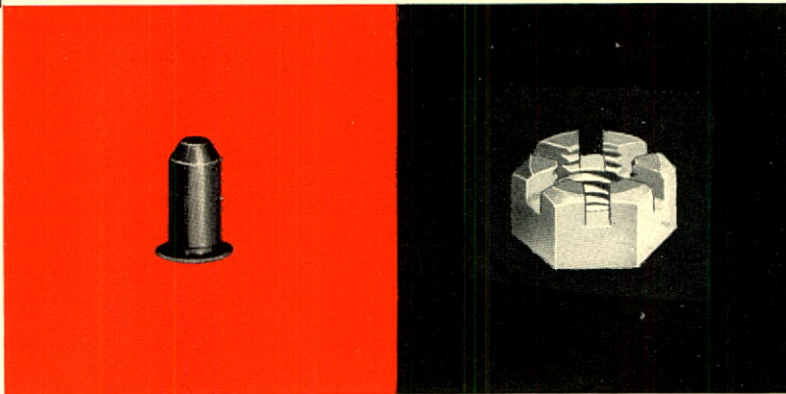
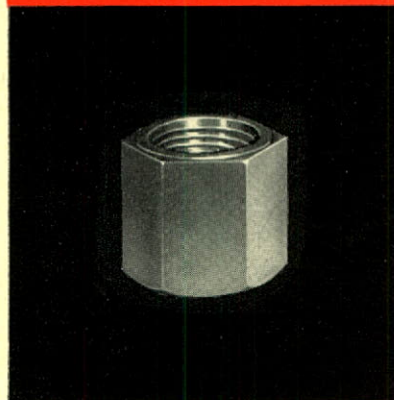
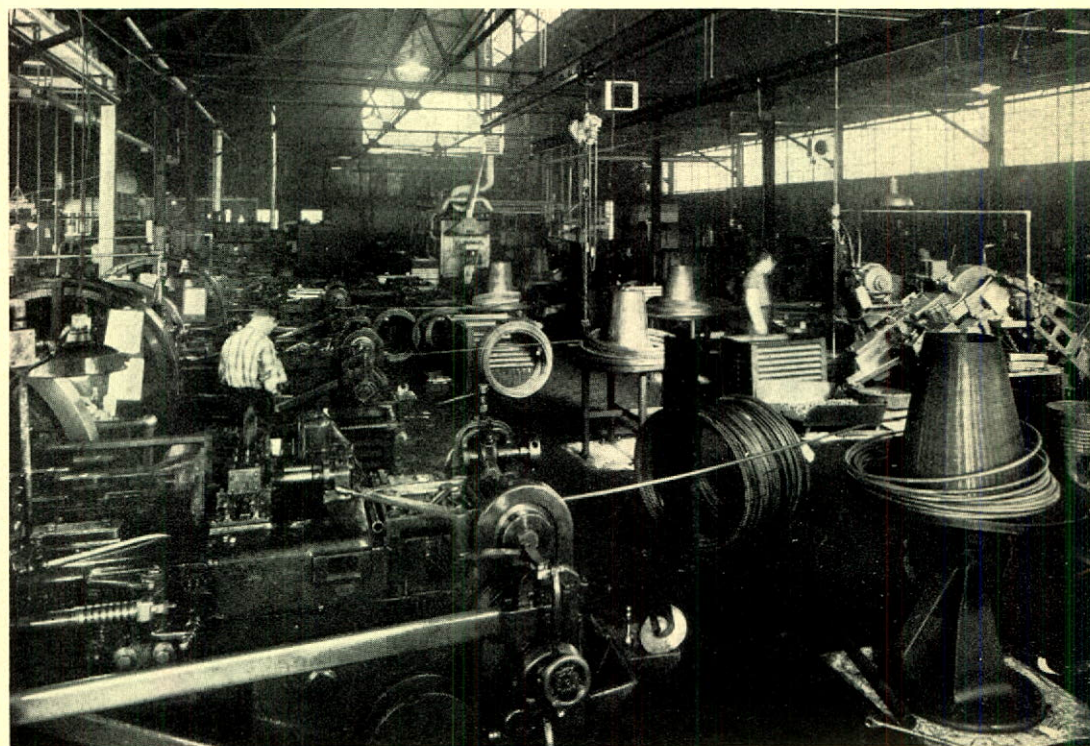
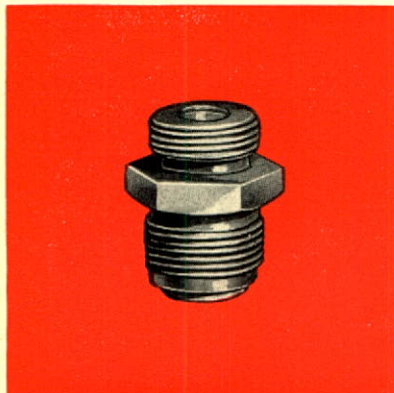
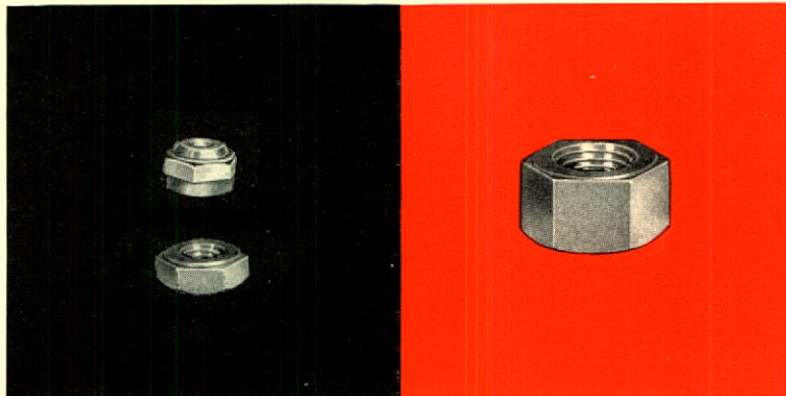


