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**CANADIAN  
GENERAL  ELECTRIC  
COMPANY  
LIMITED**

**ANNUAL  
REPORT  
1947**

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# PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

25 King Street West,  
Toronto  
February 21, 1948.

To the Shareholders,  
Canadian General Electric Company, Limited,  
Toronto, Ont.

We have examined the Balance Sheet of the Canadian General Electric Company, Limited as of December 31, 1947, and the statement of Income and Earned Surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company, and without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent deemed appropriate.

The cash and bank balances have been confirmed by count or by certificates from the depositaries.

The marketable and other securities were inspected or confirmed by acknowledgments from the custodians.

We have scrutinized the accounts receivable and believe that full provision has been made for possible losses through doubtful debts. Requests for confirmation of accounts receivable were mailed to a number of debtors, selected by us, and notifications of exceptions were explained to our satisfaction.

Certified inventories of merchandise, work in progress and materials and supplies have been submitted to us. We have satisfied ourselves that these inventories have been taken in a careful manner, that ample allowance has been made for inactive and obsolete stocks and that they are conservatively stated at an amount not exceeding the lower of cost or market value, less reserves. We reviewed the plan and system of control adopted for inventory purposes and observed the taking of the inventory with respect to certain items selected by us, thereby satisfying ourselves that the methods of taking and recording the quantities were carried out effectively.

Expenditures charged to the property, plant and equipment accounts during the year, in our opinion, were properly capitalized as representing additions or improvements. The provision for depreciation for the year appears to be adequate.

All ascertained liabilities have been included in the accounts.

In accordance with Section 114 of the Companies Act, 1934, we report that the earnings of subsidiary companies for 1947 are included in income from investments in the attached income statement only to the extent of dividends received; such dividends were not in excess of the Company's share of the aggregate of the profits of all subsidiaries.

We report that, in our opinion, based upon such examination, the accompanying Balance Sheet and related statement of Income and Earned Surplus are properly drawn up so as to exhibit, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, a true and correct view of the state of the Company's affairs as of December 31, 1947, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PEAT, MARWICK, MITCHELL & CO.,  
Auditors.

CANADIAN GENERAL ELECTRIC COMPANY LIMITED  
STATEMENT OF INCOME AND EARNED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1947

|  |                               |
|--|-------------------------------|
| Income from operations, after deducting depreciation of \$2,143,828.29, salaries of officials and legal expenses of \$170,665.98 and Directors' fees of \$8,500.00 ..... | \$ 5,574,376.38               |
| Income from investments .....  | 474,032.61                    |
| Profit from Dominion Government bonds sold .....   | 95,972.50                     |
| Net income for the year before providing for income and excess profits taxes .....   | \$ 6,144,381.49               |
| Provision for estimated income and excess profits taxes .....  | 3,000,000.00                  |
| Net income for the year .....  | \$ 3,144,381.49               |
| Earned surplus as of January 1, 1947 .....   | 13,440,372.20                 |
| Earned surplus available for dividends .....   | \$16,584,753.69               |
| Dividends on preferred stock... \$ 115,000.00  |                               |
| Dividends on common stock... 1,510,760.00  |                               |
|  | <u>1,625,760.00</u>           |
| Earned surplus as of December 31, 1947 .....   | <u><u>\$14,958,993.69</u></u> |

CANADIAN GENERAL ELE  
BALANCE SHEET AS O

ASSETS

**Current Assets:**

|   |                        |
|---|------------------------|
| Cash on hand and in banks .....   | \$ 358,419.88          |
| Dominion Government bonds (market value \$47,137.50) .....  | 45,000.00              |
| Accounts receivable, less reserve .....   | 10,098,265.45          |
| Inventories not exceeding the lower of cost or market value as determined and certified to by the management, less reserves ..... | 26,207,531.37          |
|   | \$36,709,216.70        |
| Less: Progress collections on contracts...  | 6,452,262.87           |
| <b>Total current assets .....</b>   | <b>\$30,256,953.83</b> |

