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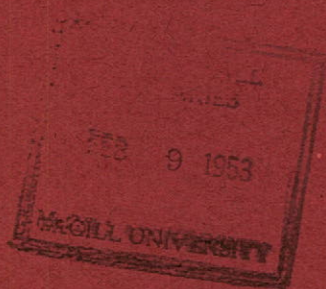
CANADIAN

Celanese

LIMITED

*A*nnual *R*eport

1949



DIRECTORS

SIR WILLIAM ALEXANDER
H. BLANCKE
W. McC. CAMERON
DR. CAMILLE DREYFUS
RT. HON. ARTHUR MEIGHEN

C. W. PALMER
A. SCHWARTZ
JOS. SIMARD
P. A. THOMSON
G. H. WHIGHAM

OFFICERS

G. H. WHIGHAM, *Chairman of Board of Directors*
DR. CAMILLE DREYFUS, *President*
C. W. PALMER, *Executive Vice-President*
W. ASHWORTH, *Vice-President*
A. G. ALLAN, *Secretary and Treasurer*

GENERAL OFFICES

1401 McGill College Avenue
Montreal, Que.

FACTORIES

Drummondville, Que.
Sorel, Que.

AUDITORS

MESSRS. P. S. ROSS & SONS
Montreal, Que.

DIRECTORS' REPORT

*To the Shareholders of
Canadian Celanese Limited:*

We take pleasure in presenting herewith the Annual Report of your Company for the year 1949.

The accompanying Balance Sheet and the related Statements of Income and Expenditure and Earned Surplus have been prepared on a comparative basis showing the position at December 31, 1949 and December 31, 1948, and the result of operations for the years 1949 and 1948. Also included are Statements of Special Surplus and Special Reserve as at December 31, 1949.

Net Profit for the year 1949 amounted to \$6,178,343.12 compared with \$5,283,809.57 for the year 1948.

Dominion, Provincial and Municipal taxes, paid or provided for and charged against income for 1949, amounted to \$4,459,896.28.

Expansion and improvement of the facilities at the Drummondville and Sorel plants continued during 1949. Total expenditures for plant and equipment during 1949 amounted to \$4,029,162.78 compared with \$3,205,230.49 during 1948.

As of July 1, 1949 the Company inaugurated a Retirement Income Plan for its employees. The cost of future service benefits under the Plan is borne partly by the employees and partly by the Company but the cost of past service benefits for those eligible is payable in its entirety by the Company. For the year 1949 the Company paid into the Trust Fund established under the Plan a total amount of \$587,737.00 of which \$246,731.00 was the first of ten instalments on account of past service benefits.

Dividends paid during 1949 amounted to \$2,724,535.80 of which \$1,924,535.80 was paid to Common Shareholders.

For the Board of Directors,

CAMILLE DREYFUS,
President.

February 21, 1950.

P. S. ROSS & SONS

360 ST. JAMES STREET WEST,
MONTREAL 1, QUE.

AUDITORS' REPORT TO THE SHAREHOLDERS

*Canadian Celanese Limited,
Montreal.*

We have examined the accompanying Balance Sheet of Canadian Celanese Limited as at December 31, 1949 and the related Statements of Income and Expenditure and Earned Surplus for the year ended on that date. In connection therewith we have examined or tested accounting records of the Company and other supporting evidence and have obtained all the information and explanations we have required.

In our opinion, the accompanying Balance Sheet and related Statements of Income and Expenditure and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the financial position of the Company as at December 31, 1949 and the result of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

P. S. ROSS & SONS,
Chartered Accountants.

February 17, 1950.

CANADIAN CEMENT
Comparative
as at December 31, 1949

	<u>ASSETS</u>	<u>1949</u>	<u>1948</u>
Current:			
Cash on Hand and in Banks		\$ 2,044,498.96	\$ 3,943,397.07
Government Bonds and Other Securities, at cost (approximate market value 1949, \$9,597,000.00; 1948, \$6,417,000.00)		8,359,100.00	5,393,600.00
Trade Debtors, less Reserve		2,542,472.51	1,989,740.01
Other Accounts Receivable and Accrued Interest		42,450.57	57,894.10
Refundable portion of the Excess Profits Tax for 1944, receivable in 1950; for 1943 received in 1949		367,363.77	430,515.11
Inventories of Raw Materials, Supplies, Work in Process and Finished Goods, as determined and certified by the Management and valued at cost or market, whichever was lower		5,059,360.83	4,385,386.89
		18,415,246.64	16,200,533.18
Deferred and Prepaid Charges:			
Unexpired Insurance and Taxes and other prepaid expenses		337,038.13	295,048.93
Debenture discount, premium and expenses, less amount amortized		353,908.54	389,257.30
		690,946.67	684,306.23
Securities held for Investment, valued at cost		108,185.63	108,185.63
Refundable portion of Excess Profits Tax, not due within 12 months		368,295.93	735,659.70
Fixed:			
Real Estate, Plant, Machinery and Equipment, at cost		29,334,658.20	25,330,422.39
Patents and Trade Marks		1,064,258.43	1,059,810.36
		\$49,981,591.50	\$44,118,917.49

Approved on behalf of the Board:

