

Report of
General Motors Company

FOR THE

Ten Months ending July 31, 1911



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GENERAL MOTORS COMPANY

Board of Directors

JOSEPH BOYER	M. J. MURPHY
A. N. BRADY	THOMAS NEAL
EMORY W. CLARK	JAMES J. STORROW
W. C. DURANT	ALBERT STRAUSS
ANDREW H. GREEN, Jr.	N. L. TILNEY
J. H. McCLEMENT	JAMES N. WALLACE
EDWIN D. METCALF	JACOB WERTHEIM

Finance Committee

EMORY W. CLARK	M. J. MURPHY
W. C. DURANT	THOMAS NEAL
ANDREW H. GREEN, Jr.	JAMES J. STORROW
EDWIN D. METCALF	ALBERT STRAUSS

Officers

THOMAS NEAL, <i>President</i>	. . . . .	Detroit, Mich.
W. C. DURANT, <i>Vice-President</i>	. . . . .	Detroit, Mich.
W. J. MEAD, <i>Vice-President</i>	. . . . .	Detroit, Mich.
EMORY W. CLARK, <i>Vice-President</i>	. . . . .	Detroit, Mich.
STANDISH BACKUS, <i>Secretary</i>	. . . . .	Detroit, Mich.
JAMES T. SHAW, <i>Treasurer</i>	. . . . .	Detroit, Mich.
C. A. MAGEE, <i>Comptroller</i>	. . . . .	Detroit, Mich.

REPORT TO THE STOCKHOLDERS
OF
GENERAL MOTORS COMPANY

For Ten Months ending July 31, 1911

DETROIT, MICHIGAN, November 15, 1911.

TO THE STOCKHOLDERS:

The Company's fiscal year has been changed to end July 31st, in order to conform to the manufacturing season, so that the following report is for the period of ten months.

The following *Income and Profit and Loss* accounts comprise the combined results of operation of the companies of which General Motors Company owns the whole or a large majority of the capital stock, except that in two cases the Company owns slightly less than half the capital stock. A list of these companies is to be found on page 14 of this report. Proper adjustments have been made so that the income and profit and loss statements include simply the share of General Motors Company in the earnings and surplus of these subsidiary companies.

INCOME ACCOUNT FOR 10 MONTHS ENDING JULY 31, 1911

Net Profits for 10 months after deducting expenses of manufacture (including maintenance and depreciation), selling, administration, and taxes, \$4,447,146.58		
General Motors Company's proportion thereof . . .		\$4,066,251.31
Accrued interest 10 months on General Motors Company 6% First Lien Notes		750,000.00
Balance		\$3,316,251.31
Preferred dividend No. 5 of 3½% paid April 1, 1911	\$506,226.00	
Reserved for 4 months' proportion preferred dividend No. 6 of 3½% paid October 1, 1911	335,848.33	842,074.33
Undivided profits for 10 months		\$2,474,176.98

PROFIT AND LOSS ACCOUNT

Profit and loss surplus October 1, 1910		\$1,349,789.07
Add miscellaneous adjustments		199,845.41
		\$1,549,634.48
Less preferred dividend No. 4 paid November 30, 1910, out of surplus prior to October 1, 1910 . .		384,552.00
		\$1,165,082.48
Add undivided profits for 10 months ending July 31, 1911, per income account above.		2,474,176.98
		\$3,639,259.46
Applied to reduction of inventories of October 1, 1910, \$2,000,000.00		
Applied to adjustment of claims arising out of trans- actions prior to October 1, 1910	399,084.20	2,399,084.20
Profit and loss surplus July 31, 1911		\$1,240,175.26

The net profits given above of \$4,447,146.58 for the 10 months are after deducting \$725,227.16 for depreciation of plants and equipment, in addition to the ordinary expenses required to maintain the plants in good operating condition.

The \$2,000,000 mentioned above as applied to the reduction of inventories represents a sum your directors thought prudent to write off from the inventory values of October 1, 1910.

The Condensed Consolidated Balance Sheet of General Motors Company and its subsidiary manufacturing companies as of July 31, 1911, is to be found on page 12 of this report.

CAPITAL STOCK

The outstanding capital stock of the Company, not including stock held in its treasury and in the treasuries of its subsidiary companies, on July 31, 1911, was as follows:—

Preferred Stock, 7% Cumulative	\$14,393,500
Common Stock	15,822,330

FUNDED DEBT

The sole outstanding debt of the Company July 31, 1911, consisted of \$14,002,000 6% first lien notes maturing October 1, 1915.

