

Report of
General Motors Company

FOR THE

Fiscal Year ending July 31, 1915

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GENERAL MOTORS COMPANY

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

GENER. MOTORS COMPANY

FOR THE FISCAL YEAR ENDING JULY 31, 1915.

DETROIT, MICHIGAN, Sept. 16, 1915.

TO THE STOCKHOLDERS :

Your directors submit the annual report of General Motors Company and its subsidiary companies for the fiscal year ending July 31, 1915.

The income and profit and loss 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, 1915, AND 1914.

	<u>1915.</u>	<u>1914.</u>
Net profits for year after deducting expenses of manufacture (including maintenance), selling and administration as well as taxes, insurance and depreciation.....	\$14,926,322.28	\$7,947,412.80
General Motors Company proportion thereof.....	\$14,794,190.76	\$7,819,968.42
Accrued interest 12 months on General Motors Company 6% First Lien Notes	336,387.34	570,234.66
Balance.....	\$14,457,803.42	\$7,249,733.76
Preferred dividends for 12 months at rate of 7%.....	1,048,964.00	1,048,678.75
Undivided profits for 12 months	\$13,408,839.42	\$6,201,055.01

PROFIT AND LOSS ACCOUNT.

Profit and Loss Surplus, July 31, 1914.....	\$ 6,689,427.51
Add balance of undivided profits (after payment of Preferred dividend) for twelve months, ending July 31, 1915, as per Income Account above	13,408,839.42
	<hr/>
	\$20,098,266.93
Charged off from plant and equipment at the close of the year.....	113,106.99
	<hr/>
Profit and Loss Surplus July 31, 1915	<u>\$19,985,159.94</u>

The net profits of \$14,926,322.28 are after deducting all expenses of General Motors Company, and also after deducting \$1,029,469.78, a sum deemed sufficient to cover depreciation of buildings and equipment. The plants have been maintained in good operating condition.

Full charges have been included in operating expenses to cover all depreciation in inventories during the year just closed. Inventories at the close of the year were on a thoroughly conservative basis of valuation. The increase of \$2,406,928.13 in the value of inventories is because of the larger volume of current business being carried on at the close of the fiscal year.

The Condensed Consolidated Balance Sheet, as of July 31, 1915, as compared with July 31, 1914, is to be found on Page 11, of this report. Comparative statements of Income and Profit and Loss accounts for the last five fiscal years will be found on Page 12.

CAPITAL STOCK.

The capital stock of the Company outstanding in the hands of the public, on July 31, 1915, was as follows :—

Preferred stock 7% Cumulative.....	\$14,985,200.00
Common stock	16,506,783.05

This represents an increase during the year of \$5,000 Common stock.

FUNDED DEBT.

The sole outstanding funded debt of the Company, July 31, 1915, consisted of \$2,328,000. 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. The Company has cash on hand amply sufficient to pay these notes without incurring further obligations.

OTHER INDEBTEDNESS.

Aside from these notes, the only indebtedness of the Company and its subsidiary companies on July 31, 1915, consisted of current accounts payable, of \$1,380,907.94 (composed wholly of obligations for merchandise, etc.), and \$1,270,302.43 liabilities accrued, but not due, for pay rolls, taxes and interest on funded debt.

The current accounts payable on July 31, 1915, were \$2,391,215.18 less than on July 31, 1914.

WORKING CAPITAL.

The net working capital as shown by the balance sheet of July 31, 1915, amounted to \$31,141,237.64, as follows :

	1915	1914
Current Assets :		
Cash	\$14,526,124.14	\$13,452,663.35
Marketable securities of municipalities and other corporations (see Statement 4, Page 13).....	1,001,000.00	—
Notes (\$110,513.99 in 1915) and accounts receivable including drafts, against shipments in transit.....	3,944,680.75	3,358,790.51
Inventories.....	14,049,298.15	11,642,370.02
Prepaid expenses	533,585.97	387,578.14
Total current assets.....	\$34,054,689.01	\$28,841,402.02
Less Current and Accrued Liabilities :		
Current accounts payable.....	\$1,380,907.94	\$3,772,123.12
Interest, taxes, and pay-rolls accrued not due	1,270,302.43	1,000,247.19
	\$2,651,210.37	\$4,772,370.31
	\$31,403,478.64	\$24,069,031.71
From which deduct amount reserved for three months' proportion of Preferred Dividend payable November 1	262,241.00	262,241.00
Net working capital.....	\$31,141,237.64	\$23,806,790.71
Increase in net working capital during the year, as above		\$7,334,446.93
To which should be added the reduction in debt during the year through the prepayment of 6%, 5-year notes, due October 1, 1915		5,524,000.00
Total additions to the net working capital during year.....		12,858,446.93

In addition there was expended during the year \$1,238,357.27 for additions to real estate, plants and equipment, without incurring any new capital obligations therefor. It will also be seen that the company had \$14,526,124.14 cash on hand on July 31, 1915, as against \$13,452,663.35 July 31, 1914, a gain in cash of \$1,073,460.79.

