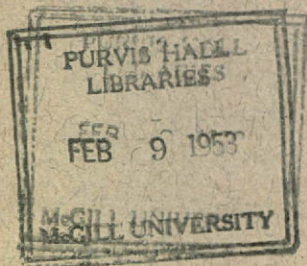


CANADIAN

*Celanese*

LIMITED

ANNUAL REPORT



1947



DIRECTORS

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

FINANCE AND EXECUTIVE COMMITTEE

DR. CAMILLE DREYFUS	C. W. PALMER
W. McC. CAMERON	H. BLANCKE

OFFICERS

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

GENERAL OFFICES

1401 McGill College Avenue  
Montreal, P.Q.

FACTORIES

Drummondville, P.Q.  
Sorel, P.Q.

AUDITORS

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

## DIRECTORS' REPORT

*To the Shareholders of  
Canadian Celanese Limited:*

We take pleasure in presenting herewith the Annual Report of your Company for the year 1947.

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, 1947 and December 31, 1946, and the result of operations for the years 1947 and 1946. Also included are Statements of Special Surplus and Special Reserve as at December 31, 1947.

Net Profit for the year 1947 amounted to \$3,025,461.94 compared with \$1,972,310.45 for the year 1946.

Dominion, Provincial and Municipal taxes, paid or provided for and charged against income for 1947, amounted to \$2,794,460.95.

Initial operations were commenced at the Company's new plant at Sorel, P.Q., toward the end of 1947. Expansion and improvement of the facilities at the Drummondville plant continued during 1947. Total expenditures for plant and equipment during 1947 amounted to \$3,771,582.67 compared with \$2,594,663.94 during 1946.

In April, 1947, your Company sold \$2,000,000 of 2¼% Serial Debentures and \$8,000,000 of 3% Debentures. In addition, 100,000 Preferred Shares, \$1.00 Series, were issued. The proceeds were used partly to redeem the outstanding \$5,000,000 principal amount of 3½% Debentures due 1959.

Dividends paid during 1947 amounted to \$1,628,624.75, of which \$853,624.75 was paid to Common Shareholders.

For the Board of Directors,

CAMILLE DREYFUS,

*President.*

*March 2, 1948*

**P. S. ROSS & SONS**

ROYAL BANK BUILDING,  
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, 1947 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, 1947 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 19, 1948.*

**CANADIAN CEL**  
**Comparative**  
**as at December 31, 1947**

<u>ASSETS</u>	<u>1947</u>	<u>1946</u>
Current:		
Cash on Hand and in Banks . . . . .	\$ 4,574,575.27	\$ 894,516.84
Government Bonds and Other Securities, at cost (approximate market value 1947, \$6,398,000.00; 1946, \$4,994,000.00) . . . . .	5,393,600.00	4,139,378.15
Trade Debtors, less Reserve . . . . .	1,093,096.46	1,081,811.62
Other Accounts Receivable and Accrued Interest . . . . .	37,666.04	33,864.28
Refundable portion of the Excess Profits Tax for 1942, receivable in 1948 . . . . .	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 . . . . .	3,237,697.10	2,243,799.03
	14,558,324.24	8,393,369.92
Deferred and Prepaid Charges:		
Unexpired Insurance and Taxes and other prepaid expenses . . . . .	225,692.19	179,079.92
Debtenture discount, premium and expenses, less amount amortized . . . . .	424,606.06	119,489.85
	650,298.25	298,569.77
Securities held for Investment, valued at cost . . . . .	107,185.63	107,185.63
Refundable portion of Excess Profits Tax, not due within 12 months . . . . .	1,166,174.81	1,398,385.00
Fixed:		
Real Estate, Plant, Machinery and Equipment, at cost . . . . .	22,156,396.99	18,385,986.90
Patents and Trade Marks . . . . .	1,054,302.37	1,044,517.85
	\$39,692,682.29	\$29,628,015.07

*Note:* Commitments made by the Company as at December 31, 1947 for the construction of Buildings and the purchase of Machinery and Equipment totalling approximately \$2,100,000.00 are not reflected in the above Balance Sheet.

Approved on behalf of the Board:

A. SCHWARTZ, *Director*.

C. W. PALMER, *Director*.

# ANNESE LIMITED

## Balance Sheet

and December 31, 1946

<u>LIABILITIES</u>	<u>1947</u>	<u>1946</u>
Current:		
Accounts Payable and Accrued Liabilities . . . . .	\$ 739,263.86	\$ 557,160.13
Dominion, Provincial and Municipal Taxes . . . . .	1,184,309.57	971,006.82
Accrued Interest on Debentures . . . . .	71,835.62	58,732.88
Instalment of 2¼% Debentures payable April 1, 1948 . . . . .	400,000.00	—
	<u>2,395,409.05</u>	<u>1,586,899.83</u>
Debtures Authorized and Issued:		
2¼% Serial Debtures maturing \$400,000.00 annually April 1, 1948 to 1952 . . . . .	2,000,000.00	
Less: Instalment payable April 1, 1948 . . . . .	400,000.00	
	<u>1,600,000.00</u>	
3% Debtures, due April 1, 1962 . . . . .	8,000,000.00	
3½% Debtures, due September 1, 1959, redeemed in 1947 . . . . .	—	5,000,000.00
	<u>9,600,000.00</u>	<u>5,000,000.00</u>
Reserves:		
For Depreciation of Buildings, Machinery and Equipment . . . . .	7,275,842.61	6,564,424.07
For Amortization of Patents . . . . .	808,089.16	745,901.97
Special Reserve . . . . .	350,000.00	400,000.00
Inventory Reserve . . . . .	68,000.00	51,000.00
	<u>8,501,931.77</u>	<u>7,761,326.04</u>
Capital Stock:		
Authorized—		
600,000 Preferred Shares, par value \$25.00 per share		
750,000 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), issued April 1, 1947 for cash . . . . .	2,500,000.00	—
310,409 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 . . . . .	1,166,174.81	1,398,385.00
Earned Surplus, per Statement attached . . . . .	4,247,621.66	2,599,859.20
	<u>\$39,692,682.29</u>	<u>\$29,628,015.07</u>