**Other assets:**

|   |                        |
|---|------------------------|
| Investment securities, less reserve (market value \$785,656.50) ..... | \$ 785,656.50          |
| Securities of subsidiary companies .....                              | 645,581.31             |
| Refundable portion of excess profits tax, estimated .....             | 1,690,000.00           |
| Prepaid expenses .....  | 287,638.23             |
| <b>Total other assets .....</b>                                       | <b>\$ 3,408,876.04</b> |

**Fixed assets:**

|   |                        |
|---|------------------------|
| Manufacturing plant, including land, buildings and machinery; head office and branch office properties, at cost.... | \$33,821,525.70        |
| Less: Depreciation reserves .....   | 17,072,567.63          |
|   | \$16,748,958.07        |
| Patents and franchise .....   | 1.00                   |
| <b>Total fixed assets .....</b>   | <b>\$16,748,959.07</b> |
|   | <b>\$50,414,788.94</b> |

Signed on behalf of the Board:

D. C. DURLAND, DIRECTOR.  
H. M. TURNER, DIRECTOR.

CTRIC COMPANY, LIMITED  
F DECEMBER 31, 1947

LIABILITIES

|  |                        |
|--|------------------------|
| <b>Current liabilities:</b>  |                        |
| Bank overdraft .....   | \$ 504,638.45          |
| Accounts payable .....   | 4,771,142.33           |
| Taxes payable, including provision for<br>estimated income and excess profits<br>taxes .....           | 3,163,245.70           |
| Sundry accrued charges .....   | 1,841,319.16           |
| Dividend declared on preferred stock .....   | 28,750.00              |
| Dividend declared on common stock .....  | 377,690.00             |
| <b>Total current liabilities .....</b>   | <b>\$10,686,785.64</b> |
| <b>Mortgage payable .....</b>  | <b>\$ 129,045.87</b>   |
| <b>Due to War Assets Corporation (secured by re-<br/>fundable portion of excess profits tax) .....</b> | <b>\$ 1,350,000.00</b> |
| <b>General reserve:</b>  |                        |
| Amount as of December 31, 1946 .....   | \$10,446,163.26        |
| Add Transfer from investment reserves .....  | 1,101,550.48           |
| <b>Amount as of December 31, 1947 .....</b>  | <b>\$11,547,713.74</b> |
| <b>Capital stock:</b>  |                        |
| <b>Special Employees' Preferred:</b>   |                        |
| Authorized—50,000 shares, par value<br>\$50.00 each (callable at par)                                  |                        |
| Issued—46,000 shares .....   | \$ 2,300,000.00        |
| <b>Common:</b>   |                        |
| Authorized and issued—188,845 shares,<br>par value \$50.00 each .....                                  | 9,442,250.00           |
| <b>Total capital stock .....</b>   | <b>\$11,742,250.00</b> |
| <b>Earned surplus as of December 31, 1947 .....</b>  | <b>\$14,958,993.69</b> |
|  | <b>\$50,414,788.94</b> |

The Auditors' report to the Shareholders appears on  
the first page.

ANNUAL REPORT OF THE DIRECTORS  
TO THE SHAREHOLDERS OF  
CANADIAN GENERAL ELECTRIC COMPANY, LIMITED  
TORONTO, CANADA MARCH 23, 1948

The Directors submit herewith the Balance Sheet of your Company as of December 31, 1947, and Statement of Income and Earned Surplus, certified by the Company's auditors, Peat, Marwick, Mitchell & Co., Chartered Accountants.

The volume of orders received during 1947 was 27% higher than in the previous year, and three and a half times the pre-war year of 1939. Sales billed were 36% above 1946, and also three and a half times the 1939 volume.

Production during 1947 was adversely affected by continued shortages of some essential materials and components. Orders received were in excess of output and sales billed with the result that there was a substantial increase in unfilled orders carried forward into the current year.

