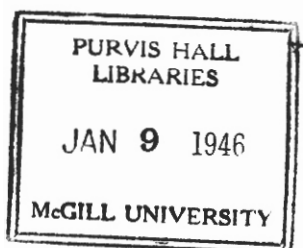


**CANADIAN
GENERAL  ELECTRIC
COMPANY
LIMITED**

**ANNUAL
REPORT
1937**



PRICE, WATERHOUSE & CO.

Royal Bank Building,
Toronto

March 10, 1938

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, 1937, 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 \$703,448.76 has been made during 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 or other custodians, or by actual inspection.

In accordance with Section 114 of the Companies Act, 1934, we report that the earnings of subsidiary companies for 1937 are reflected in the attached income statement only to the extent of dividends received and included in income from investments; such dividends were not in excess of the Company's share of the aggregate of the profits and losses of all subsidiaries. All amounts advanced during the year to those subsidiaries whose operations for 1937 resulted in losses, were written off.

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, 1937, 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, 1937

Income from operations, before deductions.....	\$3,388,773.79	
Income from investments.....	641,580.32	
Profit from securities sold.....	29,375.00	
	<u> </u>	\$4,059,729.11
Depreciation.....	\$ 703,448.76	
Income taxes.....	738,386.12	
Salaries of officials and legal expenses.....	169,723.91	
Directors' fees.....	16,960.00	
	<u> </u>	1,628,518.79
Net income for the year.....		\$2,431,210.32
Earned surplus at January 1, 1937.....		6,157,956.45
		<u> </u>
Earned surplus available for dividends.....		\$8,589,166.77
Dividends on preferred stock..	\$ 81,250.00	
Dividends on common stock...	1,133,070.00	
	<u> </u>	1,214,320.00
Earned surplus at December 31, 1937.....		<u><u>\$7,374,846.77</u></u>

CANADIAN GENERAL ELECTRIC COMPANY, LIMITED
BALANCE SHEET, DECEMBER 31, 1937

ASSETS	
Current assets:	
Cash	\$ 1,297,637.63
Government bonds..... (Market value \$7,726,837.50)	7,059,250.00
Accounts and notes receivable, less reserves	2,709,931.60
Inventories at the lower of cost or market value, less reserves.....	5,882,152.85
	\$16,948,972.08
Less: Advance collections on contracts..	1,137,570.67
Total current assets.....	\$15,811,401.41
 Other assets:	
Investment securities, less reserves..... (Market value \$4,102,918.40)	\$ 3,321,498.79
Securities of subsidiary companies.....	427,713.81
Employees' savings plan.....	182,791.50
Prepaid expenses.....	23,762.11
Total other assets.....	\$ 3,955,766.21
 Fixed assets:	
Manufacturing plant including land, buildings and machinery; head office and branch office properties; at cost...	\$16,330,014.42
Less: Depreciation reserves.....	7,843,194.11
	\$ 8,486,820.31
Patents and franchise.....	1.00
Total fixed assets.....	\$ 8,486,821.31
	\$28,253,988.93

LIABILITIES AND CAPITAL	
Current liabilities:	
Accounts payable.....	\$ 1,347,624.76
Taxes payable.....	962,064.15
Dividend declared on preferred stock.....	20,937.50
Dividend declared on common stock.....	283,267.50
	\$ 2,613,893.91
Total current liabilities.....	\$ 2,613,893.91
 General reserve.....	\$ 6,447,998.25
 Pension reserve.....	\$ 700,000.00
 Capital stock:	
Special Employees' Preferred:	
Authorized—50,000 shares, par value \$50.00 (callable at par).	
Issued—33,500 shares.....	\$ 1,675,000.00
 Common:	
Authorized and issued—188,845 shares, par value \$50.00.....	9,442,250.00
Total capital stock.....	\$11,117,250.00
Earned surplus at December 31, 1937.....	\$ 7,374,846.77
	\$28,253,988.93

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, 1938**

The Board of Directors submit herewith the Balance Sheet of your Company as of December 31, 1937, and Statement of Income and Earned Surplus, certified by the Company's Auditors, Price, Waterhouse & Co., Chartered Accountants.

Orders received and sales billed in 1937 were larger in volume than in 1936, all classes of the Company's products participating in the improvement.

Net profits for the year, after deduction of all charges including depreciation and income taxes, amounted to \$2,431,210.32, as compared with \$1,790,788.57 in 1936, an increase of \$640,421.75. After providing for dividends on the special employees' preferred stock, the net profits were equivalent to \$12.44 per share on the common stock.

Dividends on the special employees' preferred stock, at the rate of 5% per annum, amounted to \$81,250.00. Dividends on the common stock totaled \$1,133,070.00, being \$6.00 per share. Dividends for the year aggregated \$1,214,320.00, and the sum of \$1,216,890.32 was added to earned surplus, making the balance in that account \$7,374,846.77 at December 31, 1937.