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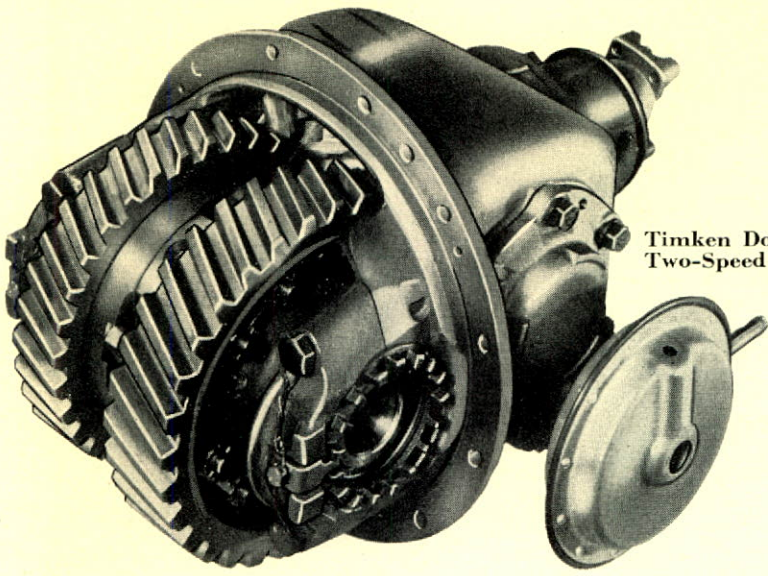
MAR 16 1950

McGILL UNIVERSITY

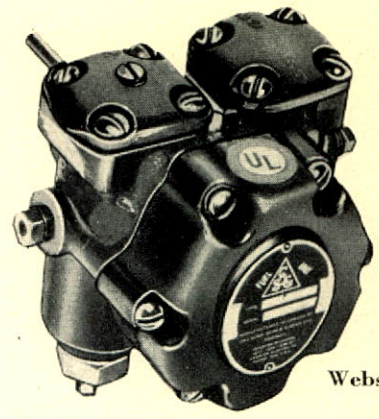
A constant flow of parts and assemblies goes to a great number of Canadian industries from Canadian Acme Screw and Gear, Limited.



