

C
Stack

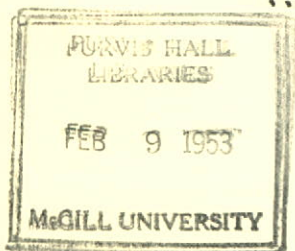
CANADIAN

Celanese

LIMITED

ANNUAL REPORT

1948



DIRECTORS

SIR WILLIAM ALEXANDER	C. W. PALMER
H. BLANCKE	A. SCHWARTZ
W. McC. CAMERON	JOS. SIMARD
DR. CAMILLE DREYFUS	P. A. THOMSON
RT. HON. ARTHUR MEIGHEN	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 1948.

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, 1948 and December 31, 1947, and the result of operations for the years 1948 and 1947. Also included are Statements of Special Surplus and Special Reserve as at December 31, 1948.

Net Profit for the year 1948 amounted to \$5,283,809.57 compared with \$3,025,461.94 for the year 1947.

Dominion, Provincial and Municipal taxes, paid or provided for and charged against income for 1948, amounted to \$3,409,834.99.

Expansion and improvement of the facilities at the Drummondville and Sorel plants continued during 1948. Total expenditures for plant and equipment during 1948 amounted to \$3,205,230.49 compared with \$3,771,582.67 during 1947.

At a Special General Meeting of Shareholders held on December 9, 1948, Special By-law "B" of the Company was sanctioned giving effect to the subdivision of the Common Shares on the basis of four for one so that the Company now has 3,000,000 Common Shares authorized of which 1,241,636 are presently issued and outstanding. Supplementary Letters Patent, confirming the Special By-law were granted under date of December 15, 1948 by the Secretary of State.

Dividends paid during 1948 amounted to \$2,041,636.00 of which \$1,241,636.00 was paid to Common Shareholders.

For the Board of Directors,

CAMILLE DREYFUS,

President.

February 24, 1949

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, 1948 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, but we have not made a detailed audit of the transactions.

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, 1948 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 14, 1949.

CANADIAN CEL
Comparative
as at December 31, 1948

<u>ASSETS</u>	<u>1948</u>	<u>1947</u>
Current:		
Cash on Hand and in Banks	\$ 3,943,397.07	\$ 4,574,575.27
Government Bonds and Other Securities, at cost (approximate market value 1948, \$6,417,000.00; 1947, \$6,398,000.00)	5,393,600.00	5,393,600.00
Trade Debtors, less Reserve	1,989,740.01	1,093,096.46
Other Accounts Receivable and Accrued Interest	57,894.10	37,666.04
Refundable portion of the Excess Profits Tax for 1943, receivable in 1949; for 1942 received in 1948	430,515.11	221,689.37
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	4,385,386.89	3,237,697.10
	16,200,533.18	14,558,324.24
Deferred and Prepaid Charges:		
Unexpired Insurance and Taxes and other prepaid expenses	295,048.93	225,692.19
Debenture discount, premium and expenses, less amount amortized	389,257.30	424,606.06
	684,306.23	650,298.25
Securities held for Investment, valued at cost	108,185.63	107,185.63
Refundable portion of Excess Profits Tax, not due within 12 months	735,659.70	1,166,174.81
Fixed:		
Real Estate, Plant, Machinery and Equipment, at cost	25,330,422.39	22,156,396.99
Patents and Trade Marks	1,059,810.36	1,054,302.37
	\$44,118,917.49	\$39,692,682.29

Note: Commitments made by the Company as at December 31, 1948 for the construction of Buildings and the purchase of Machinery and Equipment totalling approximately \$1,200,000.00 are not reflected in the above Balance Sheet.

Approved on behalf of the Board:

P. A. THOMSON, *Director.*

ARTHUR MEIGHEN, *Director.*

ANNESE LIMITED

Balance Sheet

and December 31, 1947

<u>LIABILITIES</u>	<u>1948</u>	<u>1947</u>
Current:		
Accounts Payable and Accrued Liabilities	\$ 749,581.65	\$ 739,263.86
Dominion, Provincial and Municipal Taxes	1,764,209.39	1,184,309.57
Accrued Interest on Debentures	69,567.12	71,835.62
Instalment of 2¼% Debentures payable within 3 months	400,000.00	400,000.00
	<hr/> 2,983,358.16	<hr/> 2,395,409.05
Debtures 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	800,000.00	400,000.00
	<hr/> 1,200,000.00	<hr/> 1,600,000.00
3% Debentures, due April 1, 1962	8,000,000.00	8,000,000.00
	<hr/> 9,200,000.00	<hr/> 9,600,000.00
Reserves:		
For Depreciation of Buildings, Machinery and Equipment	8,285,279.44	7,275,842.61
For Amortization of Patents	868,322.03	808,089.16
Special Reserve	300,000.00	350,000.00
Inventory Reserve	—	68,000.00
	<hr/> 9,453,601.47	<hr/> 8,501,931.77
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, 1948; 310,409 Common Shares, 1947	1,219,045.00	1,219,045.00
<i>Note:</i> In December 1948 each Common Share was subdivided into 4 such shares.		
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	735,659.70	1,166,174.81
Earned Surplus, per Statement attached	7,964,753.16	4,247,621.66
	<hr/> <hr/> \$44,118,917.49	<hr/> <hr/> \$39,692,682.29

