





Report of  
General Motors Company

FOR THE

Year ending July 31, 1913



# GENERAL MOTORS COMPANY

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## Board of Directors

THOMAS NEAL, *Chairman*

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

\* Deceased.

## Finance Committee

JAMES J. STORROW, *Chairman*

EMORY W. CLARK	CHARLES W. NASH
W. C. DURANT	THOMAS NEAL
EDWIN D. METCALF	ALBERT STRAUSS
M. J. MURPHY	

## Officers

CHARLES W. NASH, <i>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.
W. H. ALFORD, <i>Comptroller</i> . . . . .	Detroit, Mich.



REPORT TO THE STOCKHOLDERS  
OF  
GENERAL MOTORS COMPANY  
For the Year ending July 31, 1913

DETROIT, MICHIGAN, September 26, 1913.

TO THE STOCKHOLDERS:

Your directors submit the annual report of General Motors Company and its subsidiary companies for the fiscal year ending July 31, 1913.

The income and profit and loss accounts comprise the combined results of operation, proper adjustment having been made so that these accounts include simply the share of General Motors Company in the earnings and surplus of the subsidiary companies.

INCOME ACCOUNT FOR YEARS ENDING JULY 31, 1913 AND 1912

	<u>1913</u>	<u>1912</u>
Net profits for year after deducting expenses of manufacture (including maintenance), selling and administration as well as taxes, insurance, depreciation and interest on temporary loans . . . . .	\$8,284,139.77	\$4,838,448.55
General Motors Company proportion thereof . . . . .	\$8,184,052.82	\$4,746,756.50
Accrued interest 12 months on General Motors Company 6% First Lien Notes . . . . .	724,581.46	850,463.23
<b>Balance</b> . . . . .	<b>\$7,459,471.36</b>	<b>\$3,896,293.27</b>
Preferred dividends for 12 months at rate of 7% . . . . .	1,048,534.08	1,040,210.51
Undivided profits for 12 months . . . . .	<b>\$6,410,937.28</b>	<b>\$2,856,082.76</b>

## PROFIT AND LOSS ACCOUNT

Profit and Loss Surplus, July 31, 1912 . . . . .	\$1,262,594.88
Add undivided profits for 12 months ending July 31, 1913, as per Income Account above . . . . .	6,410,937.28
	\$7,673,532.16
Reduction of inventory and assets as carried on books October 1, <u>1910</u> , and liquidation losses (as explained below) . . . . .	4,728,152.69
	\$2,945,379.47
Profit and Loss Surplus July 31, 1913 . . . . .	\$2,945,379.47

The net profits of \$8,284,139.77 are after deducting all losses of certain of the subsidiary companies, the operation of which resulted in loss for the year, and also all expenses of General Motors Company, and also after deducting \$1,098,482.56 for depreciation of buildings and equipment, in addition to the ordinary expenses required to maintain the plants in good operating condition.

The subsidiary companies operated at a loss during the year covered by this report were few in number. The policy will be continued of preserving as going concerns such of these companies as can be made to yield a profit.

As explained in last year's report, the inventories of the subsidiary companies operated at a profit were subjected to a rigid re-examination and scrutiny, so that prior to August 1, 1912, a sufficient amount was written off to eliminate from the book value of those inventories all semi-obsolete or undesirable models or materials or products of any sort. At that time the reorganization of those companies whose operations were not yet on a satisfactory basis had not proceeded far enough to permit the same scrutiny to be extended to their inventories. During the year just ended the inventories of two of the companies of this latter class have been liquidated, and the operations of the remainder thereof have been reorganized and their surplus stock of materials has either been worked up and sold or else disposed of as scrap. This process of liquidation and scrutiny has been completed, and the inventories of all your companies



shown as in the balance sheet of July 31, 1913, comprise only products and materials required for current business, all of which have been conservatively valued. Due provision has also been made for all doubtful claims and accounts. The completion of these readjustments has necessitated the writing off from Profit and Loss account in the year just closed of \$4,728,152.69, as shown by the foregoing statement. It is important again to note that the necessity for these readjustments arose from conditions as they existed on October 1, 1910, and from operations undertaken for the purpose of correcting those conditions, and that they do not affect the integrity of profits since that date as shown in the annual reports.

It is satisfactory to know that no further readjustments in respect to the period prior to October 1, 1910, will be required, and that the earnings of the past three years have been sufficient to permit inventories and receivables to be put on the conservative basis on which they are now carried, concurrently with the payment of 7% dividends on your preferred stock and the addition of \$1,780,296.99 to surplus account.

