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**CANADIAN
GENERAL  ELECTRIC
COMPANY
LIMITED**

**ANNUAL
REPORT
1946**

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PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

25 King Street West,
Toronto

February 28, 1947.

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, 1946, 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 acknowledgements from the custodians.

We have scrutinized the accounts and notes 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 dividends from subsidiary companies included in income for 1946 were in excess of the Company's share of the combined aggregate of the profits less losses of all subsidiaries by an amount of \$176,085.00.

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, 1946, 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

STATEMENT OF INCOME AND EARNED SURPLUS

YEAR ENDED DECEMBER 31, 1946

Income from operations, after deducting depreciation of \$1,504,563.10, salaries of officials and legal expenses of \$139,782.90, directors' fees of \$8,125.00 and adding \$150,000.00 to the general reserve.....	\$ 4,036,896.17
Income from investments.....	937,464.37
Profit from securities sold, less transfer to securities reserve.....	<u>37,145.00</u>
Net income for the year before providing for income and excess profits taxes.....	\$ 5,011,505.54
Provision for estimated income and excess profits taxes.....	<u>\$ 2,600,000.00</u>
Net income for the year.....	\$ 2,411,505.54
Earned surplus as of January 1, 1946.....	<u>12,654,626.66</u>
Earned surplus available for dividends.....	\$15,066,132.20
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, 1946....	<u><u>\$13,440,372.20</u></u>

CANADIAN GENERAL ELE
BALANCE SHEET

ASSETS

Current assets:

Cash on hand and in banks	\$ 1,377,195.67
Dominion Government bonds (quoted market value \$4,590,125.00)	4,500,000.00
Accounts and notes receivable, less reserve	6,055,278.57
Inventories at not exceeding the lower of cost or market value, as determined and certified to by the management, less reserve	18,383,844.28
	30,316,318.52
Less: Progress collections on contracts	2,949,860.72
Total current assets	\$27,366,457.80

Other assets:

Investment securities, less reserves	\$ 1,295,655.33
(Quoted market value \$2,274,276.50)	
Securities of subsidiary companies	645,581.31
Refundable portion of excess profits tax, estimated	1,690,000.00
Prepaid Expenses	129,613.11
Total other assets	\$ 3,760,849.75

Fixed assets:

Manufacturing plant, including land, buildings and machinery; head office and branch office properties; at cost	\$29,811,423.91
Less: Depreciation reserves	15,573,012.69
	\$14,238,411.22
Patents and franchise	1.00
Total fixed assets	\$14,238,412.22
	\$45,365,719.77

Signed on behalf of the Board:

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

CTRIG COMPANY, LIMITED

DECEMBER 31, 1946

LIABILITIES

Current liabilities:	
Accounts payable.....	\$ 3,876,203.73
Taxes payable, including provisions for estimated income and excess profits taxes.....	2,548,973.85
Sundry accrued charges.....	1,415,792.53
Dividend declared on preferred stock.....	28,750.00
Dividend declared on common stock.....	377,690.00
Total current liabilities.....	\$ 8,247,410.11
Mortgages payable.....	\$ 139,524.20
Due to War Assets Corporation (secured by re- fundable portion of excess profits tax).....	1,350,000.00
General reserve (including reserve for post-war adjustments and contingencies).....	\$10,446,163.26
Capital stock:	
Special Employees' Preferred:	
Authorized—50,000 shares, par value \$50.00 each (callable at par)	
Issued—46,000 shares.....	\$ 2,300,000.00
Common:	
Authorized and issued—188,845 shares, par value \$50.00 each.....	9,442,250.00
Total capital stock.....	\$11,742,250.00
Earned surplus as of December 31, 1946.....	\$13,440,372.20
	\$45,365,719.77

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

APRIL 7, 1947

The Directors submit herewith the Balance Sheet of your Company as of December 31, 1946, and Statement of Income and Earned Surplus, certified by the Company's auditors, Peat, Marwick, Mitchell & Co., Chartered Accountants.

Orders received during 1946 continued at a high level. A large volume of unfilled orders carried forward into the current year, together with a sustained demand for the Company's products, indicates a favorable outlook for production, providing an adequate supply of labor and materials is available. Sales billed were 12% greater than in the previous year, although production was retarded to some extent by shortages of materials.