P. A. THOMSON, *Director.*

ARTHUR MEIGHEN, *Director.*

MANESE LIMITED

Balance Sheet

and December 31, 1948

<u>LIABILITIES</u>	<u>1949</u>	<u>1948</u>
Current:		
Accounts Payable and Accrued Liabilities	\$ 1,508,092.84	\$ 749,581.65
Dominion, Provincial and Municipal Taxes	2,093,698.77	1,764,209.39
Accrued Interest on Debentures	67,298.63	69,567.12
Instalment of 2¼% Debentures payable within 3 months	400,000.00	400,000.00
	<u>4,069,090.24</u>	<u>2,983,358.16</u>
Debentures Authorized and Issued:		
2¼% Serial Debentures maturing \$400,000.00 annually April 1, 1948 to 1952	2,000,000.00	2,000,000.00
Less: Instalments paid or payable within 3 months	1,200,000.00	800,000.00
	<u>800,000.00</u>	<u>1,200,000.00</u>
3% Debentures, due April 1, 1962	8,000,000.00	8,000,000.00
	<u>8,800,000.00</u>	<u>9,200,000.00</u>
Reserves:		
For Depreciation of Buildings, Machinery and Equipment	9,998,747.54	8,285,279.44
For Amortization of Patents	927,988.54	868,322.03
Special Reserve	250,000.00	300,000.00
	<u>11,176,736.08</u>	<u>9,453,601.47</u>
Capital Stock:		
Authorized —		
600,000 Preferred Shares, par value \$25.00 per share		
3,000,000 Common Shares, without par value		
Issued and Outstanding —		
400,000 Preferred Shares, \$1.75 Series (cumulative, redeemable)	10,000,000.00	10,000,000.00
100,000 Preferred Shares, \$1.00 Series (cumulative, redeemable)	2,500,000.00	2,500,000.00
1,241,636 Common Shares	1,219,045.00	1,219,045.00
Surplus Accounts:		
Distributable Surplus, set aside in 1936 in accordance with the provisions of sub-section 7 of Section 12 of The Companies Act, 1934	62,500.00	62,500.00
Special Surplus, being the refundable portion of the Excess Profits Tax not due within 12 months, per Statement attached	368,295.93	735,659.70
Earned Surplus, per Statement attached	11,785,924.25	7,964,753.16
	<u>\$49,981,591.50</u>	<u>\$44,118,917.49</u>

Submitted with our Report dated February 17, 1950.

P. S. Ross & Sons,
Chartered Accountants.

Montreal, Que.

CANADIAN CELANESE LIMITED

Comparative Statement of Earned Surplus for the two years ended December 31, 1949

	<i>Year ended December 31</i>	
	<u>1949</u>	<u>1948</u>
Earned Surplus at beginning of year	\$ 7,964,753.16	\$ 4,247,621.66
Deduct:		
Expenses incurred in connection with the subdivision of each Common Share into 4 such shares	—	13,357.18
	<u>7,964,753.16</u>	<u>4,234,264.48</u>
Add:		
Prior year adjustments —		
Inventory Reserve, less Excess Profits Tax thereon	—	57,800.00
Amount transferred from Special Surplus Account, being the refundable portion of the Excess Profits Tax due within 12 months	367,363.77	430,515.11
Net Profit for year transferred from Comparative Statement of Income and Expenditure	6,178,343.12	5,283,809.57
	<u>6,545,706.89</u>	<u>5,772,124.68</u>
	<u>14,510,460.05</u>	<u>10,006,389.16</u>
Deduct:		
Dividends Paid:		
Preferred Shares —		
\$1.75 Series	700,000.00	700,000.00
\$1.00 Series	100,000.00	100,000.00
Common Shares —		
\$1.55 per share in 1949 and \$1.00 per share in 1948	1,924,535.80	1,241,636.00
	<u>2,724,535.80</u>	<u>2,041,636.00</u>
Earned Surplus at end of year	<u>\$11,785,924.25</u>	<u>\$ 7,964,753.16</u>

Statement of Special Surplus (Refundable Portion of the Excess Profits Tax) as at December 31, 1949

Balance at credit January 1, 1949, being the refundable portion of the Excess Profits Tax for the years 1944 and 1945	\$ 735,659.70
Deduct:	
Amount transferred to Earned Surplus Account, being the refundable portion of the Excess Profits Tax for 1944, receivable in 1950	367,363.77
Balance at credit December 31, 1949, being the refundable portion of the Excess Profits Tax for the year 1945	<u>\$ 368,295.93</u>

CANADIAN CELANESE LIMITED

Comparative Statement of Income and Expenditure for the two years ended December 31, 1949

	<i>Year ended December 31</i>	
	<u>1949</u>	<u>1948</u>
Net Operating Income before taking up the items below	\$12,601,925.19	\$ 9,742,761.99
Income from Investments	237,868.99	216,047.02
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	12,839,794.18	9,958,809.01
 Deduct:		
Loss on Government Bonds redeemed	15,000.00	—
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	12,824,794.18	9,958,809.01
Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act	150,123.21	129,620.59
Fees of Directors not included above	12,120.00	12,021.54
Legal Fees	9,835.00	18,902.26
Depreciation of Plant, Machinery and Equipment	1,738,395.07	1,040,641.92
Amortization of Patents	9,666.51	10,232.87
Interest on Debentures	269,231.51	278,231.50
Amortization of Debenture discount, premium and expenses	35,348.76	35,348.76
Retirement Income Plan — portion of Past Service cost	246,731.00	—
Provision for Income Taxes	4,175,000.00	3,150,000.00
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	6,646,451.06	4,674,999.44
Net Profit for year transferred to Comparative Statement of Earned Surplus	<u>\$ 6,178,343.12</u>	<u>\$ 5,283,809.57</u>

Statement of Special Reserve as at December 31, 1949

Balance at credit January 1, 1949	\$ 300,000.00
 Deduct:	
Amount transferred to Reserve for Amortization of Patents	50,000.00
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Balance at credit December 31, 1949	<u>\$ 250,000.00</u>

