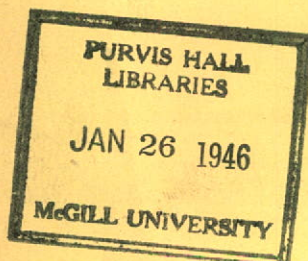


**DOMINION COAL COMPANY
LIMITED**

**ANNUAL REPORT
CONSOLIDATED BALANCE SHEET
AND
PROFIT AND LOSS ACCOUNT**

for the Year

1942



Dominion Coal Company, Limited

Executive and General Offices

CANADA CEMENT COMPANY BUILDING

Montreal, Que.

DIRECTORS

HON. C. P. BEAUBIEN

C. J. BURCHELL, K.C.

A. CROSS

D. W. FRASER

J. H. GUNDY

R. A. C. HENRY

A. N. JONES

H. J. KELLEY

JOS. A. KILPATRICK

C. B. LANG

GEO. H. MONTGOMERY, K.C.

M. W. McDONALD

DR. G. B. WATERHOUSE

COLIN WEBSTER

OFFICERS

A. CROSS, *President*

H. J. KELLEY, *First Vice-President and General Manager*

C. B. LANG, *Vice-President*

M. W. McDONALD, *Secretary and Treasurer*

W. A. DOIG, *Assistant Secretary*

Dominion Coal Company, Limited

Report of the Board of Directors to be submitted to the Shareholders at the Annual General Meeting on 10th June, 1943

Your Directors submit herewith the Balance Sheet of your Company as at 31st December, 1942, with relative Profit and Loss Account for the year, together with Certificate of the Auditors, Messrs. Price, Waterhouse and Company.

PROFIT AND LOSS ACCOUNT

The combined net profit from the operations of the Company, after payment of all charges, and after provision for depreciation and taxes, amounted to \$469,618.36, as compared with a loss of \$566,124.97, before providing for depreciation in the previous year.

The balance at credit of Surplus Account carried over from the previous year was \$450,431.97, to which has been added the profit for the year of \$469,618.36, leaving a balance at credit of Surplus Account at 31st December, 1942, of \$920,050.33.

BALANCE SHEET

Net additions to property and plant account during the year amounted to \$13,047.54. The reserve for depreciation stands at \$24,312,864.69, leaving the net value of property at \$23,722,349.62, as compared with \$24,745,159.15 at 31st December, 1941.

Capital liabilities were reduced in accordance with Sinking Fund requirements by the redemption of First Mortgage Serial 3½% Bonds amounting to \$500,000.00, Dominion Rolling Stock Equipment Bonds by \$212,000.00, and Preferred Stock by \$49,875.00.

Current working assets, including deferred charges, amounted to \$9,578,339.71 and current liabilities to \$5,795,420.73, the excess of current assets over current liabilities being \$3,782,918.98.

GENERAL

The sales of coal for the year amounted to 4,597,963 gross tons as compared with 4,665,126 gross tons in the previous year. During the year, 4,486,234 gross tons were mined from the collieries of the

Company, being 1,030,000 gross tons or 18% below capacity. This loss of production was occasioned by shortage of manpower.

All properties of your Company have been maintained in good condition.

The employees have made a substantial contribution to the war effort by subscribing up to date for Victory Bonds in an amount of \$1,218,150.00, and for War Savings Certificates of \$802,066.00.

Your directors desire to extend their appreciation of the loyal and efficient services of the official staff of the Company, and also to extend their best wishes to all employees on leave of absence now serving in His Majesty's Forces.

On behalf of the Board of Directors,

A. CROSS,
President.

Montreal, P.Q.,
May 5th, 1943.

Dominion Coal Company, Limited and Subsidiary Companies

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Dominion Coal Company Limited and its Subsidiary Companies for the year ending December 31, 1942, and have received all the information and explanations we have required. Provision has been made for Income and Excess Profits Taxes in an amount considered by the Directors to be adequate and this provision is subject to final determination by the Income Tax Department. On this basis we report that the attached Consolidated Balance Sheet as at December 31, 1942, in our opinion, is properly drawn up so as to show a true and correct view at that date of the combined affairs of Dominion Coal Company Limited and its Subsidiary Companies according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, P.Q.,
April 14, 1943.

