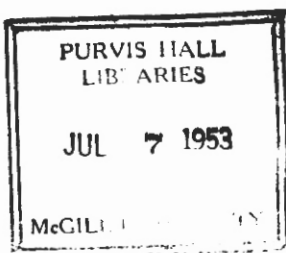


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**CANADIAN
GENERAL  ELECTRIC
COMPANY
LIMITED**

**ANNUAL
REPORT
1945**



PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

25 King Street West,

Toronto

March 21, 1946.

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, 1945, 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.

Renegotiation of war contracts with the Department of Munitions and Supply has been completed up to December 31, 1944. After taking into account refunds already provided for, the renegotiation resulted in a charge of \$853,269.00 to the reserve for post war adjustments and contingencies.

In accordance with Section 114 of the Companies Act, 1934, we report that the dividends received from subsidiary companies for 1945 were in excess of the Company's share of the combined aggregate of the profits less losses of all subsidiaries by an amount of \$376,167.00.

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, 1945, 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, 1945

| | |
|--|-------------------------------|
| Income from operations, after deducting depreciation of \$959,177.80, salaries of officials and legal expenses of \$121,575.59, Directors' fees of \$7,500.00 and adding \$102,005.80 to the general reserve | \$ 4,500,052.06 |
| Income from investments | 1,046,746.94 |
| Profit from securities sold less transfer to securities reserve | 34,250.00 |
| Net income for the year before providing for income and excess profits taxes and transfer to reserve for post-war adjustments and contingencies | \$ 5,581,049.00 |
| Provision for estimated income and excess profits taxes | \$ 3,400,000.00 |
| Less: Post-war refund of excess profits taxes | 475,000.00 |
| Transfer to reserve for post-war adjustments and contingencies | 475,000.00 |
| | <u>\$ 3,400,000.00</u> |
| Net income for the year | \$ 2,181,049.00 |
| Earned surplus as of January 1, 1945 | 12,099,337.66 |
| Earned surplus available for dividends | \$14,280,386.66 |
| 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, 1945 | <u><u>\$12,654,626.66</u></u> |

CANADIAN GENERAL ELECTRIC COMPANY, LIMITED
BALANCE SHEET
DECEMBER 31, 1945

ASSETS

Current assets:

| | |
|---|------------------------|
| Cash on hand and in banks | \$ 3,369,725.04 |
| Dominion Government bonds (quoted market value \$7,047,625.00) | 7,000,000.00 |
| Accounts and notes receivable, less reserve | 4,197,765.07 |
| Inventories at not exceeding the lower of cost or market value, as determined and certified to by the management, less reserves | 14,669,819.26 |
| | \$29,237,309.37 |
| Less: Progress collections on contracts .. | 2,247,252.51 |
| Total current assets | \$26,990,056.86 |

Other assets:

| | |
|--|------------------------|
| Investment securities, less reserves | \$ 1,700,471.58 |
| (Quoted market value \$2,741,212.18) | |
| Securities of subsidiary companies | 645,581.31 |
| Post-war refund of excess profits tax, estimated | 1,831,090.00 |
| Prepaid expenses | 59,493.24 |
| Total other assets | \$ 4,236,636.13 |

Fixed assets:

| | |
|--|------------------------|
| Manufacturing plant, including land, buildings and machinery; head office and branch office properties; at cost .. | \$25,090,908.05 |
| Less: Depreciation reserves | 14,521,341.91 |
| | \$10,569,566.14 |
| Patents and franchise | 1.00 |
| Total fixed assets | \$10,569,567.14 |
| | \$41,796,260.13 |

Signed on behalf of the Board:

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

LIABILITIES

Current liabilities:

| | |
|--|------------------------|
| Accounts payable | \$ 2,714,909.15 |
| Taxes payable, including provision for estimated income and excess profits taxes | 2,046,381.12 |
| Sundry accrued charges | 1,935,489.94 |
| Dividend declared on preferred stock | 28,750.00 |
| Dividend declared on common stock | 377,690.00 |
| Total current liabilities | \$ 7,103,220.21 |

| | |
|--|-----------------|
| Reserve for post-war adjustments and contingencies | \$ 1,601,731.00 |
|--|-----------------|

| | |
|-----------------------|-----------------|
| General reserve | \$ 8,694,432.26 |
|-----------------------|-----------------|

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, 1945 | \$12,654,626.66 |
|--|-----------------|

| | |
|--|------------------------|
| | \$41,796,260.13 |
|--|------------------------|

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 9, 1946

The Directors submit herewith the Balance Sheet of your Company as of December 31, 1945, and Statement of Income and Earned Surplus, certified by the Company's Auditors, Peat, Marwick, Mitchell & Co., Chartered Accountants.

