

Report of
General Motors Corporation

FOR THE

Fiscal Year ended December 31, 1917

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GENERAL MOTORS CORPORATION

Board of Directors

PIERRE S. DUPONT, *Chairman*

A. G. BISHOP	J. A. HASKELL
W. P. CHRYSLER	L. G. KAUFMAN
R. H. COLLINS	J. H. McCLEMENT
W. L. DAY	C. S. MOTT
H. F. DUPONT	J. J. RASKOB
IRENEE DUPONT	E. VER LINDEN
W. C. DURANT	F. W. WARNER

Finance Committee

J. J. RASKOB, *Chairman*

H. F. DUPONT	W. C. DURANT
IRENEE DUPONT	J. A. HASKELL
PIERRE S. DUPONT	J. H. McCLEMENT

Executive Committee

W. C. DURANT, *Chairman*

W. P. CHRYSLER	J. A. HASKELL
R. H. COLLINS	E. VER LINDEN
W. L. DAY	F. W. WARNER

Officers

W. C. DURANT, <i>President</i>	New York
A. G. BISHOP, <i>Vice-President</i>	Flint
C. S. MOTT, <i>Vice-President</i>	Flint
T. S. MERRILL, <i>Secretary</i>	Detroit
H. H. RICE, <i>Treasurer</i>	Detroit
M. L. PRENSKY, <i>Comptroller</i>	Detroit

REPORT TO THE STOCKHOLDERS
OF
GENERAL MOTORS CORPORATION
For the Fiscal Year ended December 31, 1917

DETROIT, MICHIGAN, February 28, 1918.

TO THE STOCKHOLDERS:

Your directors submit herewith the first annual report of General Motors Corporation and its subsidiary companies for the fiscal year ended December 31, 1917.

The Corporation became the active operating company on August 1, 1917, and its operations, therefore, cover the last five months of the year. The income and profit and loss accounts at December 31, 1917, include the earnings and surplus of the Corporation and its share of earnings and surplus of subsidiary companies.

On account of the change in the end of the fiscal year from July 31 to December 31, there is also shown herewith the operations of the General Motors Company (the New Jersey corporation) for the first seven months of 1917, to July 31. The New Jersey company was dissolved and its assets taken over by the present Corporation as of August 1, 1917.

INCOME ACCOUNT FOR TWELVE MONTHS ENDED
DECEMBER 31, 1917

	General Motors Company for 7 mos. ended July 31, 1917	General Motors Corporation for 5 mos. ended Dec. 31, 1917
Net profits after deducting expenses of manufacture (including maintenance), selling and administration, as well as ordinary taxes, insurance and depreciation.	\$17,275,366.75	\$17,359,488.23
Less: Provision for Federal taxes and extraordinary expen- ditures	4,053,315.91	2,848,574.31
	<u>\$13,222,050.84</u>	<u>\$14,510,913.92</u>
General Motors proportion thereof	\$13,104,864.03	\$14,284,873.44
Preferred dividends	611,895.66	491,890.00
Undivided Profits	<u>\$12,492,968.37</u>	<u>\$13,792,983.44</u>

PROFIT AND LOSS ACCOUNT,

Undivided profits for 5 months ended December 31, 1917 (after making provision for all taxes, and the payment of Preferred Dividend), as per Income Account shown on preceding page	\$13,792,983.44
*Add profits to August 1, 1917, inclusive.....	9,608.13
	\$13,802,591.57
Less: Cash Dividend paid on Common Stock:	
November 1, 1917—3%.....	2,294,199.00
Profit and loss surplus December 31, 1917.....	\$11,508,392.57

The net manufacturing profits of \$17,359,488.23 for the five months ended December 31, 1917, are after deducting the sum of \$1,093,421.23 to cover depreciation of buildings, machinery 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. Inventories at the close of the year were on a thoroughly conservative basis, being valued at or below cost. The increase in inventories is due to the greatly increased volume of current business.

The Condensed Consolidated Balance Sheet, as of December 31, 1917, is to be found on Page 10 of this report. Income and Profit and Loss Account for December 31, 1917, will be found on Page 11. The last Income Account of General Motors Company for the 12 months ended July 31, 1917, is shown on Page 12.

