

Report of  
General Motors Company

FOR THE

Fiscal Year ending July 31, 1914



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# GENERAL MOTORS COMPANY

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## Board of Directors

THOMAS NEAL, *Chairman*

JOSEPH BOYER	C. S. MOTT
EMORY W. CLARK	M. J. MURPHY
W. C. DURANT	CHARLES W. NASH
ROBERT F. HERRICK	JAMES J. STORROW
J. H. McCLEMENT	ALBERT STRAUSS
EDWIN D. METCALF	N. L. TILNEY
JACOB WERTHEIM	

## Finance Committee

JAMES J. STORROW, *Chairman*

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

## Officers

CHARLES W. NASH, <i>President</i> . . . . .	Detroit
EMORY W. CLARK, <i>Vice-President</i> . . . . .	Detroit
W. C. DURANT, <i>Vice-President</i> . . . . .	New York
STANDISH BACKUS, <i>Secretary</i> . . . . .	Detroit
JAMES T. SHAW, <i>Treasurer</i> . . . . .	Detroit
W. H. ALFORD, <i>Comptroller</i> . . . . .	Detroit



REPORT TO THE STOCKHOLDERS  
OF  
GENERAL MOTORS COMPANY

For the Fiscal Year ending July 31, 1914

DETROIT, MICHIGAN, September 18, 1914.

TO THE STOCKHOLDERS:

Your directors submit the annual report of General Motors Company and its subsidiary companies for the fiscal year ending July 31, 1914.

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, 1914 AND 1913

	<u>1914</u>	<u>1913</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 . . . . .	\$7,947,412.80	\$8,284,139.77
General Motors Company proportion thereof . . . . .	\$7,819,968.42	\$8,184,052.82
Accrued interest 12 months on General Motors Company 6% First Lien Notes . . . . .	570,234.66	724,581.46
Balance . . . . .	\$7,249,733.76	\$7,459,471.36
Preferred dividends for 12 months at rate of 7% . . . . .	1,048,678.75	1,048,534.08
Undivided profits for 12 months . . . . .	\$6,201,055.01	\$6,410,937.28

## PROFIT AND LOSS ACCOUNT

Profit and Loss Surplus, July 31, 1913 . . . . .	\$2,945,379.47
Add undivided profits for 12 months ending July 31, 1914, as per Income Account above . . . . .	6,201,055.01
	\$9,146,434.48
Charged off at the close of the year as explained in the text below:	
Plants and Equipment . . . . .	\$1,483,208.18
Patents, Agreements, etc. . . . .	972,418.77
Sundry Adjustments . . . . .	1,380.02
	2,457,006.97
Profit and Loss Surplus July 31, 1914 . . . . .	\$6,689,427.51

The net profits of \$7,947,412.80 are after deducting all expenses of General Motors Company, and also after deducting \$944,099.18, a sum deemed sufficient to cover depreciation of buildings and equipment. The plants have been maintained in good operating condition.

As explained in the last annual report, the inventories of all the companies were written down to a conservative basis in the balance sheet of July 31, 1913. Full charges have been included in operating expenses to cover all depreciation in inventories during the year just closed. Inventories at the close of this year were, therefore, on a thoroughly conservative basis of valuation.

In view of the considerable undivided surplus income for the year your directors have deemed it wise to write off \$972,418.77 from the book value of the account "Patents, Agreements, etc.," and also to appropriate from Surplus the sum of \$1,483,208.18 as an additional reserve for depreciation of plants and equipment. The above amount written off from "Patents, Agreements, etc.," comprised the entire sum carried in that account by all subsidiary companies except the McLaughlin Motor Car Company, Ltd. General Motors Company owns slightly less than one half the capital stock of that company whose "Agreements, etc." (\$471,200) are being written off in annual instalments.

These two items account for substantially all the \$2,457,006.97 charged off from Profit and Loss account as shown in the above statement.

The Condensed Consolidated Balance Sheet of General Motors Company and its subsidiary manufacturing companies as of July 31, 1914, as compared with July 31, 1913, is to be found on page 11 of this report. Comparative statements of Income and Profit and Loss accounts for the last four fiscal years will be found on page 12.

### 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, 1914, was as follows:—

Preferred Stock 7% Cumulative . . . . .	\$14,985,200.00
Common Stock . . . . .	16,501,783.05

This represents an increase during the year of \$25,000 Common Stock.

### FUNDED DEBT

The sole outstanding funded debt of the Company July 31, 1914, consisted of \$7,852,000 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. In September, 1913, the Company paid the balance of \$1,000,000 due October 1, 1913, on account of the sinking fund, and in the spring of 1914 paid in advance to the Trustee the full \$2,000,000 sinking fund instalment due October 1, 1914. This \$3,000,000, together with interest thereon and a small additional payment from the proceeds of property sold, was applied by the Trustee to the purchase of \$3,083,000 notes, leaving outstanding \$7,852,000 of these notes, as above stated.

