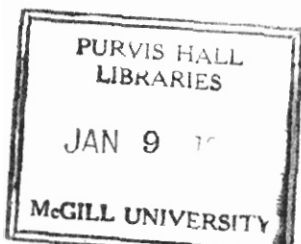


**CANADIAN
GENERAL  ELECTRIC
COMPANY
LIMITED**

**ANNUAL
REPORT
1935**



PRICE, WATERHOUSE & CO.

Royal Bank Building,
Toronto
March 11, 1936

To the Shareholders of the
Canadian General Electric Company, Limited.

We have made an examination of the Balance Sheet of Canadian General Electric Company, Limited, as at December 31, 1935, and of the statement of Income and Earned Surplus for the year ending on that date. In connection therewith we examined or tested accounting records and other supporting evidence and obtained all the information and explanations that we required; we also made a general review of the accounting methods but we did not make a detailed audit of the transactions.

The charges during the year to the property accounts represent only actual additions, extensions or permanent improvements and a provision of \$732,568.21 has been made from the operations of the year for depreciation of plants. The stocks of raw material, supplies, work in progress and manufactured products were taken in accordance with the Company's usual custom and have been certified to by responsible officials. The valuations have been accurately made on the basis of cost or market, whichever was lower, less reserves. Adequate provision has been made for doubtful accounts receivable and for all ascertainable liabilities. The investment securities and cash have been confirmed by certificates from the banks in which the securities are held in custody, or by actual inspection.

In accordance with section 114 of the Companies Act, 1934, we report that dividends received from subsidiary companies are included in income from investments and, in our opinion, such dividends in 1935 exceeded by \$47,335.77 the Company's share of the aggregate of profits and losses of all its subsidiaries. Earnings and losses of subsidiary companies are carried in the surplus or deficit accounts of the subsidiary companies.

We report that in our opinion, based upon such examination, the attached balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at December 31, 1935, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,
Auditors.

STATEMENT OF INCOME AND EARNED SURPLUS

YEAR ENDED DECEMBER 31, 1935

| | | |
|---|----------------|----------------|
| Income from operations, before deductions..... | \$1,228,660.67 | — |
| Income from investments..... | 1,005,290.62 | |
| Profit from securities sold..... | 395,622.25 | |
| | | \$2,629,573.54 |
| | | |
| Depreciation..... | \$ 732,568.21 | |
| Income taxes..... | 142,136.46 | |
| Salaries of officials and legal expenses..... | 137,008.73 | |
| Directors' fees..... | 21,835.00 | |
| | | 1,033,548.40 |
| | | |
| Net income for the year..... | | \$1,596,025.14 |
| | | |
| Earned surplus at January 1, 1935..... | | 6,010,392.95 |
| | | \$7,606,418.09 |
| | | |
| Premium on preference stock redeemed..... | 1,124,635.30 | |
| | | |
| Earned surplus available for dividends..... | | \$6,481,782.79 |
| | | |
| Dividends on preference stock.. | \$ 532,290.94 | |
| Dividends on common stock... | 566,535.00 | |
| | | 1,098,825.94 |
| | | |
| Earned surplus at December 31, 1935..... | | \$5,382,956.85 |

CANADIAN GENERAL ELECTRIC COMPANY, LIMITED
BALANCE SHEET, DECEMBER 31, 1935

ASSETS

Current assets:

| | |
|---|------------------------|
| Cash | \$ 1,050,870.43 |
| Government bonds | 6,841,229.17 |
| (Market value \$7,362,437.50) | |
| Accounts and notes receivable, less reserves | 1,857,993.10 |
| Inventories at the lower of cost or market value, less reserves | 5,121,987.24 |
| | \$14,872,079.94 |
| Less: Advance collections on contracts .. | 3,750,250.03 |
| Total current assets | \$11,121,829.91 |

Other assets:

| | |
|--|------------------------|
| Investment securities, less reserves | \$ 3,253,468.85 |
| (Market value \$3,766,341.96) | |
| Securities of subsidiary companies | 325,500.00 |
| Employees' savings plan | 33,120.50 |
| Prepaid expenses | 23,139.76 |
| Total other assets | \$ 3,635,229.11 |