Current assets amounted to \$15,811,401.41 while current liabilities totaled \$2,613,893.91. The excess of current assets over current liabilities, or working capital, amounted to \$13,197,507.50, an increase of \$1,572,777.36. The ratio of current assets to current liabilities was 6 to 1. The Company has no funded debt or notes payable.

Cash amounted to \$1,297,637.63, Government bonds totaled \$7,059,250.00 and investment securities amounted to \$3,321,498.79. These items aggregated \$11,678,386.42, as compared with \$11,821,451.78 at December 31, 1936, a decrease of \$143,065.36. Government bonds are carried in

the Balance Sheet at the lower of par or market value, investment securities are carried at values not exceeding either cost or market, and securities of subsidiary companies are conservatively valued at \$427,713.81.

Accounts and notes receivable, after adequate reserves for possible losses, amounted to \$2,709,931.60, an increase of \$520,604.31.

Inventories, including installation work in progress, amounted to \$5,882,152.85, an increase of \$1,112,476.75. In accordance with the established practice of the Company, inventories have been valued on the basis of cost or market, whichever was the lower, and appropriate reserves have been provided for obsolescence and shrinkage in value.

Capital expenditures in 1937 for additions and replacements at manufacturing plants, offices and warehouses amounted to \$742,785.00 and depreciation for the year was \$703,448.76. Net book value of plants and other properties at December 31, 1937, was \$8,486,820.31, an increase of \$17,162.43.

An amount of \$200,000.00 has been added to the reserve for employees' pensions, which now totals \$700,000.00.

An additional 4,000 shares of special employees' preferred stock were issued in 1937, making the total issued capital stock at December 31, 1937, \$11,117,250.00, an increase of \$200,000.00.

During the year 1937 the Company's employee benefit plans were extended and now include:—pensions, savings and investment, group life insurance and vacations with pay.

Pension payments during 1937 amounted to \$55,571.09, and the total disbursement since the inception of the plan has been \$382,899.53.

The Employees' Savings and Investment Plan affords the employees a convenient method of investing their savings in the special employees' preferred stock of the Company. The employees' holdings on December 31, 1937, amounted to 30,789 shares having a par value of

\$1,539,450.00. Since the plan has been in operation the employees have received \$820,445.32 in dividends and extra payments. An extra payment, equal to 2% of the par value of the shares held under the plan, was made for the year 1936, and will also be made for 1937. The employees will be given an opportunity to subscribe for additional stock on April 1, 1938.

Early in 1937 the Company introduced a Group Life Insurance Plan to provide insurance protection for the families of employees, under favourable terms. The plan is divided into two policies, one designated as Free Insurance, which is fully paid for by the Company, and the other as Additional Insurance, the cost of which is paid by the employees. The plan is available to all employees having one or more years of continuous service, and over 90% of the eligible employees subscribed. At the end of 1937 the subscribing employees were insured for \$7,129,500, of which \$3,887,300 was under the Free Insurance Plan and \$3,242,100 under the Additional Insurance Plan.

In 1937 the privilege of vacations with pay, which heretofore was confined to salaried employees, was extended to include hourly rated employees and piece workers who had completed two or more years of continuous service.

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

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 H. M. TURNER, Comptroller
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.
CHAIRMAN, GEO. H. HEES, SON & COMPANY, LIMITED.
DIRECTOR, ROYAL BANK OF CANADA.

J. J. ASHWORTH, GENERAL MANAGER.

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.
VICE-PRESIDENT, 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.

**CANADIAN GENERAL ELECTRIC COMPANY
LIMITED**

HEAD OFFICE

212-218 KING STREET WEST, TORONTO, ONT.

BRANCH OFFICES

HALIFAX, N.S.	FORT WILLIAM, ONT.
SYDNEY, N.S.	WINNIPEG, MAN.
ST. JOHN, N.B. •	CALGARY, ALTA.
MONTREAL, QUE.	EDMONTON, ALTA.
QUEBEC, QUE.	LETHBRIDGE, ALTA.
SHERBROOKE, QUE.	REGINA, SASK.
OTTAWA, ONT.	SASKATOON, SASK.
HAMILTON, ONT.	TRAIL, B.C.
LONDON, ONT.	NELSON, B.C.
WINDSOR, ONT.	KELOWNA, B.C.
NEW LISKEARD, ONT.	VANCOUVER, B.C.
SUDBURY, ONT.	VICTORIA, B.C.

MANUFACTURING PLANTS

PETERBOROUGH WORKS	PETERBOROUGH, ONT.
DAVENPORT WORKS	TORONTO, ONT.
WARD STREET WORKS	TORONTO, ONT.
EDISON MAZDA LAMP WORKS	TORONTO, ONT.
VACUUM TUBE WORKS	TORONTO, ONT.
ARCHITECTURAL BRONZE & IRON WORKS	TORONTO, ONT.
ROCKFIELD WORKS	LACHINE, QUE.