Submitted with our Report dated February 14, 1949.

P. S. ROSS & SONS,
Chartered Accountants.

Montreal, Que.

CANADIAN CELANESE LIMITED

Comparative Statement of Earned Surplus for the two years ended December 31, 1948

	<i>Year ended December 31</i>	
	<i>1948</i>	<i>1947</i>
Earned Surplus at beginning of year	\$4,247,621.66	\$2,599,859.20
Deduct:		
Expenses incurred in connection with the subdivision of each Common Share into 4 such shares	13,357.18	—
Additional expenses in connection with the redemption of Income Funding Rights in 1946	—	2,123.01
Expenses incurred in connection with the issue of Preferred Shares, \$1.00 Series, in 1947	—	70,855.12
	13,357.18	72,978.13
	4,234,264.48	2,526,881.07
Add:		
Prior year adjustments—		
Inventory Reserve, less Excess Profits Tax thereon	57,800.00	—
Income and Excess Profits Taxes \$107,214.03, less Municipal Taxes, \$5,000.00	—	102,214.03
Amount transferred from Special Surplus Account, being the refundable portion of the Excess Profits Tax due within 12 months	430,515.11	221,689.37
Net Profit for year transferred from Comparative Statement of Income and Expenditure	5,283,809.57	3,025,461.94
	5,772,124.68	3,349,365.34
	10,006,389.16	5,876,246.41
Deduct:		
Dividends Paid:		
Preferred Shares—		
\$1.75 Series, for the year 1948; 1947	700,000.00	700,000.00
\$1.00 Series, for the year 1948; for 9 months of 1947	100,000.00	75,000.00
Common Shares—		
\$4.00 per share in 1948 and \$2.75 per share in 1947, on shares prior to subdivision	1,241,636.00	853,624.75
	2,041,636.00	1,628,624.75
Earned Surplus at end of year	\$7,964,753.16	\$4,247,621.66

CANADIAN CELANESE LIMITED

Comparative Statement of Income and Expenditure for the two years ended December 31, 1948

	<i>Year ended December 31</i>	
	<u>1948</u>	<u>1947</u>
Net Operating Profit before taking up the items below	\$9,742,761.99	\$6,631,209.50
Income from Investments	216,047.02	149,568.53
Profit on Investment Securities sold	—	27,660.00
	<u>9,958,809.01</u>	<u>6,808,438.03</u>
Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act	129,620.59	152,273.51
Fees of Directors not included above	12,021.54	13,000.00
Legal Fees	18,902.26	19,200.00
Depreciation of Plant, Machinery and Equipment	1,040,641.92	712,591.12
Amortization of Patents	10,232.87	12,187.19
Interest on Debentures	278,231.50	272,852.63
Amortization of Debenture discount, premium and expenses	35,348.76	28,871.64
Inventory Reserve	—	17,000.00
Provision for Income Taxes	3,150,000.00	2,555,000.00
	<u>4,674,999.44</u>	<u>3,782,976.09</u>
Net Profit for year transferred to Comparative Statement of Earned Surplus	<u>\$5,283,809.57</u>	<u>\$3,025,461.94</u>

Statement of Special Reserve as at December 31, 1948

Balance at credit January 1, 1948	\$ 350,000.00
Deduct:	
Amount transferred to Reserve for Amortization of Patents	50,000.00
Balance at credit December 31, 1948	<u>\$ 300,000.00</u>

Statement of Special Surplus (Refundable Portion of the Excess Profits Tax) as at December 31, 1948

Balance at credit January 1, 1948, being the refundable portion of the Excess Profits Tax for the years 1943 to 1945	\$1,166,174.81
Deduct:	
Amount transferred to Earned Surplus Account, being the refundable portion of the Excess Profits Tax for 1943, receivable in 1949	430,515.11
Balance at credit December 31, 1948, being the refundable portion of the Excess Profits Tax for the years 1944 and 1945	<u>\$ 735,659.70</u>