Dominion Coal Company, Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1942

Profits from Operations and Miscellaneous Income after deducting Mining Costs, Selling and Administration Expenses and providing for Income and Excess Profits Taxes, but before charging Depreciation and Interest on Funded Debt.....		\$ 1,994,973.76
Provision for Depreciation.....		1,250,000.00
		\$ 744,973.76
 INTEREST ON FUNDED DEBT:		
Interest on First Mortgage Bonds of Dominion Coal Company Limited.....	\$ 233,125.00	
Interest on Serial Equipment Bonds of Dominion Rolling Stock Company Limited.....	42,230.40	275,355.40
		\$ 469,618.36
Profit for the year ending December 31, 1942.....		\$ 450,431.97
Surplus, December 31, 1941.....		450,431.97
Surplus December 31, 1942.....		\$ 920,050.33

**Dominion Coal
and Subsidiary
CONSOLIDATED BALANCE SHEET**

ASSETS

PROPERTIES:

At Cost as at December 31, 1941.....	\$ 48,022,166.77	
Additions during 1942 (net).....	13,047.54	
	\$ 48,035,214.31	
LESS: Reserve for Depreciation.....	24,312,864.69	
	\$ 23,722,349.62	

Cash in hands of Trustees for Bondholders 243,699.43

Employees' Victory Loan Subscriptions Receivable—Secured by
Dominion of Canada Bonds, which in turn have been pledged with
Bank as security for Special Loan..... 600,064.29

Inventories, as certified by the Management, valued at Cost or Market, whichever was the lower.....	\$ 2,430,798.72	
Trade Accounts Receivable, less Reserve.....	3,673,557.20	
Other Accounts Receivable, less Reserve.....	2,581,641.99	
Investments.....	354,300.00	
Cash in Banks and on Hand.....	267,285.07	
	9,307,582.98	

DEFERRED CHARGES:

Insurance and Other Expenses paid in Advance.....	\$ 270,756.73	
Discount on Bonds.....	166,659.43	
	437,416.16	

Submitted with our Report dated April 14, 1943.
PRICE, WATERHOUSE & Co.,
Auditors.

\$ 34,311,112.48

Company, Limited

Companies

AS AT DECEMBER 31, 1942

LIABILITIES

CAPITAL STOCK:

Common Stock—Authorized and Issued—		
480,000 shares of a par value of \$25.00 each (owned by Dominion Steel & Coal Corporation Limited).....	\$	12,000,000.00
6% Cumulative Sinking Fund Preferred Stock—		
Authorized—400,000 shares of a par value of \$25.00 each.....	\$	10,000,000.00
Issued—240,000 shares of a par value of \$25.00 each.....	\$	6,000,000.00
Less: Redeemed through Sinking Fund		553,525.00
217,859 shares outstanding.....		5,446,475.00
Preferred Dividend in Arrears		\$490,182.75

FUNDED AND MORTGAGE DEBT:

Dominion Coal Company Limited—		
First Mortgage Bonds:		
Authorized.....	\$	12,000,000.00
Outstanding—		
First Mortgage Serial Bonds 3½% Series "A" due October 1, 1943..	\$	500,000.00
First Mortgage 15 year Bonds 4½% Series "A" due October 1, 1952..		3,000,000.00
4½% First Mortgage Bonds, 1939 Series due 1952.....		1,500,000.00
	\$	5,000,000.00
Dominion Rolling Stock Company Limited—		
4% Serial Equipment Bonds, 1943-1945...	\$	78,000.00
4% Serial Equipment Bonds, 1943-1947...		340,000.00
4½% Serial Equipment Bonds, 1943-1947...		265,000.00
3½% Serial Equipment Bonds, 1943-1944...		130,000.00
4% Serial Equipment Bonds, 1945-1946...		130,000.00
		943,000.00
Special Bank Loan for Purchase of Victory Bonds for Employees (per Contra).....		5,943,000.00
Bank Loan (Secured under Sec. 88 of the Bank Act).....	\$	3,000,000.00
Accounts Payable and Accrued Liabilities.....		2,072,952.76
Wages Payable and Accrued.....		274,831.21
Bond Interest Accrued.....		64,046.25
		5,411,830.22
Balance payable to Associated Companies.....		383,590.51

RESERVES:

Renewals and Betterments, Contingencies and Other Operating Reserves.....		3,606,102.13
Earned Surplus, balance.....		920,050.33
		\$ 34,311,112.48

