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**CANADIAN  
GENERAL  ELECTRIC  
COMPANY  
LIMITED**

**ANNUAL  
REPORT  
1944**

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# PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

25 King Street West,

Toronto

February 21, 1945.

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, 1944, 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 we 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 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. The Department of Munitions and Supply has indicated a desire to renegotiate the profits attributable to war business; any additional refunds, however, resulting therefrom will be largely recoverable out of income and excess profits taxes paid or accrued.

In accordance with Section 114 of the Companies Act, 1934, we report that the earnings of subsidiary Companies for 1944 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, 1944, 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, 1944**

Income from operations, after deducting depreciation of \$1,115,211.12, salaries of officials and legal expenses of \$121,731.69, Directors' fees of \$7,500.00 and transferring \$300,000.00 to working reserves . . .	<b>\$ 6,937,949.37</b>
Income from investments . . . . .	458,401.20
Profit from securities sold less transfer to securities reserve . . . . .	24,206.25
Net income for the year before providing for income and excess profits taxes and transfer to reserve for post-war adjustments and contingencies . . . . .	<u>\$ 7,420,556.82</u>
Provision for estimated income and excess profits taxes . . . . .	\$ 5,300,000.00
Less: Post-war refund of excess profits taxes . . . . .	750,000.00
Transfer to reserve for post-war adjustments and contingencies . . . . .	750,000.00
	<u>\$ 5,300,000.00</u>
Net income for the year . . . . .	\$ 2,120,556.82
Earned surplus as of January 1, 1944 . . . . .	<u>11,604,540.84</u>
Earned surplus available for dividends . . . . .	\$13,725,097.66
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, 1944 . . . . .	<u><u>\$12,099,337.66</u></u>

CANADIAN GENERAL ELECTRIC COMPANY, LIMITED  
BALANCE SHEET DECEMBER 31, 1944

ASSETS

<b>Current assets:</b>	
Cash on hand and in banks.....	\$ 3,531,538.21
Dominion Government treasury bills.....	2,997,180.00
Dominion Government bonds.....	8,197,400.00
(Quoted market value \$8,218,650.00)	
Accounts and notes receivable, less reserve	6,316,216.88
Inventories at not exceeding the lower of cost or market value, as determined and certified to by the Management, less reserves.....	11,371,655.14
	<u>\$32,413,990.23</u>
Less: Progress collections on contracts....	2,305,189.24
<b>Total current assets.....</b>	<u><u>\$30,108,800.99</u></u>
<b>Other assets:</b>	
Investment securities, less reserves.....	\$ 1,702,454.85
(Quoted market value \$2,152,002.15)	
Securities of subsidiary companies.....	578,981.31
Post-war refund of excess profits tax, estimated.....	1,980,000.00
Prepaid expenses.....	64,015.87
<b>Total other assets.....</b>	<u><u>\$ 4,325,452.03</u></u>
<b>Fixed assets:</b>	
Manufacturing plant, including land, buildings and machinery; head office and branch office properties; at cost....	\$22,429,605.94
Less: Depreciation reserves.....	14,104,190.78
	<u>\$ 8,325,415.16</u>
Patents and franchise.....	1.00
<b>Total fixed assets.....</b>	<u><u>\$ 8,325,416.16</u></u>
	<u><u>\$42,759,669.18</u></u>

Signed on behalf of the Board:

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

LIABILITIES

<b>Current liabilities:</b>	
Accounts payable.....	\$ 3,101,395.45
Taxes payable, including provision for estimated income and excess profits taxes.....	3,610,773.84
Sundry accrued charges.....	1,227,045.77
Dividend declared on preferred stock.....	28,750.00
Dividend declared on common stock.....	377,690.00
<b>Total current liabilities.....</b>	<u><u>\$ 8,345,655.06</u></u>
<b>Reserve for post-war adjustments and con- tingencies.....</b>	<u><u>\$ 1,980,000.00</u></u>
<b>General reserve.....</b>	<u><u>\$ 8,592,426.46</u></u>
<b>Capital stock:</b>	
<b>Special Employees' Preferred:</b>	
Authorized—50,000 shares, par value \$50.00 each (callable at par.)	
Issued—46,000 shares.....	\$ 2,300,000.00
<b>Common:</b>	
Authorized and issued—188,845 shares, par value \$50.00 each.....	9,442,250.00
<b>Total capital stock.....</b>	<u><u>\$11,742,250.00</u></u>
<b>Earned surplus as of December 31, 1944.....</b>	<u><u>\$12,099,337.66</u></u>
	<u><u>\$42,759,669.18</u></u>

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 2, 1945

The Directors submit herewith the Balance Sheet of your Company as of December 31, 1944, 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 1944 was approximately the same as in the previous year, while sales billed were  $7\frac{1}{2}\%$  higher than in 1943.