These notes are part of an authorized issue of \$20,000,000 whereof \$15,000,000 were sold in November, 1910, in order to fund indebtedness and increase the working capital of the Company and its subsidiaries. The deed of trust provides for a sinking fund for retiring notes (which must be cancelled and cannot be reissued) by payment, on or before specified dates, of sums of money as follows:—

October 1, 1911	\$1,500,000
October 1, 1912	1,500,000
October 1, 1913	2,000,000
October 1, 1914	2,000,000
	<hr/>
	\$7,000,000

The Company has the option to increase the payments under the sinking fund or to retire the whole issue at 102½.

Prior to July 1, 1911, \$998,000 of these notes had been acquired for the sinking fund, and by October 1, 1911, a total of \$1,546,000 had been so acquired and cancelled, leaving now outstanding \$13,454,000.

OTHER INDEBTEDNESS

Aside from these notes the only other indebtedness of the Company and its subsidiary companies, on July 31, 1911, consisted of current accounts payable \$2,143,847.03.

These current accounts are the normal obligations for payrolls and merchandise necessarily incident to the large volume of business being carried on by the Company. Since the proceeds of the note issue referred to above became available, these accounts have been kept at a minimum, as the Company pays for all merchandise promptly and takes all cash discounts allowed for advance payments.

WORKING CAPITAL

The net working capital as shown by the balance sheet July 31, 1911, amounted to \$23,065,353.20, as follows:—

CURRENT ASSETS:

Cash	\$4,054,844.21
Notes (\$220,650.50) and accounts receivable	4,637,076.73
Inventories	17,303,715.86
Prepaid expenses	191,179.74
Total current assets	<u>\$26,186,816.54</u>

LESS CURRENT AND ACCRUED LIABILITIES:

Current accounts payable	\$2,143,847.03	
Liabilities accrued, not due	641,767.98	<u>2,785,615.01</u>
		\$23,401,201.53
From which deduct amount reserved for four months' proportion of Preferred Dividend No. 6 paid October 1, 1911		<u>335,848.33</u>
Net working capital		\$23,065,353.20

CAPITAL EXPENDITURES

Expenditures charged to capital account for plant and equipment during the ten months amounted to \$1,803,030.68, of which approximately \$1,100,000 was expended to complete building and equipment contracts authorized prior to October 1, 1910, and \$700,000 authorized since that date. Of this \$700,000 the larger part was for the purchase of additional land, the erection of buildings, and the purchase of equipment to permit an increase in the output of the Cadillac Company.

GENERAL

A year ago several of the factories were shut down and manufacturing operations at other factories much curtailed. The period since then has been marked by the gradual resumption of manufacturing at these factories, so that all the factories are now in active and practically full operation.

The Directors have thought it advisable to move the offices of the company from New York to Detroit, so as to bring the general offices near the factories of the several companies, as these are all centred in or near Detroit.

During the year much has been done to improve the quality of the materials, the standard of workmanship, and the design of our motor cars. With this end in view the Company appointed a Director of Production and began to create a general staff of mechanical engineers, gasolene engine engineers, designers, production experts, and other experts not attached to any particular factory, but whose advice and services would always be available, to advise with and assist the necessarily more limited staff of each individual factory. The Director of Production has created as a part of his staff what probably is the most complete testing laboratory or bureau possessed by any automobile company in the world, fitted with the best and latest apparatus for physically and chemically testing all the various kinds of steel and other metals and materials as well as every finished piece entering into the construction of the automobiles turned out by our factories. This laboratory serves as an additional protection against costly factory mistakes and gives the purchaser of every one of our machines an additional guarantee not merely for his comfort, but to assure his safety.

During the year the General Motors Export Company has been organized to promote the sale of our products in foreign countries. It is proposed to make Bedford Motors, Ltd., of London, England, the distributing branch of the Export Company for the continent of Europe.

Bedford Motors, Ltd., is an English corporation which has been in successful operation for a number of years and the entire capital stock of which is now owned by General Motors Company.

The General Motors Truck Company has been organized to sell the trucks produced by our truck factories. The Company has developed what it believes to be a highly satisfactory line of one-, two-, three-, and five-ton trucks, to be known as General Motors Trucks, and these trucks already are meeting with extremely favorable reception. The General Motors Truck Company is also installing in the principal cities of the United States service branches where the requirements of its customers will be properly and promptly cared for.

The outlook for the current year is excellent. Purchasers are showing their appreciation of the design and workmanship of the cars, and our companies at present are receiving orders faster than their factories can produce the cars, though every effort is being made to meet the demand.

By order of the Board of Directors,

THOMAS NEAL,
President.

DETROIT, MICHIGAN, November 15, 1911.

Mr. THOMAS NEAL, *President*,
Detroit, Michigan.

Dear Sir,—I submit herewith the following statements showing the results of operation and the financial condition of General Motors Company and its subsidiary manufacturing companies, consolidated, for the ten months ending July 31, 1911.

Statement 1. Condensed Consolidated Balance Sheet as of July 31, 1911.

Statement 2. Income account for 10 months ending July 31, 1911.