### OTHER INDEBTEDNESS

Aside from these notes, the only indebtedness of the Company and its subsidiary companies on July 31, 1914, consisted of current accounts payable of \$3,772,123.12 (composed wholly of the normal obligations for merchandise, etc.) and \$1,000,247.19 liabilities accrued, but not due, for pay-rolls, taxes, and interest on Funded Debt.

## WORKING CAPITAL

The net working capital as shown by the balance sheet of July 31, 1914, amounted to \$23,806,790.71, as follows:—

CURRENT ASSETS:	1914	1913
Cash . . . . .	\$13,452,663.35	\$6,236,251.01
Notes (\$247,974.64 in 1914) and accounts receivable, including drafts against shipments in transit . . . . .	3,358,790.51	3,449,335.45
Inventories . . . . .	11,642,370.02	18,170,907.21
Prepaid expenses . . . . .	387,578.14	412,756.20
Total Current Assets . . . . .	\$28,841,402.02	\$28,269,249.87
LESS CURRENT AND ACCRUED LIABILITIES:		
Current accounts payable . . . . .	\$3,772,123.12	\$4,821,744.20
Notes payable (Weston-Mott Company) . . . . .	—	300,000.00
Interest, taxes, and pay-rolls accrued, not due . . . . .	1,000,247.19	1,048,970.32
	\$4,772,370.31	\$6,170,714.52
	\$24,069,031.71	\$22,098,535.35
From which deduct amount reserved for three months' proportion of Preferred Dividend payable November 1 . . . . .	262,241.00	262,526.25
Net working capital . . . . .	\$23,806,790.71	\$21,836,009.10

It will be seen that the net working capital was increased during the year \$1,970,781.61, notwithstanding the fact that the Company retired during the year more than \$3,000,000 of its first lien notes and expended about \$1,050,000 for additions to real estate, plants and equipment, without incurring any new capital obligations therefor. It will also be seen that the Company had \$13,452,663 cash on hand on July 31, 1914, as against \$6,236,251, July 31, 1913, a gain in cash of \$7,216,412. These figures speak for themselves as regards the Company's financial condition.

## CAPITAL EXPENDITURES

Charges to capital account during the year for additions to real estate, plants and equipment aggregated . . . . . \$1,056,087.74

Of this expenditure about \$450,000 was for additions to plant and equipment of the Cadillac Company, the balance being for additions to

plants and equipment of the Buick and Weston-Mott Companies. Notwithstanding the above expenditures charged to capital account during the year it will be seen from the balance sheet that the net book valuation of "Real Estate, Plants and Equipment" after deducting the reserves for depreciation was \$1,413,032.42 less than on July 31, 1913. This is, of course, due to the large appropriations from income and surplus accounts during the year for depreciation of plants and equipment.

## GENERAL

Gross sales of General Motors companies in the year just closed amounted to \$85,373,302.96, as compared with \$85,603,919.85 for 1913, \$64,744,496.02 for 1912, and \$42,733,303.27 for the 10 months ending July 31, 1911.

Sales for 1914 (approximately the same in value as for 1913) represent the sale of 10% more cars at correspondingly lower prices.

The export business continues to make satisfactory progress, several new and promising avenues of business having been opened up during the past year. The financial disturbances abroad will undoubtedly postpone the development of export business, the volume of which does not yet, however, constitute an important part of the total sales.

The business of your companies for the new fiscal year beginning August 1, 1914, so far has been a million dollars ahead of the corresponding period of the preceding year, but if the present disturbed financial conditions continue it is too much to expect that they will not be felt during the current year.

The policy of simplifying the corporate organization has been continued and several unnecessary subsidiary corporations have been wound up during the past year.

Your directors wish again to express their high appreciation of the loyalty and efficiency of your officers and employees.

By order of the Board of Directors,

CHARLES W. NASH,

*President.*

DETROIT, MICHIGAN, September 15, 1914.

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, 1914, compared with July 31, 1913.

*Statement 2.* Income account for 12 months ending July 31, 1914, 1913 and 1912, and 10 months ending July 31, 1911.

*Statement 3.* Profit and Loss account for 12 months ending July 31, 1914, 1913 and 1912, and 10 months ending July 31, 1911.