The Condensed Consolidated Balance Sheet of General Motors Company and its subsidiary manufacturing companies as of July 31, 1913, as compared with July 31, 1912, is to be found on page 13 of this report. Comparative statements of Income and Profit and Loss accounts for the last three fiscal years will be found on page 14.

## 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, 1913, was as follows:—

Preferred Stock 7% Cumulative. . . . .	\$14,985,200.00
Common Stock . . . . .	16,476,783.05

This represents an increase during the year of \$48,400 Preferred and \$105,600 Common Stock.

## FUNDED DEBT

The sole outstanding funded debt of the Company July 31, 1913, consisted of \$10,935,000 6% First Lien Notes, maturing October 1, 1915, being unpaid balance of the original issue of \$15,000,000 of these notes dated October 1, 1910. On October 1, 1913, the Company was required to pay \$2,000,000 to the Trustee for account of sinking fund. The Company anticipated the payment of \$1,000,000 of this sum during July, 1913, and since the close of the fiscal year, and prior to October 1st, has paid \$1,000,000 additional. The total amount, with interest thereon, was applied by the Trustee to the purchase of \$2,022,000 notes, and there are now outstanding \$9,899,000 notes out of the original issue of \$15,000,000.

## OTHER INDEBTEDNESS

Aside from these notes, the only other indebtedness of the Company and its subsidiary companies on July 31, 1913, consisted of current accounts payable of \$4,821,744.20 and notes payable of \$300,000.

The current accounts were composed wholly of the normal obligations for pay-rolls and merchandise necessarily incident to the large volume of business being carried on by the Company. The increase in these accounts as compared with July 31, 1912, is due, in great part, to the larger volume of business and to the fact that several of the com-

panies began to manufacture their 1914 schedules earlier than heretofore. The \$300,000 notes payable are the balance of notes of the Weston-Mott Company, referred to in the last annual report, in connection with the purchase of the 50.2 per cent. of the capital stock of the Weston-Mott Company not already owned by General Motors Company. These notes matured on September 15, 1913, and have been paid since the close of the fiscal year.

### WORKING CAPITAL

The net working capital as shown by the balance sheet of July 31, 1913, amounted to \$21,836,009.10, as follows:—

CURRENT ASSETS:	<u>1913</u>	<u>1912</u>
Cash . . . . .	\$6,236,251.01	\$3,080,920.98
Notes and accounts receivable . . . . .	3,449,335.45	4,229,112.51
Inventories . . . . .	18,170,907.21	17,578,366.15
Prepaid expenses . . . . .	412,756.20	422,736.13
Total Current Assets . . . . .	<u>\$28,269,249.87</u>	<u>\$25,311,135.77</u>
LESS CURRENT AND ACCRUED LIABILITIES:		
Current accounts payable . . . . .	\$4,821,744.20	\$2,853,021.77
Notes payable (Weston-Mott Company) . . . . .	300,000.00	600,000.00
Interest, taxes, and pay-rolls accrued, not due . . . . .	1,048,970.32	929,854.84
	<u>\$6,170,714.52</u>	<u>\$4,382,876.61</u>
	\$22,098,535.35	\$20,928,259.16
From which deduct amount reserved for three months' proportion of Preferred Dividend payable November 1 . . . . .	262,526.25	261,394.00
Net working capital . . . . .	<u>\$21,836,009.10</u>	<u>\$20,666,865.16</u>

It will be seen that the net working capital was increased during the year \$1,169,143.94, despite special writing off of \$4,728,152.69 mentioned above.

## CAPITAL EXPENDITURES

The following amounts were charged to capital account during the year:—

For additions to real estate, plants, and equipment . . . . .	\$1,783,054.48
Less sundry credits to plant account during year . . . . .	604,965.95
Net increase in real estate, plants, and equipment account during the year . . . . .	\$1,178,088.53

About two-thirds of this expenditure was for additions to plant and equipment of the Cadillac Company, the balance being distributed among the other companies.

## GENERAL

Gross sales of General Motors companies in the year just closed amounted to \$85,603,919.85, as compared with \$64,744,496.02 during the previous year, and \$42,733,303.27 during the 10 months ending July 31, 1911.