The expansion taking place in the Canadian economy and foreign markets has led to an unprecedented demand for all types of electrical equipment and appliances. In many parts of Canada the heavy consumption of electric current has created a serious power shortage. Power companies have inaugurated long-range plans to increase their facilities for the generation and distribution of electric power to meet this shortage and to provide for the increasing requirements of industries and the extension of power lines for the electrification of farms and homes in rural districts. These programmes in conjunction with the large back-log of unfilled orders indicate a continuing heavy demand for the Company's products and capacity operation for our manufacturing plants if the available supply of labour and materials is adequate.

Net income for the year, after deduction of all charges, including depreciation and income and excess profits taxes, amounted to \$3,144,381, as compared with \$2,411,506 in the preceding year, an increase of \$732,875 or 30%. Earnings available for the common stock were equivalent to \$16.04 per share, compared with \$12.16 per share in 1946.

The greater earnings resulted from the larger volume of business. Manufacturing costs were higher due to

substantial wage increases and higher prices for materials without a corresponding advance in selling prices.

Dividends of 5% on the Special Employees' Preferred Stock totalled \$115,000, and on the Common Stock at \$8.00 per share amounted to \$1,510,760, a total of \$1,625,760, the same as in the previous year. The sum of \$1,518,621 was added to Earned Surplus, making the balance in the account \$14,958,994 at December 31, 1947.

Current assets amounted to \$30,256,954 while current liabilities totalled \$10,686,786, the excess of current assets over current liabilities, or working capital being \$19,570,168. Current asset were 2.8 times current liabilities.

The continuing increasing volume of business requiring larger inventories and receivables, together with heavy capital expenditures for plant and equipment, has further depleted the cash resources of the Company. The aggregate decrease in cash and the market value of government bonds and other securities amounted to \$7,555,022. The liquidation of securities to provide funds for expanded operations has made it possible to reduce the reserve for losses on securities by an amount of \$1,101,550 which has been transferred to the General Reserve.

Investment Securities are carried in the Balance Sheet at values not exceeding either cost or market, and securities of subsidiary companies are conservatively valued at \$645,581. Accounts and notes receivable totalled \$10,098,265, an increase of \$4,042,987. Adequate reserves are provided for possible losses in receivables. Inventories amounted to \$26,207,531, an increase of \$7,823,687, and are carried at an amount not exceeding the lower of cost or market value, with appropriate provision for obsolescence and shrinkage in value.

The programme of expansion and improvements in manufacturing plants and distribution facilities was continued during the year, \$4,828,600 being expended as compared with \$5,310,340 in 1946 and \$3,214,044 in 1945, making a total of \$13,352,984 expended during the past three years.

The new plant at Barrie, Ont., which began manufacture of small appliances in 1946, reached full production in 1947. The plant in Quebec City purchased in 1947 for the manufacture of watt-hour meters, and the new plant constructed in Cobourg, Ont., for the production of plastics, began operations during the latter part of the year, and it is expected that both will reach full production in 1948. The new fluorescent lamp plant at Oakville, Ont., has been completed and manufacturing operations

will soon begin. Extensive expansion and improvements have been made in existing plants and will be continued in 1948.

New office and warehouse facilities for conducting the sale and distribution of the Company's products were opened during the year in Trois Rivieres, Que., Saskatoon, Sask., Lethbridge, Alta., and Victoria, B.C. Improved and enlarged facilities were provided in Hamilton, Ont., and Quebec, Que. The office and warehouse building in Vancouver is being considerably enlarged. New office and warehouse buildings in Sherbrooke, Que., Regina, Sask., and Edmonton, Alta., will be completed during 1948.

The increase in volume of business has resulted in a much higher level of employment. The number of employees in 1947 averaged 10,800 compared with 4,500 in 1939 and was higher than at any previous time in the Company's history.

On December 31, 1947, 8,796 employees, 81% of those eligible, were insured under the group life insurance plan for a total of \$21,556,970. This represents an increase of 1,841, in the number insured and \$5,542,045 in the total insurance coverage, as compared with the previous year.