CAPITAL STOCK

The capital stock of the Corporation outstanding on December 31, 1917, was as follows:—

Preferred stock, 6% Cumulative.....	\$19,676,800.00
Common stock	76,873,300.00

INDEBTEDNESS

The only indebtedness of the Corporation and its subsidiary companies on December 31, 1917, consisted of current accounts payable, of \$10,665,717.52 (composed wholly of obligations for merchandise, etc.), and \$4,858,326.57 liabilities accrued, but not due, for pay rolls, taxes and other sundry items.

* Represents difference between dividends received and dividends paid plus expenses.

WORKING CAPITAL

The net working capital as shown by the balance sheet of December 31, 1917, amounted to \$64,554,765.75, as follows:

CURRENT ASSETS:

Cash in banks and on hand	\$18,865,645.27
Investment in marketable securities	1,255,000.00
Notes (\$476,430.25) and accounts receivable, including drafts against shipments in transit	13,595,538.42
Inventories at cost or less	<u>46,559,394.15</u>
Total Current Assets	<u>\$80,275,577.84</u>

LESS CURRENT AND ACCRUED LIABILITIES:

Current accounts payable	\$10,665,717.52
Taxes, pay rolls and sundries accrued not due	<u>4,858,326.57</u>
	\$15,524,044.09

\$64,751,533.75

From which deduct amount reserved for two months' proportion of Preferred Dividend payable February 1, 1918

196,768.00

Net Working Capital

\$64,554,765.75

The marketable securities aggregating \$1,255,000.00, shown above, are investments in the Second Liberty Loan Bonds of the United States Government.

The balance outstanding in Accounts Receivable is due to the large amount of drafts against shipments in transit which represent substantially cash, and accounts against the United States Government.

CAPITAL EXPENDITURES

Charges to capital account during the five months ended December 31,

1917, for additions to real estate, plants and equipment aggregated.. \$2,214,406.77

Of this expenditure about \$1,650,000.00 was for additions to plants and equipment of the Buick Division, the balance being distributed among the several other operating divisions.

GENERAL

Net sales of General Motors Corporation and subsidiary companies from August 1, 1917, to December 31, 1917 (5 months) amounted to \$96,295,740.97. The number of cars and trucks sold in this five months period was 86,901.

The pay-rolls for the five months to December 31, 1917, amounted to \$14,248,593.00. The number of employees in the service of the Corporation and subsidiary companies on December 31, 1917, was 25,427.

It is gratifying to report that the truck business during the past year experienced satisfactory strides, both in volume and net profits, and will be further extended to meet the increasing demand.

The Corporation has acquired a controlling interest in the Samson Sieve-Grip Tractor Company, at Stockton, Cal. The plant is operating to its full capacity. The manufacture of tractors will be extended as rapidly as possible to meet the increasing demand, the tractor to be made a permanent and important division of the business.

The Corporation has been favored with and is equipping to handle a large amount of war business. Detailed information is withheld in accordance with the terms of the contracts. Additional plant capacity will be available for Government work, if needed.

The Preferred dividends have been paid during the year at the full rate of six per cent.

The first cash dividend of one per cent. was paid on the Common stock February 1, 1917. Subsequently, quarterly dividends of three per cent., being \$3.00 per share per quarter, were paid for the quarters ended April 30, July 31, October 31, 1917, and January 31, 1918.

Dividends were paid out of 1917 earnings.

Your directors take pleasure in acknowledging their high appreciation of the loyalty and efficiency of your officers and employees.

By order of the Board of Directors,

W. C. DURANT,
President.

DETROIT, MICHIGAN, February 26, 1918.

MR. W. C. DURANT, *President*,
New York, N. Y.

DEAR SIR:—I submit herewith the following statements showing the results of operation and the financial condition of General Motors Corporation and its subsidiary companies, consolidated, for the periods named:

Statement 1. Condensed Consolidated Balance Sheet, as of December 31, 1917.

Statement 2. Income Account for 5 months ended December 31, 1917.

Statement 3. Profit and Loss Account, December 31, 1917.