On page 15 is given the schedule of all your subsidiary companies. The simplification of your affairs by the practical elimination of several unnecessary corporations, the gradual transfer of manufacturing operations to the plants best suited for conducting them, the discontinuance of operations at certain other plants because they were unprofitable, and the liquidation of the assets of these unprofitable companies, leaves as the list of really active companies:

BUICK MOTOR COMPANY  
CADILLAC MOTOR CAR COMPANY  
CARTERCAR COMPANY  
CHAMPION IGNITION COMPANY (Spark Plugs)  
GENERAL MOTORS EXPORT COMPANY  
GENERAL MOTORS TRUCK COMPANY  
GENERAL MOTORS (Europe) LTD., London, England  
JACKSON-CHURCH-WILCOX COMPANY (Steering Gears)  
MICHIGAN MOTOR CASTINGS COMPANY (Castings)  
OAKLAND MOTOR CAR COMPANY  
OLDS MOTOR WORKS  
NORTHWAY MOTOR & MANUFACTURING COMPANY (Engines)  
THE McLAUGHLIN MOTOR CAR COMPANY, LTD., Oshawa, Canada  
WESTON-MOTT COMPANY (Axles)

Further progress has been made in the development of the truck business. The trucks built by this Company, both gasoline and electric, are giving general satisfaction, and the coming year should show a large increase in the volume of sales.

The export business is making satisfactory progress, and continues to receive the careful attention of your officers: plans for its further development are under way.

The number of employees in your factories at the height of the manufacturing season of 1911 was 11,474; in the season of 1912, 16,584; in the season of 1913, 20,042. Your manufacturing operations for the current season are further advanced than during either of the three preceding years, and the cash receipts for the first two months of the new fiscal year were more than two million dollars ahead of the corresponding period last year. The schedule of production for the coming year has been somewhat increased. Whether or not the partial failure of this year's crops in certain sections of the West will cause a temporary slackening in the demand for motor cars in the districts affected it is impossible, at this time, to predict; but your management realizes the possibility of some shrinkage in demand from that cause, and is prepared to modify its schedules of production to meet such conditions if they arise.

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It is with sorrow that we record the decease of our fellow director, Anthony N. Brady. By his death the Company is deprived of a wise and loyal counsellor and the members of the Board have lost a valued friend and associate.

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Your directors, in concluding this report for the most successful year in the Company's history, wish again to express their high appreciation of the loyalty and remarkable efficiency of your officers and employees.

By order of the Board of Directors,

CHARLES W. NASH,

*President.*

DETROIT, MICHIGAN, September 26, 1913.

Mr. C. W. NASH, *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 periods named:—

- Statement 1.* Condensed Consolidated Balance Sheet as of July 31, 1913, compared with July 31, 1912.
- Statement 2.* Income account for 12 months ending July 31, 1913 and 1912, and 10 months ending July 31, 1911.
- Statement 3.* Profit and Loss account for the 12 months ending July 31, 1913 and 1912, and 10 months ending 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,

W. H. ALFORD,  
*Comptroller.*

**Statement 1**

CONDENSED COMPARATIVE CONSOLIDATED BALANCE SHEET OF GENERAL MOTORS COMPANY AND SUBSIDIARY COMPANIES  
DIRECTLY CONNECTED WITH THE MANUFACTURE OF MOTOR CARS AND PARTS, AS OF JULY 31, 1913 AND 1912

**ASSETS**

	JULY 31, 1913		JULY 31, 1912
Fixed Assets: real estate, plants, and equipment . . . . .	\$20,458,977.52		\$19,280,888.99
Patents, agreements, etc. . . . .	1,508,671.69		1,871,436.20
Miscellaneous investments . . . . .	367,062.80		560,499.50
Current and working assets:			
Cash in banks and on hand . . . . .	\$6,236,251.01		\$3,080,920.98
Notes and accounts receivable . . . . .	3,449,335.45		4,229,112.51
Inventories . . . . .	18,170,907.21		17,578,366.15
Prepaid expenses . . . . .	412,756.20		422,736.13
Total Current and Working Assets,	28,269,249.87		25,311,135.77
Good will, representing excess of appraised value over book value of capital stocks of subsidiary companies owned, less reserve . . . . .	7,934,198.14		7,934,198.14
Total . . . . .	<u>\$58,538,160.02</u>		<u>\$54,958,158.60</u>