Net income for the year, after deduction of all charges, including depreciation and income and excess profits taxes, amounted to \$2,411,506, as compared with \$2,181,049, an increase of \$230,457, or 10.6%. Earnings available for the common stock were equivalent to \$12.16 per share in 1946 and \$10.94 per share in 1945.

Dividends on the special employees' preferred stock, at the rate of 5% per annum, amounted to \$115,000. Dividends on the common stock at \$8.00 per share totaled \$1,510,760. Total dividends paid in 1946 were \$1,625,760, the same as in the previous year, and the sum of \$785,745 was added to earned surplus, making the balance in that account \$13,440,372 at December 31, 1946.

The Company has no funded debt or notes payable outstanding.

Current assets amounted to \$27,366,458 while current liabilities totaled \$8,247,410, the excess of current assets over current liabilities, or working capital, being \$19,119,048, a decrease of \$767,789.

Cash amounted to \$1,377,196, Government bonds \$4,500,000, and investments other than Government bonds \$1,295,655. These items aggregated \$7,172,851, a decrease of \$4,897,346. This decrease was due to higher inventories and receivables, and large capital expenditures. Accounts and notes receivable totaled \$6,055,279, an increase of \$1,857,514. Inventories amounted to \$18,383,844, an increase of \$3,714,025.

In accordance with the Company's established practice, Government bonds are carried in the Balance Sheet at the lower of amortized cost or market value, investment securities are carried at values not exceeding either cost or market, and securities of subsidiary companies are conservatively valued at \$645,581. Adequate reserves are provided for possible losses in receivables. Inventories are carried at an amount not exceeding the lower of cost or market value with appropriate provision for obsolescence and shrinkage in value.

An amount of \$1,350,000 has been assigned to War Assets Corporation out of the estimated refundable portion of excess profits tax, in payment of machine tools and other equipment purchased from them.

The sum of \$150,000 has been added to the general reserve, and the reserve for post-war adjustments and contingencies has been transferred to the general reserve, making the balance in that account \$10,446,163 at December 31, 1946.

An extensive programme of expansion and improvements in manufacturing plants and other properties has been well advanced. Capital expenditures in 1946 for these purposes amounted to \$5,310,340. The enlarged manufacturing facilities in existing plants and several additional plants have substantially increased productive capacity for the large variety of Company products. A fluorescent lamp factory is being erected in Oakville, Ontario, and a plant is under construction in Cobourg, Ontario, for the manufacture of plastics. Additional office and warehouse facilities for the sale and distribution of the Company's products have been acquired or are being erected in several localities.

In 1946 a further amount of \$600,000 was paid into the Canadian General Electric Pension Trust, making a total of \$4,155,000 paid into the Trust by the Company.

On December 31, 1946, the employees of the Company held 34,893 shares of the special employees' preferred stock, having a par value of \$1,744,650. An extra payment of 2% was made in 1946 to employees holding such shares under the employees' savings and investment plan, and a similar payment will be made in 1947.

No stock offerings under the employees' savings and investment plan have been made since 1941, in order to encourage the employees to invest their savings in Government Victory Bonds and War Savings Certificates. Employees' subscriptions for these war securities totaled \$11,030,640, and in 1946 the further sum of \$1,046,800 was subscribed by the employees for the new Canada Savings Bonds issued by the Government.

On December 31, 1946, 6,955 employees of the Company, representing over 87% of those eligible, were insured under the group life insurance plan. The total insurance was \$16,014,925, of which \$6,021,925 was under the policy paid for by the Company, and \$9,993,000 under the additional insurance plan paid for by the employees.

Your Directors record with profound sorrow the death of Mr. Morris W. Wilson, who had been a valued member of the Board since August 26, 1942.

Mr. Gordon C. Leitch of Toronto, Ont., was elected a Director on April 24, 1946 and Mr. Louis L. Lang of Kitchener, Ont., was elected a Director on November 29, 1946.

Mr. K. J. Corkery was appointed a Vice-President of the Company on August 30, 1946.

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

H. C. COX - - - - Toronto, Ont.
D. C. DURLAND - - - - Toronto, Ont.
L. L. LANG - - - - Kitchener, Ont.
G. C. 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.
HON. W. D. ROSS - - - - Toronto, Ont.
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. HIPPEL

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.
ROCKFIELD WORKS	LACHINE, QUE.



