

on having performed a great achievement
of the C. & A.T.A.

The Rudge-Whitworth Report.

To say that the report of the Rudge-Whitworth, Ltd., fails to realise general anticipations may be quite true, but it would be unjust to suggest that the result can be described as disappointing from the point of view of the shareholders on that account. The directors cannot be held responsible for anticipations that have no other basis than pure conjecture. The net profits amount to £53,071 12s. 8d., as compared with £46,512 in 1905. The increase is not so great as was anticipated, in view of the statement freely published, that the Company had accomplished an output of seventy-five thousand bicycles during the past financial year, as against fifty thousand during 1905. The increase of £6,559 in the net profit falls far short of the proportion to be expected from the increase in the output, and the natural conclusion is that as the average profit per machine has fallen, either the productive cost or the selling cost has increased. The former is improbable, the latter exceedingly probable. The directors are entitled to point to these enhanced profits as justification of their freely condemned direct trading policy, but on the other hand, the balance sheets of what we choose to term the loyal concerns are revealing equally, and, in some instances, even more satisfactory evidence of the healthy demand that has prevailed. This proves that the R.W. Co. may have succeeded in tapping a fruitful source of trade without absorbing the class of business which flows through the agent to the manufacturers who continue to support him. A glance at the balance sheet should be sufficient to impress manufacturers generally with the stupendous nature of the burden which the policy of direct trading imposes upon those who adopt it. The sundry debtors item amounts to the appalling total of £148,694. Last year this item was £99,233, so that the increase is £49,461. This year the sum owing to sundry creditors is £135,556 as compared with £46,364, an increase of £89,192! The stock this year is valued at £104,983; last year it was £69,067. The bank balance is this year £8,076; last year it was £20,843, a reduction of £12,767. Thus we have an increase in stock of £35,916; in sundry debtors of £49,461, making a total of £85,377 against an increase owing to sundry creditors of £89,192, and a reduction in bank balance of £12,767, making a total of £101,959. There has been, however, an additional outlay of £48,072 on freehold property, and £12,890 on plant, machinery, fixtures, etc. This sum of over £60,000 has presumably been expended on the new factory, which is now in course of completion. As the debenture issue is only £16,500 it will be seen that the financial resources of the concern are ample. The sum available for appropriation, after adding the

amount brought forward from last year, is £67,714 15s. 1d., and this the directors propose to deal with as follows: dividends paid on preference shares, £4,731; to pay a dividend of ten per cent. on the ordinary shares £9,500; to add to the property reserve fund £10,000 (making this fund £20,000); to add to general reserve fund (making £100,000) £24,973, and to carry forward £18,510 15s. 1d. Thus only £14,231 of the total available is to be distributed amongst the shareholders, £53,483 being retained in the business. The balance sheet amply justifies the directors in their proposals, and the shareholders cannot complain of a ten per cent. return on their investment. It may happen, however, that the active operations at a high premium, which have taken place in the Company's shares during the past year, may have resulted in the importation of an element which is not disposed to be so reasonable as Rudge-Whitworth shareholders have hitherto been. The meeting takes place at the works, Coventry, on Monday next, at 11 a.m.

Joseph Lucas, Ltd.



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