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CANADIAN CELANESE LIMITED

*Annual
Report*

1946

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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

P. A. THOMSON (<i>Chairman</i>)	DR. CAMILLE DREYFUS
G. H. WHIGHAM	W. MCC. CAMERON
C. W. PALMER	

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.

FACTORY

Drummondville
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 1946.

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, 1946 and December 31, 1945, and the result of its operations for the years 1946 and 1945. Also included are Statements of Special Surplus and Special Reserve as at December 31, 1946.

Net Profit for the year 1946 transferred to Earned Surplus amounted to \$1,972,310.45 compared with \$1,267,531.89 for the year 1945.

Dominion, Provincial and Municipal taxes, paid or provided for and charged against income for 1946 amounted to \$1,957,647.04.

During the latter part of 1946 your Company purchased a plant site of approximately 114 acres at Sorel, P.Q., on which it is now constructing a plant which will substantially increase your Company's production. Expansion and improvement of the facilities at the Drummondville plant continued during 1946. Total Capital Expenditures for plant and equipment during 1946 amounted to \$2,594,663.94 compared with \$1,225,532.46 during 1945.

On December 30, 1946 all of the outstanding Income Funding Rights of the Company were redeemed resulting in a charge to earned surplus of \$1,365,769.12.

Dividends paid during 1946 amounted to \$1,476,022.50 of which \$776,022.50 was paid to Common Shareholders.

For the Board of Directors,

CAMILLE DREYFUS,

President.

February 27, 1947

P. S. ROSS & SONS

ROYAL BANK BUILDING,
MONTREAL, 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, 1946 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, 1946 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 21, 1947.

CANADIAN CEL
Comparative
as at December 31, 1946

<u>ASSETS</u>	<u>1946</u>	<u>1945</u>
Current:		
Cash on Hand and in Banks	\$ 894,516.84	\$ 3,869,892.71
Government Bonds and Other Securities, at cost (approximate market value 1946, \$4,994,000.00; 1945, \$6,121,000.00)	4,139,378.15	4,961,378.15
Trade Debtors, less Reserve	1,081,811.62	959,970.80
Other Accounts Receivable and Accrued Interest	33,864.28	28,961.10
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.	2,243,799.03	1,895,275.42
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	8,393,369.92	11,715,478.18
Deferred and Prepaid Charges:		
Unexpired Insurance and Taxes	176,131.12	169,620.73
Expenses applicable to future operations	2,948.80	1,464.31
Cost of Income Funding Rights purchased in anticipation of Sinking Fund requirements	—	65,130.12
Debenture discount and expenses, less amount amortized	119,489.85	128,923.25
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	298,569.77	365,138.41
Securities held for Investment, valued at cost	107,185.63	107,185.63
Refundable portion of Excess Profits Tax	1,398,385.00	1,411,000.00
Fixed:		
Real Estate, Plant, Machinery and Equipment, at cost	18,385,986.90	15,869,541.16
Patents and Trade Marks	1,044,517.85	1,035,557.61
Special Fund re Income Funding Rights, as per contra	—	367,200.00
Assets held for Special Fund:	<u>1946</u>	<u>1945</u>
Government Bonds at cost (market value \$180,000.00)	—	\$178,000.00
Income Funding Rights valued at \$25.00 per Right—7,568 Rights	—	189,200.00
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	—	\$367,200.00
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	\$29,628,015.07	\$30,871,100.99

Note: Commitments made by the Company as at December 31, 1946 for the construction of Buildings and the purchase of Machinery and Equipment totalling approximately \$3,000,000.00 are not reflected in the above Balance Sheet.

Approved on behalf of the Board:
P. A. THOMSON, *Director.*
A. SCHWARTZ, *Director.*

MANESE LIMITED

Balance Sheet

and December 31, 1945

<u>LIABILITIES</u>	<u>1946</u>	<u>1945</u>
Current:		
Accounts Payable and Accrued Liabilities	\$ 557,160.13	\$ 564,182.39
Dominion and Provincial Taxes	971,006.82	1,449,866.21
Interest on Income Funding Rights	—	59,202.00
Accrued Interest on Debentures	58,732.88	58,732.88
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	1,586,899.83	2,131,983.48
 3½% Debentures due September 1, 1959		
Authorized and Issued	5,000,000.00	5,000,000.00
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Reserves:		
For Depreciation of Buildings, Machinery and Equipment	6,564,424.07	6,032,392.23
For Amortization of Patents	745,901.97	683,295.95
Special Reserve	400,000.00	450,000.00
Inventory Reserve	51,000.00	43,000.00
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	7,761,326.04	7,208,688.18
 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
310,409 Common Shares	1,219,045.00	1,219,045.00
 Income Funding Rights having the attributes set forth in Special By-Law "A":		
	<u>1946</u>	<u>1945</u>
Number of Rights outstanding at December 31	—	59,202
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(On December 30, 1946 all outstanding Income Funding Rights were redeemed)		
 Balance of Sinking Fund re Income Funding Rights set aside in accord- ance with the provisions of Clause 3 of Special By-Law "A"	—	9.00
 Special Fund re Income Funding Rights, as per contra, set aside in accordance with the provisions of Clause 5 of Special By-Law "A"	—	367,200.00
 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	1,398,385.00	1,411,000.00
Earned Surplus, per Statement attached	2,599,859.20	3,470,675.33
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	\$29,628,015.07	\$30,871,100.99
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Submitted with our Report dated February 21, 1947.