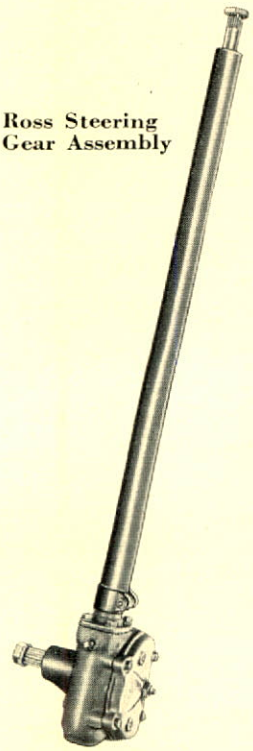
Cap Screws, Nuts, Special Parts in steel and brass.



Timken Double Reduction
Two-Speed Hypoid Gear Unit



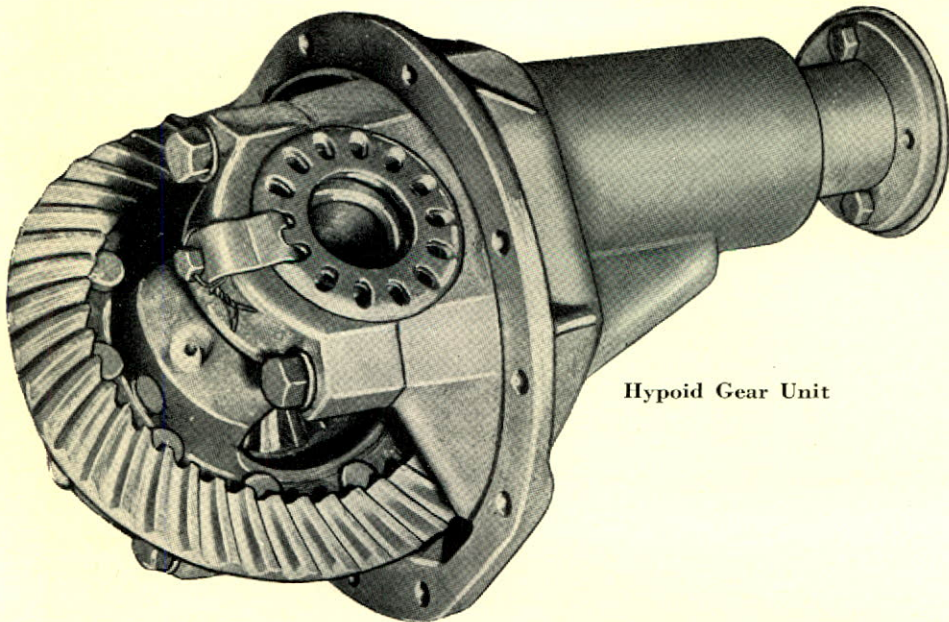
Webster Fuel Pump



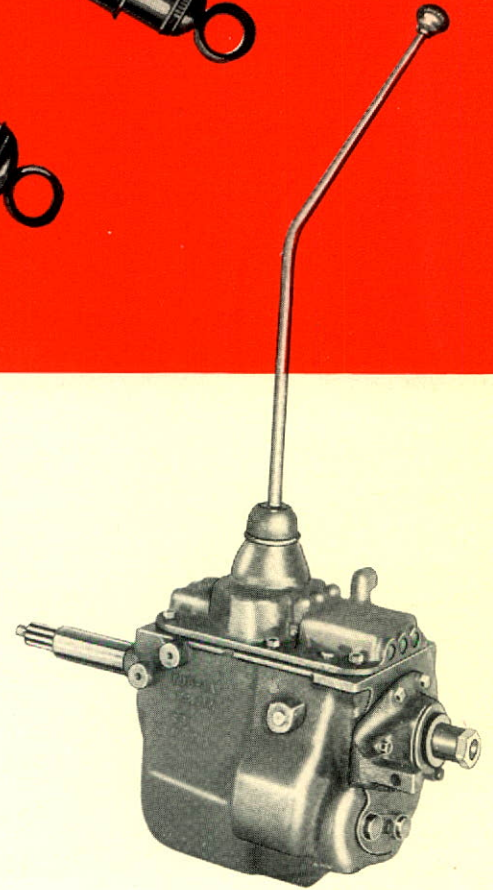
Ross Steering
Gear Assembly



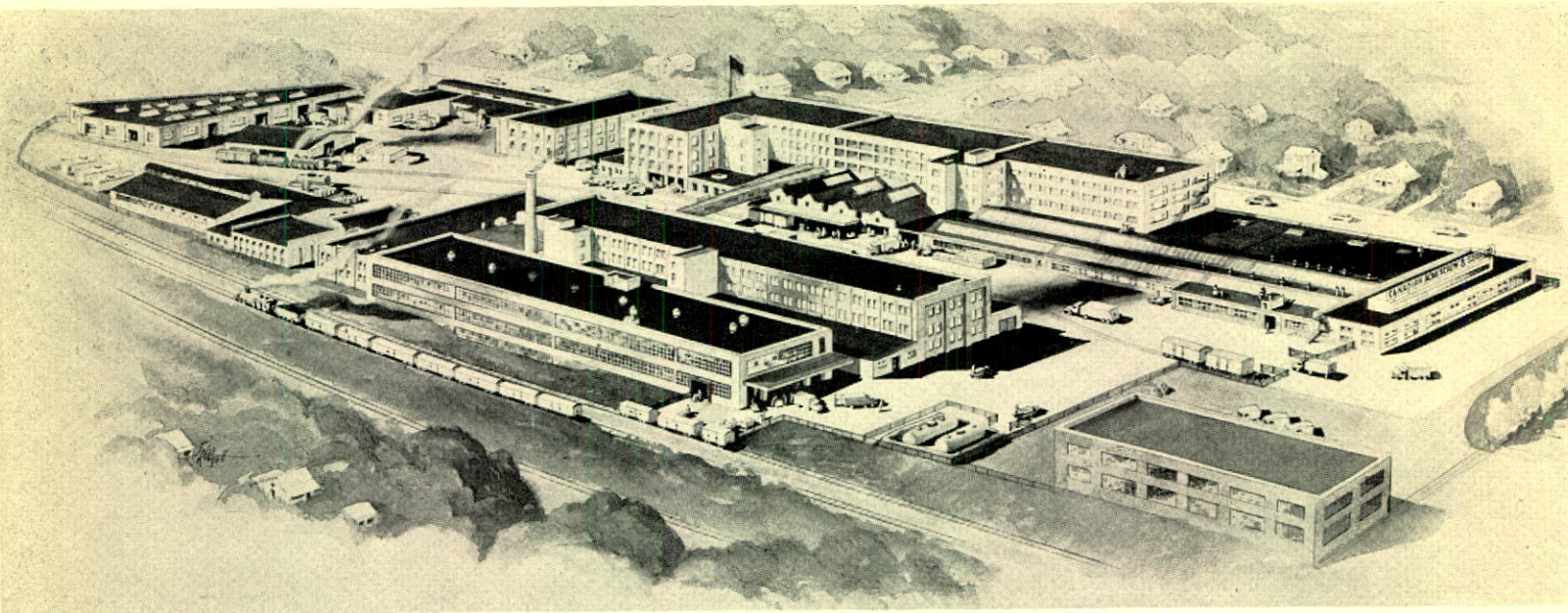
Monroe Shock Absorbers



Hypoid Gear Unit

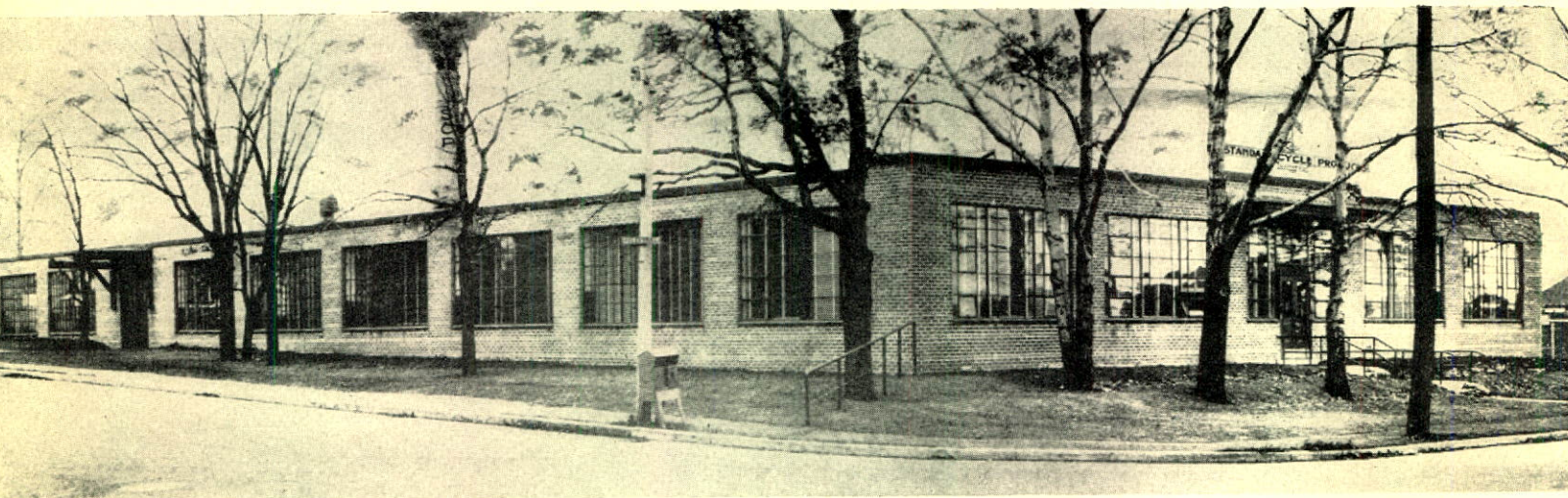


Four-Speed Synchronized
Truck Transmission Assembly

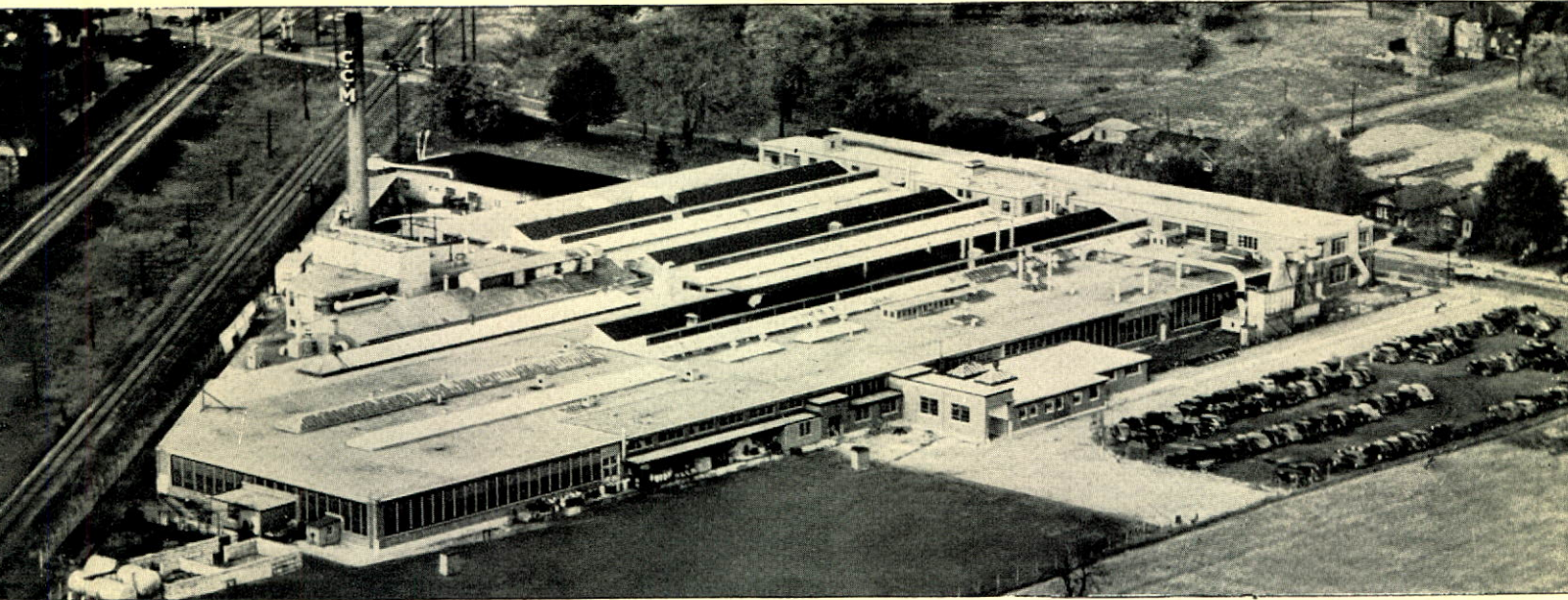


CANADIAN ACME SCREW & GEAR, LIMITED, TORONTO, ONTARIO
Standard and Special Screw Products, Gears, Transmissions, Shock Absorbers, Stampings, General Machine Work, Heat Treating.
Area of plant and buildings, 400,000 square feet.

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, 267,695 square feet.

THE TOTAL PLANT AREA IS 730,366 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.