**LIABILITIES**

Capital Stock:			
Preferred stock (authorized \$20,000,000) issued,	\$18,038,400.00		\$18,038,400.00
Less: In treasury of General Motors Co. . . . .	\$1,741,900.00		\$1,322,000.00
In treasury of subsidiary companies . . . . .	1,311,300.00		1,779,600.00
Total . . . . .	<u>\$3,053,200.00</u>		<u>\$3,101,600.00</u>
In hands of public . . . . .	\$14,985,200.00		\$14,936,800.00
Common stock (authorized \$40,000,000) issued,	\$19,874,030.00		\$19,874,030.00
Less: In treasury of General Motors Co. . . . .	\$3,233,746.95		\$3,173,146.95
In treasury of subsidiary companies . . . . .	163,500.00		329,700.00
Total . . . . .	<u>\$3,397,246.95</u>		<u>\$3,502,846.95</u>
In hands of public . . . . .	16,476,783.05		16,371,183.05
Total in hands of the public . . . . .	<u>\$31,461,983.05</u>		<u>\$31,307,983.05</u>
Funded Debt:			
6% First Lien Five-year Sinking Fund Gold Notes . . . . .	10,935,000.00		12,452,000.00
Outstanding Capital Stock (par value) and surplus of subsidiary companies, being the portion not owned by General Motors Co.:			
Capital Stock . . . . .	\$578,000.00		\$578,000.00
Surplus . . . . .	409,251.72		413,838.50
Total . . . . .	987,251.72		991,838.50
Current Liabilities:			
Accounts Payable . . . . .	\$4,821,744.20		\$2,853,021.77
Notes Payable (Weston-Mott Co.) . . . . .	300,000.00		600,000.00
Interest, Taxes, and Pay-rolls Accrued, not due,	1,048,970.32		929,854.84
Total Current Liabilities . . . . .	6,170,714.52		4,382,876.61
Reserve for three months' proportion of Dividend on Preferred Stock, payable November 1 . . . . .	262,526.25		261,394.00
Reserves for special purposes . . . . .	\$5,775,305.01		\$4,299,471.56
Surplus . . . . .	2,945,379.47		1,262,594.88
Total . . . . .	8,720,684.48		5,562,066.44
Total . . . . .	<u>\$58,538,160.02</u>		<u>\$54,958,158.60</u>

**Statement 2**

**INCOME ACCOUNT**

	<u>YEAR ENDING JULY 31, 1913</u>	<u>YEAR ENDING JULY 31, 1912</u>	<u>10 Mos. ENDING JULY 31, 1911</u>
Net Profits after deducting expenses of manufacture (including maintenance), selling and administration as well as taxes, insurance, depreciation and interest on temporary loans . . . . .	\$8,284,139.77	\$4,838,448.55	\$4,447,146.58
General Motors Company proportion thereof . . . . .	\$8,184,052.82	\$4,746,756.50	\$4,066,251.31
Accrued interest on General Motors Company 6% First Lien Notes . . . . .	724,581.46	850,463.23	750,000.00
Balance . . . . .	\$7,459,471.36	\$3,896,293.27	\$3,316,251.31
Preferred dividends at rate of 7% . . . . .	1,048,534.08	1,040,210.51	842,074.33
Undivided profits . . . . .	\$6,410,937.28	\$2,856,082.76	\$2,474,176.98

**Statement 3**

**PROFIT AND LOSS ACCOUNT**

	<u>YEAR ENDING JULY 31, 1913</u>	<u>YEAR ENDING JULY 31, 1912</u>	<u>10 Mos. ENDING JULY 31, 1911</u>
Profit and Loss surplus at the beginning of the year . .	\$1,262,594.88	\$1,240,175.26	\$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 per income account above . . .	6,410,937.28	2,856,082.76	2,474,176.98
	\$7,673,532.16	\$4,096,258.02	\$3,639,259.46
Charged off for reduction of inventories and assets as carried on books October 1, <u>1910</u> , and liquidation losses . . . . .	4,728,152.69	2,833,663.14	2,399,084.20
Profit and loss surplus July 31 . . . . .	\$2,945,379.47	\$1,262,594.88	\$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	
	Outstanding	Of which General Motors Co. owns	Outstanding	Of which General Motors Co. owns
Buick Motor Co. . . . .	\$500,000	\$500,000	\$2,000,000	\$2,000,000
Cadillac Motor Car Co. . . . .	—	—	1,500,000	1,500,000
Oakland Motor Car Co. . . . .	—	—	800,000	800,000
Olds Motor Works . . . . .	—	—	3,132,390	3,132,390
The Elmore Mfg. Co. . . . .	—	—	600,000	600,000
Cartercar Co. . . . .	50,000	None	557,720	557,720
Northway Motor & Mfg. Co. . . . .	—	—	725,000	725,000
Peninsular Motor Co. . . . .	—	—	800,000	800,000
Randolph Motor Car Co. . . . .	—	—	399,400	399,400
Rapid Motor Vehiele 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	200,000
The McLaughlin Motor Car Co., Ltd. . . . .	—	—	1,003,000	500,000
Weston-Mott Co. . . . .	—	—	1,500,000	1,500,000
General Motors Export Co. . . . .	—	—	100,000	100,000
General Motors Truck Co. . . . .	—	—	250,000	250,000
General Motors (Europe), Ltd. . . . .	96,000	96,000	12,000	12,000
General Motors Co. of Michi- gan . . . . .	—	—	100,000	100,000
Totals, par value . . . . .	\$646,000	\$596,000	\$15,926,003	\$15,398,003