The marketable securities aggregating \$1,001,000, shown above are high-grade short term obligations of municipalities and corporations, in which it was deemed advantageous to invest temporarily a part of the company's surplus funds. These securities can readily be sold and converted into cash when wanted. (See Statement 4, Page 13.)

The increase in Accounts Receivable is due almost entirely to the larger amount of drafts against shipments in transit which represent substantially cash.

CAPITAL EXPENDITURES.

Charges to capital account during the year for additions to real estate, plants and equipment aggregated \$1,238,357.27

Of this expenditure about \$700,000 was for additions to plants and equipment of the Buick Company, the balance being for additions to plants and equipment of the Cadillac, Northway 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 only \$386,935.27 greater than on July 31, 1914. This is of course due to the appropriation from income and surplus accounts during the year for depreciation of plants and equipment.

SALES.

Gross sales of General Motors companies in the year just closed amounted to \$94,424,841.47, as compared with \$85,373,302.96 for 1914, the number of cars sold 76,068, compared with 58,987 during the preceding year. It will be noted that, owing to price reductions, the number of cars sold tends to increase considerably faster than the sales measured in dollars.

THE OUTLOOK.

The outlook never was more promising than for the coming year. The models of all your companies are meeting with great favor in their respective classes and sales so far in the new year (August 1 to September 14th, 1915) amount to \$16,176,761. compared with \$7,585,739. for the corresponding period for last year.

DIVIDEND POLICY.

The Preferred dividends have been continued during the year, as heretofore, at the full rate of seven per cent. and should, of course, be so continued.

The Common stock has never received a cash dividend since the Company was organized September 16, 1908.

Your directors have followed the policy of building up the cash assets and the credit of the Company and so have accumulated and held large cash balances pending the maturity of the 6% notes, the original issue of which was \$15,000,000, and the last of which will be paid October 1st next. During the past year, for the first time, it has not been necessary for the Company to borrow money.

Further marked improvements in manufacturing methods will be continued, but can hardly be expected in future to yield such large gains in output with such moderate expenditures on new buildings and machinery as have characterized the last five years. It is also true, in the opinion of your directors, in view of the strong financial position your Company now occupies, that the time is near when larger additions to plant, made necessary by the great growth of the business, should be made. Your board does not believe in running into debt, and it was partly because of these probable extensions, a portion of which have now been authorized, that your board voted to set aside the one million dollars referred to on page 8, as invested in short time securities.

The large "write offs" amounting to \$12,531,013.99, required during the last five years to bring your plants, machinery, merchandise and other assets down to a conservative figure, are now, we believe, at an end.

The cash on hand at the close of the fiscal year, July 31, 1915, was \$14,526,124.14 with all the factories in operation and all current bills paid and discounted in advance wherever possible, and cash on hand September 14th, 1915, was \$20,408,331.94.

From the balance of cash available your directors have to-day declared a dividend of fifty per cent., on the Common stock, being \$50.00, per share payable on October 15, 1915, to stockholders of record at the close of business September 30, 1915.

Your Board believes that the time has now come when the Common Stock can be put on a regular dividend basis, payable quarterly. The rate of such dividends should in the opinion of the Board be left to the Board of Directors to be elected at the coming Annual Meeting.

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, 1915.

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, 1915, compared with July 31, 1914.

Statement 2. Income account for 12 months ending July 31, 1915, 1914, 1913, and 1912 and 10 months ending July 31, 1911.

Statement 3. Profit and Loss account for 12 months ending July 31, 1915, 1914, 1913 and 1912 and 10 months ending July 31, 1911.

Statement 4. Schedule of marketable securities of municipalities and other corporations, owned by General Motors Company on July 31, 1915.