Statement 3. Profit and Loss account to July 31, 1911.

Statement 4. List of Subsidiary Companies, the operations and accounts of which are included in the foregoing statements, showing the capital stock outstanding and the amount thereof owned by General Motors Company.

Yours,

C. A. MAGEE,
Comptroller.

Statement 1

CONDENSED CONSOLIDATED BALANCE SHEET OF GENERAL MOTORS COMPANY AND SUBSIDIARY COMPANIES DIRECTLY CONNECTED WITH THE MANUFACTURE OF MOTOR CARS AND PARTS, AS OF JULY 31, 1911

ASSETS	
Fixed Assets: real estate, plants and equipment	\$17,632,682.48
Patents, agreements, etc.	2,049,831.04
Miscellaneous investments	854,803.62
Current and working assets:	
Cash in banks and on hand	\$4,054,844.21
Notes (\$220,650.50) and accounts receivable	4,637,076.73
Inventories	17,303,715.86
Prepaid expenses	191,179.74
	26,186,816.54
Good will, representing excess of appraised value over book value of stocks of subsidiary companies owned, less reserve	7,663,938.90
Total	\$54,388,072.58

LIABILITIES	
Capital Stock:	
Preferred stock (authorized \$20,000,000), issued	\$18,038,400.00
Less: In treasury of General Motors Co.	\$1,884,800.00
In treasury of subsidiary companies	1,760,100.00
	3,644,900.00
Common stock (authorized \$40,000,000), issued	\$19,874,030.00
Less: In treasury of General Motors Co.	\$3,724,600.00
In treasury of subsidiary companies	327,100.00
	4,051,700.00
Total in hands of the public	\$30,215,830.00
Funded Debt:	
6% First Lien Five-year Sinking Fund Gold Notes	14,002,000.00
Outstanding Capital Stock (par value) and surplus of subsidiary companies, being the portion not owned by General Motors Co.:	
Capital Stock	\$1,436,000.00
Surplus	1,169,527.93
	2,605,527.93
Current Liabilities:	
Accounts Payable.	\$2,143,847.03
Liabilities Accrued, not due	641,767.98
	2,785,615.01
Reserve for four months proportion of Preferred Stock Dividend No. 6 due October 1, 1911	335,848.33
Reserves for special purposes	\$3,203,076.05
Surplus	1,240,175.26
Total	\$54,388,072.58

Statement 2

INCOME ACCOUNT FOR 10 MONTHS ENDING JULY 31, 1911

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Statement 3

PROFIT AND LOSS ACCOUNT

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Applied to adjustment of claims arising out of transactions prior to October 1, 1910	399,084.20	2,399,084.20
Profit and loss surplus July 31, 1911		\$1,240,175.26

Statement 4

LIST OF SUBSIDIARY COMPANIES THE OPERATIONS AND ACCOUNTS OF WHICH
ARE INCLUDED IN THE FOREGOING BALANCE SHEET, INCOME AND PROFIT
AND LOSS ACCOUNTS

NAME OF COMPANY	PREFERRED STOCK		COMMON STOCK	
	<i>Outstanding</i>	<i>Of which General Motors Co. owns</i>	<i>Outstanding</i>	<i>Of which General Motors Co. owns</i>
Buick Motor Co.	\$500,000	\$500,000	\$2,000,000	\$2,000,000
Cadillac Motor Car Co.	—	—	1,500,000	1,500,000
Olds Motor Works	—	—	3,132,390	3,132,390
Oakland Motor Car Co.	—	—	800,000	800,000
Elmore Mfg. Co.	—	—	600,000	600,000
Cartercar Co.	50,000	None	557,720	552,720
Northway Motor & Mfg. Co.	—	—	725,000	725,000
Marquette Motor Co.	—	—	800,000	800,000
Randolph Motor Car Co.	—	—	399,400	299,400
Rapid Motor Vehicle Co.	—	—	500,000	500,000
Reliance Motor Truck Co.	—	—	481,493	481,493
The Welch Co. of Detroit.	—	—	275,000	275,000
Welch Motor Car Co.	—	—	250,000	250,000
Champion Ignition Co.	—	—	100,000	75,000
Jackson-Church-Wilcox Co.	—	—	240,000	240,000
Michigan Auto-Parts Co.	—	—	300,000	300,000
Michigan Motor Castings Co.	—	—	100,000	100,000
Oak Park Power Co.	—	—	200,000	133,000
The McLaughlin Motor Car Co., Ltd.	—	—	1,003,000	500,000
Weston-Mott Co.	—	—	1,500,000	747,000
General Motors Co. of Michi- gan	—	—	100,000	100,000
Totals, par value	<u>\$550,000</u>	<u>\$500,000</u>	<u>\$15,564,003</u>	<u>\$14,111,003</u>