*Consolidated Balance Sheet***ASSETS****CURRENT:**

Cash on hand and in banks.....		\$ 1,048,190.70	
Investment in marketable securities at book value (quoted market value \$1,688,000).....		1,666,778.16	
Accounts receivable, less reserve for doubtful accounts.....		1,925,965.10	
Refundable portion of taxes on income due March 31, 1950.....		130,805.04	
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.....	\$4,640,201.05		
Less reserve.....	274,000.00		4,366,201.05
Total current assets.....			\$ 9,137,940.05

INVESTMENT IN AND ADVANCES TO PARTIALLY-OWNED SUBSIDIARY COMPANY:

Investment at cost.....	\$ 106,000.00		
Advances.....	218,914.25		324,914.25

FIXED AT COST:

Land.....		\$ 113,855.46	
Buildings.....	\$1,713,980.45		
Machinery, equipment, etc.....	6,526,486.37		
	\$8,240,466.82		
Less reserve for depreciation.....	5,536,145.40	2,704,321.42	2,818,176.88

OTHER:

Cash surrender value of life insurance.....	\$ 49,570.00		
Prepaid expenses, deferred charges, etc.....	97,210.15		
Refundable portion of taxes on income not due within one year.....	20,506.72		167,286.87
			\$12,448,318.05

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, 1949, and the related statements of profit and loss, accounting methods of the companies examined by us and, without making a detailed audit of their 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.

The interest of Russell Industries Limited in the profit of the partially-owned subsidiary company is shown in the attached statement of consolidated profit and loss.

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, 1949, and of the results of their operations for the year 1949, and statements of the other auditors and as shown by the books.

Russell Industries Limited

(Ontario Companies Act)

Owned subsidiaries

MOTOR COMPANY LIMITED

(Owned subsidiaries)

and

SCREW & GEAR, LIMITED

(Owned subsidiaries)

Statement as at December 31, 1949

LIABILITIES

CURRENT:

Accounts payable and accrued charges	\$ 1,326,302.71	
Provision for taxes on income	404,187.73	
Total current liabilities	\$ 1,730,490.44	

RESERVES:

For contingencies	\$1,079,688.74	
For employees' pensions (C.C.M.)	278,431.45	1,358,120.19

CAPITAL OF RUSSELL INDUSTRIES LIMITED:

Authorized and outstanding:

138 7% cumulative preferred convertible shares of a par value of \$100 each	\$ 13,800.00	
674,480 common shares of no par value	1,686,200.00	
	\$1,700,000.00	

NOTE: 8,862 preferred shares have been converted into 354,480 common shares of no par value, of which 463 preferred shares were converted during 1949.