In 1947 an amount of \$675,000 was paid by the Company into the Canadian General Electric Pension Trust, making a total of \$4,830,000 paid into the Trust by the Company. Total pensions thus far paid have amounted to \$1,288,572 and 166 persons now receive regular payments under the pension programme.

Your Directors record with profound sorrow the deaths of two esteemed colleagues, Mr. H. C. Cox and Hon. W. D. Ross. Mr. Cox had been a Director of the Company for thirty-three years and Mr. Ross for over twenty-five years.

The Directors and officers take pleasure in again expressing their appreciation of the loyal and co-operative services rendered by the employees of the Company.

By order of the Board of Directors.

D. C. DURLAND, Chairman.

H. M. TURNER, President.



CANADIAN GENERAL ELECTRIC COMPANY  
LIMITED

BOARD OF DIRECTORS

D. C. DURLAND - - - - Toronto, Ont.  
L. L. LANG - - - - Kitchener, Ont.  
G. G. LEITCH - - - - Toronto, Ont.  
J. C. MACFARLANE, K.C. - Toronto, Ont.  
HON. F. B. McCURDY - - Halifax, N.S.  
R. S. McLAUGHLIN - - - Oshawa, Ont.  
PHILIP D. REED - - - - New York, N.Y.  
G. HARRISON SMITH - - Toronto, Ont.  
H. M. TURNER - - - - Toronto, Ont.  
CHARLES E. WILSON - - New York, N.Y.

EXECUTIVE OFFICERS

D. C. DURLAND, Chairman of the Board

H. M. TURNER, President

Vice-Presidents

J. C. MACFARLANE, K.C.

K. J. CORKERY

Comptroller

Treasurer

C. E. HIPP

B. Y. HADDY

Secretary

W. H. NESBITT

# CANADIAN GENERAL ELECTRIC COMPANY LIMITED

## HEAD OFFICE

212-218 KING STREET WEST, TORONTO, ONT.

## SALES OFFICES

|                      |                    |
|----------------------|--------------------|
| HALIFAX, N.S.        | NEW LISKEARD, ONT. |
| SYDNEY, N.S.         | TIMMINS, ONT.      |
| ST. JOHN, N.B.       | SUDBURY, ONT.      |
| CHICOUTIMI, QUE.     | FORT WILLIAM, ONT. |
| QUEBEC, QUE.         | WINNIPEG, MAN.     |
| TROIS RIVIERES, QUE. | BRANDON, MAN.      |
| MONTREAL, QUE.       | REGINA, SASK.      |
| SHERBROOKE, QUE.     | SASKATOON, SASK.   |
| NORANDA, QUE.        | CALGARY, ALTA.     |
| OTTAWA, ONT.         | EDMONTON, ALTA.    |
| TORONTO, ONT.        | LETHBRIDGE, ALTA.  |
| HAMILTON, ONT.       | TRAIL, B.C.        |
| ST. CATHARINES, ONT. | KELOWNA, B.C.      |
| LONDON, ONT.         | VANCOUVER, B.C.    |
| WINDSOR, ONT.        | VICTORIA, B.C.     |

## MANUFACTURING PLANTS

|                    |                    |
|--------------------|--------------------|
| PETERBOROUGH WORKS | PETERBOROUGH, ONT. |
| DAVENPORT WORKS    | TORONTO, ONT.      |
| WARD STREET WORKS  | TORONTO, ONT.      |
| LAMP WORKS         | TORONTO, ONT.      |
| VACUUM TUBE WORKS  | TORONTO, ONT.      |
| ROYCE WORKS        | TORONTO, ONT.      |
| CARBOLOY WORKS     | TORONTO, ONT.      |
| BARRIE WORKS       | BARRIE, ONT.       |
| COBOURG WORKS      | COBOURG, ONT.      |
| ROCKFIELD WORKS    | LACHINE, QUE.      |
| QUEBEC WORKS       | QUEBEC, QUE.       |