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, 1915 AND 1914.**

ASSETS.		July 31, 1915.	July 31, 1914.
Fixed Assets: real estate, plants and equipment.....	\$22,753,422.53		\$21,515,065.26
Less: reserve for depreciation.....	6,933,570.68		6,082,148.68
		\$15,819,851.85	\$15,432,916.58
Patents, agreements, etc.....		413,500.00	471,200.00
Miscellaneous investments.....		367,184.50	352,734.50
Current and working assets:			
Cash in banks and on hand.....	\$14,526,124.14		\$13,452,663.35
Marketable securities of municipalities and other corporations (see Statement 4).....	1,001,000.00		—
Notes (\$110,513.99 in 1915) and accounts receivable.....	3,944,680.75		3,358,790.51
Inventories.....	14,049,298.15		11,642,370.02
Prepaid expenses.....	533,584.97		387,578.14
Total Current and Working Assets.....		34,054,689.01	28,841,402.02
Goodwill, 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>\$58,589,423.50</u>	<u>\$53,032,451.24</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.....	\$3,053,200.00		\$1,741,900.00
In treasury of subsidiary companies.....	—		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.....	\$3,367,246.95		\$3,233,746.95
In treasury of subsidiary companies.....	—		138,500.00
Total.....	3,367,246.95		\$3,372,246.95
In hands of public.....		16,506,783.05	16,501,783.05
Total in hands of public.....		\$31,491,983.05	\$31,486,983.05
Funded Debt:			
6% First Lien Five-year Sinking Fund Gold Notes		2,328,000.00	7,852,000.00
Outstanding Capital Stock (par value) and surplus of subsidiary companies, being the portion not owned by General Motors Co.:			
Capital Stock.....	\$528,000.00		\$573,000.00
Surplus.....	454,423.14		431,141.62
Total.....		982,423.14	1,004,141.62
Current Liabilities:			
Accounts Payable.....	\$1,380,907.94		\$3,772,123.12
Interest, Taxes, and Pay-rolls Accrued, not due..	1,270,302.43		1,000,247.19
Total Current Liabilities.....		2,651,210.37	4,772,370.31
Reserve for three months' proportion of Dividend on Preferred Stock, payable November 1.....		262,241.00	262,241.00
Reserves for sundry contingencies.....		888,406.00	965,287.75
Surplus.....		19,985,159.94	6,689,427.51
Total.....		<u>\$58,589,423.50</u>	<u>\$53,032,451.24</u>

Statement 2.

INCOME ACCOUNT.

	Year Ending July 31, 1915.	Year Ending July 31, 1914.	Year Ending July 31, 1913.	Year Ending July 31, 1912.	10 Mos. Ending July 31, 1911.
Net Profits after deducting expenses of manufacture (including maintenance), selling and administration as well as taxes, insurance, depreciation and interest on temporary loans.....	\$14,926,322.28	\$7,947,412.80	\$8,284,139.77	\$4,838,448.55	\$4,447,146.58
General Motors Company proportion thereof	\$14,794,190.76	\$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.....	336,387.34	570,234.66	724,581.46	850,463.23	750,000.00
Balance	\$14,457,803.42	\$7,249,733.76	\$7,459,471.36	\$3,896,293.27	\$3,316,251.31
Preferred Dividends at the rate of 7%.....	1,048,964.00	1,048,678.75	1,048,534.08	1,040,210.51	842,074.33
Undivided Profits	<u>\$13,408,839.42</u>	<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.

	Year Ending July 31, 1915.	Year Ending July 31, 1914.	Year Ending July 31, 1913.	Year Ending July 31, 1912.	10 Mos. Ending July 31, 1911.
Profit and Loss surplus at the beginning of the year	\$6,689,427.51	\$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.....	13,408,839.42	6,201,055.01	6,410,937.28	2,856,082.76	2,474,176.98
	<u>\$20,098,266.93</u>	<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	113,106.99	1,483,208.18	—	—	—
Patents, Agreements, etc.....	—	972,418.77	—	—	—
Sundry adjustments.....	—	1,380.02	—	—	—
Total Charged off	<u>113,106.99</u>	<u>2,457,006.97</u>	<u>4,728,152.69</u>	<u>2,833,663.14</u>	<u>2,399,084.20</u>
Profit and loss surplus July 31....	<u>\$19,985,159.94</u>	<u>\$6,689,427.51</u>	<u>\$2,945,379.47</u>	<u>\$1,262,594.88</u>	<u>\$1,240,175.26</u>

Statement 4.

SCHEDULE OF MARKETABLE SECURITIES OF MUNICIPALITIES AND OTHER
CORPORATIONS OWNED BY GENERAL MOTORS COMPANY July 31, 1915.

Description.	Date Due.	Amount.
State of Massachusetts, Notes.....	October 27, 1915.....	\$100,000.00
City of Boston, Mass., Notes.....	November 2, 1915.....	250,000.00
Town of Canton, Mass., Notes.....	June 15, 1916.....	20,000.00
Town of Wakefield, Mass., Notes.....	May 22, 1916.....	35,000.00
City of Holyoke, Mass., Coupon 4s.....	April 4, 1916.....	85,000.00
Town of Sharon, Mass., Note.....	February 7, 1916.....	15,000.00
City of Worcester, Mass., Coupon 4s.....	January 1, 1916.....	10,000.00
City of Newton, Mass., Notes.....	July 31, 1916.....	100,000.00
City of Somerville, Mass., Note.....	July 29, 1916.....	75,000.00
Missouri & Kansas Tel. Co., Notes.....	April 15, 1916.....	25,000.00
International Harvester Corporation of New Jersey, 5s.....	February 15, 1918.....	25,000.00
City of Buffalo, N. Y., 4½s.....	June 1, 1918.....	13,000.00
United Fruit Co., 5s.....	May 1, 1918.....	25,000.00
City of New York, 4½s.....	June 1, 1918.....	223,000.00
Total.....		\$1,001,000.00