SURPLUS	7,659,707.42	9,359,707.42
		<u>\$12,448,318.05</u>

THE SHAREHOLDERS

es, 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 and with.

any for the year ended December 31, 1949 amounted to \$43,104.39, no portion of which is included in

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 year 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)

Statement of Consolidated Profit and Loss

For the Year Ended December 31, 1949

Profit from operations after providing \$638,334.10 for depreciation		\$2,347,609.99
ADD:		
Interest and dividends	\$ 28,582.17	
Sundry income	7,281.53	35,863.70
		<hr/>
		\$2,383,473.69
Deduct contribution for employees' pensions (C.C.M.)	\$ 84,929.50	
Less portion thereof provided from pension reserve	33,617.00	51,312.50
		<hr/>
		\$2,332,161.19
Deduct provision for taxes on income		941,792.90
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Net profit for year transferred to surplus		<u>\$1,390,368.29</u>

Statement of Consolidated Surplus

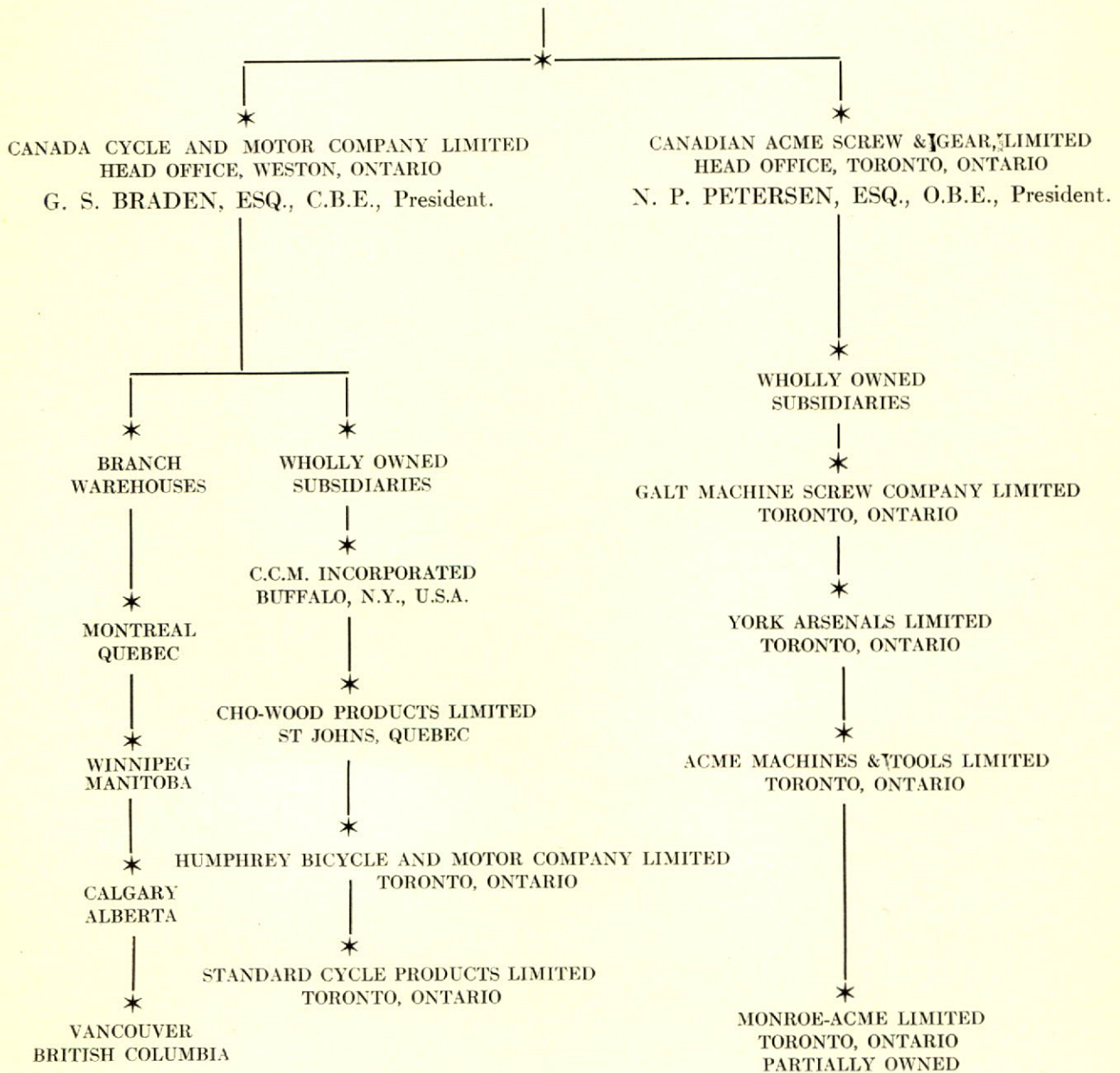
For the Year Ended December 31, 1949

Balance January 1, 1949		\$6,834,291.73
Add net profit for year		1,390,368.29
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		\$8,224,660.02
DEDUCT:		
Dividends paid during year by Russell Industries Limited—		
Cumulative preferred convertible shares—7%	\$ 2,689.75	