Termination of war contracts followed the cessation of hostilities on the European and Pacific war fronts, resulting in a lower volume of business than in the preceding year. There was, however, an increasing demand for the Company's regular products, which is continuing into the year 1946. This greater demand, combined with large unfilled orders carried forward to the current year, ensures stable production providing adequate supplies of raw materials and components can be secured.

The reduction in sales, together with increased costs without a corresponding advance in selling prices, and the expenses of reconversion to peacetime production, adversely affected operating profits, but with the lower provision required for income and excess profits taxes, the net profit for 1945 was slightly higher than in 1944.

Net income for the year, after deduction of all charges, including depreciation and income and excess profits taxes, amounted to \$2,181,049, as compared with \$2,120,557, an increase of \$60,492. Depreciation charged against income was \$959,178.

Provision for estimated income and excess profits taxes was \$3,400,000, of which \$475,000 represented the post-war refundable portion. An equivalent amount was transferred to the reserve for post-war adjustments and contingencies. Renegotiation with the Government on an overall basis with respect to war contracts has been concluded to December 31, 1944, and the results incorporated in the 1945 balance sheet. An amount of \$853,269, representing adjustments in excess of amounts provided out of operating profits, was charged to the reserve for post-war adjustments and contingencies leaving a balance in this reserve of \$1,601,731.

Dividends of 5% on the Special Employees' Preferred Stock totaled \$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 \$555,289 was added to Earned Surplus making the balance in that account \$12,654,627 at December 31, 1945.

The Company has no funded debt or notes payable outstanding.

Current assets amounted to \$26,990,057, while current liabilities totaled \$7,103,220, the excess of current assets over current liabilities, or working capital, being \$19,886,837. Cash amounted to \$3,369,725, Government bonds \$7,000,000, and investments other than Government bonds \$1,700,472. These items aggregated \$12,070,197, a decrease of \$4,358,376 due to large capital expenditures for manufacturing buildings and equipment and increased inventories.

Inventories amounted to \$14,669,819, an increase of \$3,298,164. The increase in inventories is partly represented by costs accumulated on war contracts that have been held up or cancelled but not finally disposed of, and also by heavy purchases of raw materials and components required for the resumption of the manufacture of electrical apparatus and supplies for civilian requirements.

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, 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 manufacturing plants and other properties of the Company have been maintained in good physical and operating condition, and a program of reconversion to normal production has been well advanced. This program involves extensive rehabilitation and expansion of manufacturing facilities. The Company has purchased from the Government the modern factory buildings erected in Peterborough adjacent to the Company's plant, and operated by the Company during the war for the manufacture of war equipment. A new building with improved facilities and equipment for the manufacture of small motors has also been completed in Peterborough; a factory

has been built in Barrie, Ontario, for the manufacture of small electrical appliances; and an additional building is being erected at the Davenport Works in Toronto for the production of Glyptal synthetic resins used extensively as insulating varnishes and by the paint industry as a base for their products. Capital expenditures for all additions and replacements during the year totaled \$3,214,044.

On December 31, 1945, the employees of the Company held 36,167 shares of the Special Employees' 5% Preferred Stock, having a par value of \$1,808,350. An extra payment of 2% was made in 1945 to employees holding such shares under the Employees' Savings and Investment Plan.

A further amount of \$600,000 was paid into the Canadian General Electric Pension Trust, making a total of \$3,555,000 paid into this Trust by the Company.

Since the beginning of the war the employees have liberally subscribed for Victory Bonds to an amount of \$9,572,400, and have purchased \$1,385,625 of War Savings Certificates and Stamps, a total of \$10,958,025.

Under the Company's group life insurance plan 90% of the employees were carrying \$14,417,995 of life insurance at December 31, 1945. The Company has recently established a Group Disability Plan for employees covering sickness, hospitalization and surgical benefits.

Over twenty-nine hundred of our employees enlisted in the armed forces, and it is a great pleasure to welcome back a large number who have resumed their employment with the Company. With profound respect we honour the memory of eighty-three employees who made the supreme sacrifice.

Your Directors regret to record the resignation of Mr. Gerard Swope as a Director of the Company. Mr. Charles E. Wilson, President of the General Electric Company, and Mr. Philip D. Reed, Chairman of the Board of the General Electric Company, have been elected Directors of your Company.

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.
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.
MORRIS W. WILSON - - - - - Montreal, Que.

EXECUTIVE OFFICERS

D. C. DURLAND, Chairman and President

Vice-Presidents

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

Comptroller

Treasurer

C. E. HIPPIE

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. |
| THREE RIVERS, 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 AVENUE WORKS | TORONTO, ONT. |
| CARBOLOY WORKS | TORONTO, ONT. |
| BARRIE WORKS | BARRIE, ONT. |
| ROCKFIELD WORKS | LACHINE, QUE. |