Fixed assets:

| | |
|--|------------------------|
| Manufacturing plant including land, buildings and machinery; head office and branch office properties; at cost ... | \$16,244,152.31 |
| Less: Depreciation reserves | 7,424,268.80 |
| | \$ 8,819,933.51 |
| Patents and franchises | 1.00 |
| Total fixed assets | \$ 8,819,934.51 |
| | \$23,576,993.53 |

LIABILITIES AND CAPITAL

Current liabilities:

| | |
|--|---------------|
| Accounts payable | \$ 858,113.28 |
| Taxes payable | 158,229.42 |
| Dividend declared on preferred stock | 8,125.00 |
| Dividend declared on common stock | 141,633.75 |

Total current liabilities

\$ 1,166,101.45

Capital stock:

Special Employees' Preferred:

Authorized—50,000 shares, par value \$50.00 (callable at par).

Issued—26,000 shares

Common:

Authorized and issued—188,845 shares, par value \$50.00

Total capital stock

\$10,742,250.00

Earned surplus at December 31, 1935

\$ 5,382,956.85

\$23,576,993.53

A. E. DYMENT, Chairman of the Board.
D. C. DURLAND, President.

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 16, 1936

The Board of Directors submit herewith the Balance Sheet of your Company as of December 31, 1935, and Statement of Income and Earned Surplus, certified by the Company's auditors, Price, Waterhouse & Co., Chartered Accountants.

The volume of business for the year 1935 showed a moderate increase over the previous year. Sales and production were again confined principally to electric merchandise and household appliances, incandescent lamps and small apparatus.

Net profits for the year, after all charges including depreciation and income taxes, amounted to \$1,596,025.14 as compared with \$989,165.23 in 1934 and, after providing for dividends on the preference stock, were equivalent to \$5.63 per share on the common stock.

The Balance Sheet reflects changes made in the capital structure during the year. The Board of Directors voted to retire on November 15, 1935, the 171,155 shares of 7% preference stock of the Company, having a par value of \$8,557,750.00, at the call price of \$57.50 per share and accrued dividends. The cash required for this purpose was provided from current funds and the sale of Government bonds. On account of prevailing low interest rates the Company will effect a considerable saving by the retirement of this stock.

Under the Employees' Savings and Investment Plan, which has been in successful operation for the past nine years, employees purchased upon favorable terms shares of the 7% preference stock. In order to continue the plan after the redemption of the 7% preference stock, a new issue of 50,000 shares of 5% cumulative Special Employees' Preferred stock, having a par value of \$2,500,000.00 was authorized, for exclusive subscription by employees of the

Company, and \$1,300,000.00 of this stock was issued to replace a corresponding amount of the retired stock. The employees converted 93% of their holdings of the 7% preference stock into the new 5% Special Employees' Preferred stock.

The regular dividends were paid on the 7% preference stock up to November 15, 1935, the date of redemption, and a dividend for the half quarter ending December 31, 1935, at the rate of 5% per annum, was paid on the new Special Employees' Preferred shares. Preference dividends for the year aggregated \$532,290.94. Dividends at the rate of \$3.00 per share, amounting to \$566,535.00, or 6% upon the par value, were paid on the common stock. Total dividend disbursements for the year were \$1,098,825.94.

Current Assets amounted to \$11,121,829.91 while Current Liabilities totaled \$1,166,101.45. The excess of Current Assets over Current Liabilities, or working capital, amounted to \$9,955,728.46, a decrease of \$6,077,592.58 from December 31, 1934. Funds used for the redemption of the 7% preference stock resulted in a decrease in working capital.

The Company has no funded debt, notes payable, or other interest bearing obligations of any kind.

Cash amounted to \$1,050,870.43, Government Bonds totaled \$6,841,229.17 and Investments other than Government bonds amounted to \$3,578,968.85. These items aggregate \$11,471,068.45 as compared with \$17,629,108.66 at December 31, 1934, a decrease of \$6,158,040.21. Government bonds and investment securities are carried at values not exceeding cost or market. Securities of subsidiary companies are conservatively carried at \$325,500.00 and the dividends received during the year are included in "Income from Investments."

Accounts and Notes Receivable at \$1,857,993.10 show an increase of \$210,582.76 and adequate reserves are provided for possible losses.

Inventories, including installation work in progress, amounted to \$5,121,987.24, an increase of \$781,535.31

resulting from a larger volume of business. In accordance with the established practice of the Company, inventories have been taken into the Balance Sheet on the basis of cost or market value, whichever was the lower, and adequate reserves are maintained to provide for obsolescence and shrinkage in value.