Common shares—80c. per share	531,704.00	
		<hr/>
		\$534,393.75
Provision for taxes on the income of prior years	30,558.85	564,952.60
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Balance December 31, 1949		<u>\$7,659,707.42</u>

Russell Industries Limited

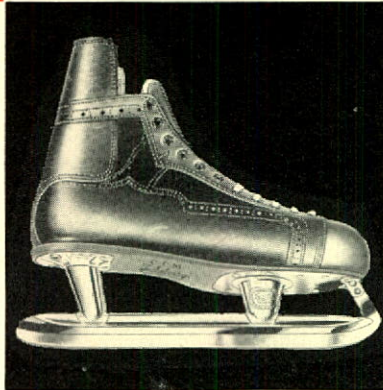
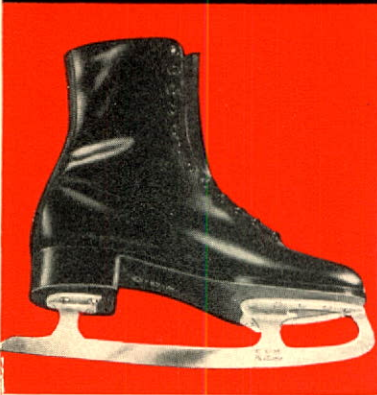
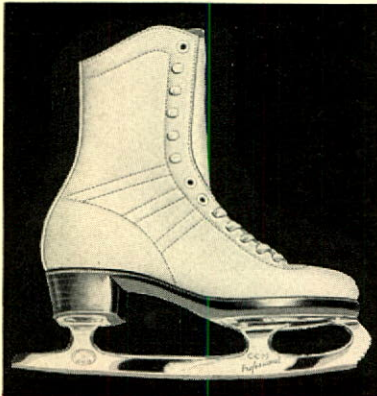
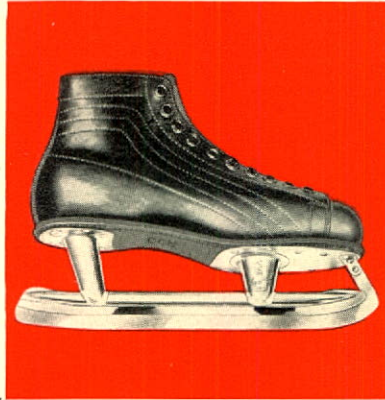
Head Office, Toronto, Ontario

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.



The energetic and progressive policies of C.C.M. find expression in the ever developing activities [of the Company, resulting in their Trade Mark C.C.M. being a by-word throughout the entire Dominion.



RUSSELL INDUSTRIES LIMITED

HEAD OFFICE, 207 WESTON ROAD, TORONTO 9, ONTARIO

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.	ALLAN E. ARSCOTT, ESQ., C.B.E.
M. P. JOLLEY, ESQ., O.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>

TRANSFER AGENTS:

National Trust Company, Limited, Toronto, Ontario,
Montreal, Que., and Vancouver, B.C.
Bankers Trust Company, New York, N.Y.

REGISTRARS:

Montreal Trust Company, Toronto, Ontario,
Montreal, Que., and Vancouver, B.C.
Bankers Trust Company, New York, N.Y.

DIVIDEND DISBURSING AGENT

National Trust Company, Limited, Toronto, Ontario.