Submitted with our Report dated February 19, 1948.

P. S. ROSS & SONS,  
Chartered Accountants.

*Montreal, Que.*

## CANADIAN CELANESE LIMITED

### Comparative Statement of Earned Surplus for the two years ended December 31, 1947

	<i>Year ended December 31</i>	
	<u>1947</u>	<u>1946</u>
Earned Surplus at beginning of year . . . . .	\$2,599,859.20	\$3,470,675.33
<b>Deduct:</b>		
Net cost of redemption of Income Funding Rights on December 30, 1946 . . . . .	2,123.01	1,365,769.12
Net amount refunded to the Government following renegotiation of the Company's war contracts . . . . .	—	1,334.96
Expenses incurred in connection with the issue of Preferred Shares, \$1.00 Series, in 1947 . . . . .	70,855.12	—
	72,978.13	1,367,104.08
	2,526,881.07	2,103,571.25
<b>Add:</b>		
Prior year adjustments—		
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 for 1942, receivable in 1948 . . . . .	221,689.37	—
Net Profit for year transferred from Comparative Statement of Income and Expenditure . . . . .	3,025,461.94	1,972,310.45
	3,349,365.34	1,972,310.45
	5,876,246.41	4,075,881.70
<b>Deduct:</b>		
Dividends Paid:		
Preferred Shares—		
\$1.75 Series, for the year ended December 31 . . . . .	700,000.00	700,000.00
\$1.00 Series, for the nine months ended December 31, 1947 . . . . .	75,000.00	—
Common Shares—		
\$2.75 per share in 1947 and \$2.50 per share in 1946 . . . . .	853,624.75	776,022.50
	1,628,624.75	1,476,022.50
Earned Surplus at end of year . . . . .	\$4,247,621.66	\$2,599,859.20

#### Statement of Special Surplus (Refundable Portion of the Excess Profits Tax) as at December 31, 1947

Balance at credit January 1, 1947, being the refundable portion of the Excess Profits Tax for the years 1942 to 1945 . . . . .		\$1,398,385.00
<b>Deduct:</b>		
Decrease in above amount following assessment of the Company's tax returns to December 31, 1945 . . . . .	\$ 10,520.82	
Amount transferred to Earned Surplus Account, being the refundable portion of the Excess Profits Tax for 1942, receivable in 1948 . . . . .	221,689.37	232,210.19
Balance at credit December 31, 1947, being the refundable portion of the Excess Profits Tax for the years 1943 to 1945 . . . . .		\$1,166,174.81



## CANADIAN CELANESE LIMITED

### Comparative Statement of Income and Expenditure for the two years ended December 31, 1947

	<i>Year ended December 31</i>	
	<u>1947</u>	<u>1946</u>
Net Operating Profit before taking up the items below . . . . .	\$6,631,209.50	\$4,579,722.65
Income from Investments . . . . .	149,568.53	178,996.35
Profit on Investment Securities sold . . . . .	27,660.00	46,250.00
	<hr/>	<hr/>
	6,808,438.03	4,804,969.00
	<hr/>	<hr/>
Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act . . . . .	152,273.51	129,546.55
Fees of Directors not included above . . . . .	13,000.00	12,591.54
Legal Fees . . . . .	19,200.00	20,160.00
Depreciation of Plant, Machinery and Equipment . . . . .	712,591.12	610,250.04
Amortization of Patents . . . . .	12,187.19	12,606.02
Interest on Debentures . . . . .	272,852.63	175,000.00
Amortization of Debenture discount, premium and expenses . . . . .	28,871.64	9,433.40
Inventory Reserve . . . . .	17,000.00	8,000.00
Interest on Income Funding Rights . . . . .	—	55,071.00
Provision for Income Taxes and Excess Profits Tax . . . . .	2,555,000.00	1,800,000.00
	<hr/>	<hr/>
	3,782,976.09	2,832,658.55
	<hr/>	<hr/>
Net Profit for year transferred to Comparative Statement of Earned Surplus . . . . .	<u>\$3,025,461.94</u>	<u>\$1,972,310.45</u>

#### Statement of Special Reserve as at December 31, 1947

Balance at credit January 1, 1947 . . . . .	\$ 400,000.00
Deduct:	
Amount transferred to Reserve for Amortization of Patents . . . . .	50,000.00
Balance at credit December 31, 1947 . . . . .	<u>\$ 350,000.00</u>