P. S. ROSS & SONS,
Chartered Accountants.

Montreal, Que.

CANADIAN CELANESE LIMITED

Comparative Statement of Earned Surplus for the two years ended December 31, 1946

	<i>Year ended December 31</i>	
	<i>1946</i>	<i>1945</i>
Earned Surplus at beginning of year	\$3,470,675.33	\$3,614,277.15
Deduct:		
Transfer to Capital Stock of an amount equivalent to \$1.00 per share on 50,000 shares of Common Stock issued under the terms of the Compromise or Arrangement of July 10, 1945	—	50,000.00
Expenses incurred in connection with changes in Capital Stock	—	33,315.71
Net cost of redemption of Income Funding Rights on December 30, 1946	1,365,769.12	—
Net amount refunded to the Government following renegotiation of the Company's war contracts	1,334.96	—
	1,367,104.08	83,315.71
	2,103,571.25	3,530,961.44
Add:		
Balance of Net Profit for year transferred from Comparative Statement of Income and Expenditure	1,972,310.45	1,267,531.89
	4,075,881.70	4,798,493.33
Deduct:		
Dividends Paid:		
Participating Preferred Shares:		
\$5.25 per share for the nine months ended September 30, 1945 and Participating Dividend of 57 cents per share	—	582,000.00
Preferred Shares, \$1.75 Series:		
43.75 cents per share for the three months ended December 31, 1945	—	175,000.00
\$1.75 for the year ended December 31, 1946	700,000.00	
Common Shares:		
\$2.50 per share in 1946 and \$2.00 per share in 1945	776,022.50	570,818.00
	1,476,022.50	1,327,818.00
Earned Surplus at end of year	\$2,599,859.20	\$3,470,675.33

Statement of Special Surplus (Refundable Portion of the Excess Profits Tax) as at December 31, 1946

Balance at credit January 1, 1946	\$1,411,000.00
Deduct:	
Decrease in refundable portion of Excess Profits Tax resulting from the renegotiation of war contracts	12,615.00
Balance at credit December 31, 1946	\$1,398,385.00

Statement of Special Reserve as at December 31, 1946

Balance at credit January 1, 1946	\$ 450,000.00
Deduct:	
Amount transferred to Reserve for Amortization of Patents	50,000.00
Balance at credit December 31, 1946	\$ 400,000.00

CANADIAN CELANESE LIMITED

Comparative Statement of Income and Expenditure for the two years ended December 31, 1946

	<i>Year ended December 31</i>	
	<u>1946</u>	<u>1945</u>
Net Operating Profit before taking up the items below	\$4,579,722.65	\$4,816,587.72
Income from Investments	178,996.35	203,557.60
Profit on Income Funding Rights purchased for Special Fund and for Sinking Fund	—	5,358.75
Profit on Investment Securities sold	46,250.00	34,328.37
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	4,804,969.00	5,059,832.44
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Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act	129,546.55	124,774.85
Fees of Directors not included above	12,591.54	10,335.60
Legal Fees	20,160.00	19,065.00
Depreciation of Plant, Machinery and Equipment	610,250.04	527,371.23
Special Depreciation of Machinery and Equipment	—	66,897.33
Amortization of Patents	12,606.02	13,023.14
Interest on Debentures	175,000.00	175,000.00
Amortization of Debenture discount and expenses	9,433.40	9,433.40
Inventory Reserve	8,000.00	13,000.00
Provision for Dominion Income Tax and Excess Profits Tax (less refund- able portion of Excess Profits Tax, \$371,000.00 in 1945)	1,800,000.00	2,366,000.00
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	2,777,587.55	3,298,900.55
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Net Profit before provision for Interest and Sinking Fund re Income Funding Rights	2,027,381.45	1,760,931.89
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Deduct:		
Interest on Income Funding Rights	55,071.00	59,202.00
Sinking Fund for Income Funding Rights	—	63,198.00
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	55,071.00	122,400.00
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Net Profit for year	1,972,310.45	1,638,531.89
Deduct:		
Amount equivalent to refundable portion of Excess Profits Tax trans- ferred to Special Surplus Account	—	371,000.00
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Balance of Net Profit for year transferred to Comparative Statement of Earned Surplus	<u>\$1,972,310.45</u>	<u>\$1,267,531.89</u>