Statement 4. Income Account of General Motors Company for 12 months ended July 31, 1917.

Yours,

M. L. PRENSKY,
Comptroller.

Statement I

CONDENSED CONSOLIDATED BALANCE SHEET OF GENERAL MOTORS CORPORATION AND
SUBSIDIARY COMPANIES DIRECTLY CONNECTED WITH THE MANUFACTURE
OF MOTOR CARS AND PARTS AS OF DECEMBER 31, 1917

ASSETS

Fixed Assets: real estate, plants and equipment.....	\$40,086,374.34	
Less: reserve for depreciation.....	1,428,539.28	\$38,657,835.06
Patents, agreements, etc.....		274,100.00
Miscellaneous investments		2,030,273.48
Current and working assets:		
Cash in banks and on hand.....	\$18,865,645.27	
Investment in marketable securities.....	1,255,000.00	
Notes (\$476,430.25) and accounts receivable.....	13,595,538.42	
Inventories at cost or less.....	46,559,394.15	80,275,577.84
Deferred expenses		854,434.61
Good-will		11,697,503.48
Total		\$133,789,724.47

LIABILITIES

Capital Stock:		
Preferred stock (authorized \$20,000,000) issued.....		\$19,676,800.00
Common stock (authorized \$82,600,000) issued.....	\$82,558,800.00	
Less: in treasury of General Motors Corporation..	5,685,500.00	76,873,300.00
Total		\$96,550,100.00
Outstanding Capital Stock (par value) and surplus of subsidiary companies, being the portion not owned by General Motors Corporation:		
Capital Stock	\$ 540,500.00	
Surplus	859,083.18	1,399,583.18
Current Liabilities:		
Accounts payable	\$10,665,717.52	
Taxes, pay rolls, and sundries accrued not due....	4,858,326.57	15,524,044.09
Reserves:		
For two months' proportion of Dividend on Pre- ferred Stock, payable February 1, 1918.....	\$ 196,768.00	
For Federal taxes and extraordinary expenditures..	6,939,018.55	
For sundry contingencies	1,671,818.08	8,807,604.63
Surplus		11,508,392.57
Total		\$133,789,724.47

Statement 2

INCOME ACCOUNT FOR FIVE MONTHS ENDED DECEMBER 31, 1917

Net profits for five months ended December 31, 1917, after deducting all expenses of manufacture (in- cluding maintenance), selling and administration, as well as ordinary taxes, insurance and depreciation..	\$17,359,488.23
Less: Provision for Federal taxes and extraordinary ex- penditures	<u>2,848,574.31</u>
	<u>\$14,510,913.92</u>
General Motors Corporation proportion thereof	\$14,284,873.44
Preferred Dividends for 5 months at rate of 6%.....	<u>491,890.00</u>
Undivided Profits for 5 mos. ended December 31, 1917.	<u>\$13,792,983.44</u>

Statement 3

PROFIT AND LOSS ACCOUNT

Undivided profits per Income Account above	\$13,792,983.44
Add profits to August 1, 1917, inclusive	<u>9,608.13</u>
	\$13,802,591.57
Less: Cash Dividend paid on Common Stock:	
November 1, 1917--3%.....	<u>2,294,199.00</u>
Profit and loss surplus December 31, 1917.....	<u>\$11,508,392.57</u>

Statement 4

INCOME ACCOUNT
OF
GENERAL MOTORS COMPANY

For Twelve Months Ended July 31, 1917

Net Profits after deducting expenses of manufacture (including maintenance), selling and administration, as well as ordinary taxes, insurance and depreciation of \$1,601,488.11	\$29,132,542.19
Less: Provision for Federal taxes and extraordinary expenditures	<u>4,053,315.91</u>
	<u>\$25,079,226.28</u>
General Motors Company proportion thereof	\$24,780,916.77
Preferred Dividends at rate of 7%	<u>1,048,964.00</u>
Undivided Profits	<u>\$23,731,952.77</u>
Net sales	\$172,677,499.10
Cars and trucks sold	182,062

NOTE: General Motors Company, the New Jersey corporation, was dissolved and its assets taken over by the present Corporation, as of August 1st, 1917.