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, 1914 AND 1913

ASSETS	JULY 31, 1914	JULY 31, 1913
Fixed Assets: real estate, plants, and equipment . . . . .	\$21,515,065.26	\$20,458,977.52
Less: reserve for depreciation . . . . .	6,082,148.68	3,613,028.52
	\$15,432,916.58	\$16,845,949.00
Patents, agreements, etc. . . . .	471,200.00	1,508,671.69
Miscellaneous investments . . . . .	352,734.50	367,062.80
Current and working assets:		
Cash in banks and on hand . . . . .	\$13,452,663.35	\$6,236,251.01
Notes (\$247,974.64 in 1914) and accounts receivable . . . . .	3,358,790.51	3,449,335.45
Inventories . . . . .	11,642,370.02	18,170,907.21
Prepaid expenses . . . . .	387,578.14	412,756.20
Total Current and Working Assets,	28,841,402.02	28,269,249.87
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 . . . . .	\$53,032,451.24	\$54,925,131.50
<b>LIABILITIES</b>		
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	\$1,741,900.00
In treasury of subsidiary companies . . . . .	1,311,300.00	1,311,300.00
Total . . . . .	\$3,053,200.00	\$3,053,200.00
In hands of public . . . . .	\$14,985,200.00	\$14,985,200.00
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	\$3,233,746.95
In treasury of subsidiary companies . . . . .	138,500.00	163,500.00
Total . . . . .	\$3,372,246.95	\$3,397,246.95
In hands of public . . . . .	16,501,783.05	16,476,783.05
Total in hands of public . . . . .	\$31,486,983.05	\$31,461,983.05
Funded Debt:		
6% First Lien Five-year Sinking Fund Gold Notes . . . . .	7,852,000.00	10,935,000.00
Outstanding Capital Stock (par value) and surplus of subsidiary companies, being the portion not owned by General Motors Co.:		
Capital Stock . . . . .	\$573,000.00	\$578,000.00
Surplus . . . . .	431,141.62	409,251.72
Total . . . . .	1,004,141.62	987,251.72
Current Liabilities:		
Accounts Payable . . . . .	\$3,772,123.12	\$4,821,744.20
Notes Payable (Weston-Mott Co.) . . . . .	—	300,000.00
Interest, Taxes, and Pay-rolls Accrued, not due, . . . . .	1,000,247.19	1,048,970.32
Total Current Liabilities . . . . .	4,772,370.31	6,170,714.52
Reserve for three months' proportion of Dividend on Preferred Stock, payable November 1 . . . . .	262,241.00	262,526.25
Reserves for sundry contingencies . . . . .	965,287.75	2,162,276.49
Surplus . . . . .	6,689,427.51	2,945,379.47
Total . . . . .	\$53,032,451.24	\$54,925,131.50

NOTE: Attention is called to the fact that in the above balance sheets the valuation of "Real Estate, Plants and Equipment" is shown as a net amount, after deducting "reserve for depreciation," whereas in previous annual reports this reserve account was not so deducted but was included with other reserves as a liability. This explains the difference between the balance sheet shown above for July 31, 1913, and that published in the annual report for 1913.

**Statement 2**

**INCOME ACCOUNT**

	<u>YEAR ENDING JULY 31, 1914</u>	<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 . . . . .	\$7,947,412.80	\$8,284,139.77	\$4,838,448.55	\$4,447,146.58
General Motors Company proportion thereof . . . . .	\$7,819,968.42	\$8,184,052.82	\$4,746,756.50	\$4,066,251.31
Accrued interest on General Motors Company 6% First Lien Notes . . . . .	570,234.66	724,581.46	850,463.23	750,000.00
Balance . . . . .	<u>\$7,249,733.76</u>	<u>\$7,459,471.36</u>	<u>\$3,896,293.27</u>	<u>\$3,316,251.31</u>
Preferred Dividends at the rate of 7% . . . . .	1,048,678.75	1,048,534.08	1,040,210.51	842,074.33
Undivided profits . . . . .	<u>\$6,201,055.01</u>	<u>\$6,410,937.28</u>	<u>\$2,856,082.76</u>	<u>\$2,474,176.98</u>

**Statement 3**

**PROFIT AND LOSS ACCOUNT**

	<u>YEAR ENDING JULY 31, 1914</u>	<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 . . . . .	\$2,945,379.47	\$1,262,594.88	\$1,240,175.26	\$1,349,789.07
Add miscellaneous adjustments . . . . .				199,845.41
				<u>\$1,549,634.48</u>
Less Preferred dividend No. 4 paid November 30, 1910, out of surplus prior to October 1, 1910 . . . . .				384,552.00
				<u>\$1,165,082.48</u>
Add undivided profits per income account above . . . . .	6,201,055.01	6,410,937.28	2,856,082.76	2,474,176.98
	<u>\$9,146,434.48</u>	<u>\$7,673,532.16</u>	<u>\$4,096,258.02</u>	<u>\$3,639,259.46</u>
Charged off:				
For reduction of inventories and assets as carried on books October 1, 1910, and liquidation losses . . . . .	—	4,728,152.69	2,833,663.14	2,399,084.20
Plants and Equipment . . . . . \$1,483,208.18				
Patents, Agreements, etc. . . . . 972,418.77				
Sundry adjustments . . . . . 1,380.02				
	2,457,006.97	—	—	—
Profit and loss surplus July 31 . . . . .	<u>\$6,689,427.51</u>	<u>\$2,945,379.47</u>	<u>\$1,262,594.88</u>	<u>\$1,240,175.26</u>