The Company's manufacturing plants and other properties have been well maintained. Expenditures for additions were \$133,366.17 and depreciation for the year was \$732,568.21. There was a reduction of \$634,890.54 in the net book value of plants and other properties.

Your Directors deeply regret to record the decease, on March 10, 1936, of their esteemed colleague, Mr. J. H. Black.

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

By order of the Board of Directors.

A. E. DYMENT, Chairman.

D. C. DURLAND, President.

EXECUTIVE OFFICERS

A. E. DYMENT, Chairman of the Board D. C. DURLAND, President
STEPHEN HAAS, Vice-President J. J. ASHWORTH, General Manager
E. I. JENKING, Treasurer W. H. NESBITT, Secretary

BOARD OF DIRECTORS

A. E. DYMENT, CHAIRMAN OF THE BOARD.

DIRECTOR, ROYAL BANK OF CANADA.
DIRECTOR, CANADA & DOMINION SUGAR COMPANY, LIMITED.

D. C. DURLAND, PRESIDENT.

STEPHEN HAAS, VICE-PRESIDENT.

PRESIDENT, GEO. H. HEES, SON & COMPANY, LIMITED.
DIRECTOR, ROYAL BANK OF CANADA.

J. J. ASHWORTH, GENERAL MANAGER.

*J. H. BLACK.

DIRECTOR, CANADA NORTHERN POWER CORPORATION.
DIRECTOR, THE TRUSTS & GUARANTEE COMPANY, LIMITED.

H. C. COX.

CHAIRMAN, CANADA LIFE ASSURANCE COMPANY.
DIRECTOR, CANADIAN BANK OF COMMERCE.

SIR HERBERT HOLT.

CHAIRMAN, MONTREAL LIGHT, HEAT & POWER CONSOLIDATED.
CHAIRMAN, ROYAL BANK OF CANADA.

HON. F. B. McCURDY.

PRESIDENT, EASTERN TRUST COMPANY.
DIRECTOR, BANK OF NOVA SCOTIA.

R. S. McLAUGHLIN.

PRESIDENT, GENERAL MOTORS OF CANADA, LIMITED.
VICE-PRESIDENT, DOMINION BANK.

JAMES A. RICHARDSON.

PRESIDENT, JAMES RICHARDSON & SONS, LIMITED.
DIRECTOR, CANADIAN PACIFIC RAILWAY.

HON. W. D. ROSS.

DIRECTOR, BANK OF NOVA SCOTIA.
DIRECTOR, INTERNATIONAL POWER COMPANY.

G. HARRISON SMITH.

PRESIDENT, IMPERIAL OIL LIMITED.
DIRECTOR, ROYAL BANK OF CANADA.

JULIAN C. SMITH.

PRESIDENT, THE SHAWINIGAN WATER & POWER COMPANY, LIMITED.
PRESIDENT, MONTREAL TRAMWAYS COMPANY.

A. M. STEWART, K.C.

* Deceased, March 10, 1936.

**CANADIAN GENERAL ELECTRIC COMPANY
LIMITED**

HEAD OFFICE

212-218 KING STREET WEST, TORONTO, ONT.

BRANCH OFFICES

HALIFAX, N.S.
SYDNEY, N.S.
ST. JOHN, N.B.
MONTREAL, QUE.
QUEBEC, QUE.
OTTAWA, ONT.
HAMILTON, ONT.
LONDON, ONT.
WINDSOR, ONT.

NEW LISKEARD, ONT.
FORT WILLIAM, ONT.
WINNIPEG, MAN.
CALGARY, ALTA.
EDMONTON, ALTA.
REGINA, SASK.
SASKATOON, SASK.
NELSON, B.C.
VANCOUVER, B.C.

VICTORIA, B.C.

MANUFACTURING PLANTS

PETERBOROUGH WORKS
DAVENPORT WORKS
WARD STREET WORKS
EDISON MAZDA LAMP WORKS
VACUUM TUBE WORKS
ARCHITECTURAL BRONZE & IRON WORKS
ROCKFIELD WORKS

PETERBOROUGH, ONT.
TORONTO, ONT.
TORONTO, ONT.
TORONTO, ONT.
TORONTO, ONT.
TORONTO, ONT.
LACHINE, QUE.