Production for war purposes continued throughout the year. The Company has manufactured a great variety of war equipment and special devices in addition to electrical and mechanical apparatus and supplies essential in the operation of Canadian war plants.

Plans for the resumption of the Company's normal operations are well advanced, including expansion and modernization of manufacturing facilities to improve operating efficiency, quality of products and commercial services.

Net income for the year, after deduction of all charges including depreciation and income and excess profits taxes amounted to \$2,120,557, as compared with \$2,009,303 for the year 1943, an increase of \$111,254, or 5.5%.

Provision for estimated income and excess profits taxes was \$5,300,000, of which \$750,000 represented the post-war refundable portion. This amount was set aside as a reserve for post-war adjustments and contingencies, which added to the amount previously provided makes the total of such reserve \$1,980,000.

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 for the year were \$1,625,760, the same as in the previous year, and the sum of \$494,797 was added to Earned Surplus, making the balance in that account \$12,099,338 at December 31, 1944.

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

Total current assets were \$30,108,801, a decrease of \$266,662, while current liabilities totaled \$8,345,655, a decrease of \$1,490,470. The excess of current assets over current liabilities, or working capital, amounted to \$21,763,146, an increase for the year of \$1,223,808.

Cash, Dominion of Canada Treasury Bills, Government Bonds and Investment Securities held at the close of 1944 totaled \$16,428,573, an increase of \$2,175,549. Accounts and notes receivable totaled \$6,316,217, a decrease of \$1,005,170, and inventories amounted to \$11,371,655, a decrease of \$1,960,202.

In accordance with the Company's established practice, 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 \$578,981. Adequate reserves are provided for possible losses in receivables, and inventories are valued at an amount not exceeding the lower of cost or market value, with appropriate provision for obsolescence and shrinkage in value.

The Company's manufacturing plants and other properties have been maintained in excellent condition. During the year capital expenditures for additions and replacements amounted to \$1,076,057, and depreciation for the year was \$1,115,211.

In the year 1944 an amount of \$600,000 was paid into the Canadian General Electric Pension Trust, making a total of \$2,955,000 paid into this Trust by the Company.

Under the Company's group life insurance plan 89% of the employees at December 31, 1944, were carrying \$13,293,575 of life insurance.

On December 31, 1944, the employees of the Company held 37,717 shares of the Special Employees' 5% Preferred Stock, having a par value of \$1,885,850. An extra payment of 2% was made in 1944 to employees holding such shares under the Employees' Savings and Investment Plan. The annual offering of the special shares was suspended after

1940, in order to encourage the employees to invest their savings in Government Victory Bonds and War Savings Certificates.

During the war period the employees have subscribed an amount of \$6,381,450 for Victory Loan Bonds, and have purchased \$1,250,226 of War Savings Certificates and Stamps, a total of \$7,631,676.

Employees to the number of twenty-eight hundred and eleven have enlisted in the armed forces and we honour the memory of forty-four who have made the supreme sacrifice.

The Directors and Officers again take pleasure in 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 and President.

**CANADIAN GENERAL ELECTRIC COMPANY  
LIMITED**

**BOARD OF DIRECTORS**

H. C. COX	- - - - -	Toronto, Ont.
D. C. DURLAND	- - - - -	Toronto, Ont.
J. C. MACFARLANE, K.C.	-	Toronto, Ont.
HON. F. B. McCURDY	- -	Halifax, N.S.
R. S. McLAUGHLIN	- - -	Oshawa, Ont.
HON. W. D. ROSS	- - -	Toronto, Ont.
G. HARRISON SMITH	- -	Toronto, Ont.
GERARD SWOPE	- - - -	New York, N.Y.
H. M. TURNER	- - - -	Toronto, Ont.
MORRIS W. WILSON	- -	Montreal, Que.

**EXECUTIVE OFFICERS**

**D. C. DURLAND, Chairman and President**

**Vice-Presidents**

**H. M. TURNER**                      **J. C. MACFARLANE, K.C.**

**Comptroller**

**C. E. HIPP**

**Treasurer**

**E. I. JENKING**

**Secretary**

**W. H. NESBITT**



# 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.	REGINA, SASK.
QUEBEC, QUE.	SASKATOON, SASK.
MONTREAL, QUE.	CALGARY, ALTA.
SHERBROOKE, QUE. .	EDMONTON, ALTA.
OTTAWA, ONT.	LETHBRIDGE, ALTA.
HAMILTON, ONT.	TRAIL, B.C.
LONDON, ONT.	KELOWNA, B.C.
WINDSOR, ONT.	VANCOUVER, B.C.
NEW LISKEARD, ONT.	VICTORIA, B.C.
SUDBURY, ONT.	

## 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.
ROYCE AVENUE WORKS	TORONTO, ONT.
CARBOLOY WORKS	TORONTO, ONT.
ROCKFIELD WORKS	LACHINE, QUE.

