



ANNUAL REPORT

FOR THE FISCAL YEAR ENDING NOVEMBER 30, 1948

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McGILL UNIVERSITY

CANADA CEMENT COMPANY LIMITED

AND SUBSIDIARY COMPANIES

CANADA CEMENT COMPANY LIMITED

Head Office: Canada Cement Building, Montreal, Quebec

DIRECTORS

G. H. Aikins, K.C.	H. J. Fuller	F. B. Kilbourn
Hon. C. C. Ballantyne	J. H. Gundy	H. R. Milner, K.C.
J. M. Breen	W. H. Howard, K.C.	Hon. Donat Raymond
J. S. Duncan	J. D. Johnson	G. A. Russell
J. C. H. Dussault, K.C.		J. McG. Stewart, K.C.

OFFICERS

J. D. Johnson, Chairman of the Board
F. B. Kilbourn, President
J. M. Breen, Executive Vice-President and General Manager
W. O. Bovard, Vice-President of Sales
G. A. Russell, Secretary-Treasurer
R. S. Aiken, Comptroller

TRANSFER AGENTS

The Montreal Trust Company, Montreal, Que., and Toronto, Ont.

REGISTRARS

The Royal Trust Company, Montreal, Que., and Toronto, Ont.

AUDITORS

Price, Waterhouse & Company, Montreal, Que.

PRODUCING PLANTS

Montreal, Que.	Belleville, Ont.	Exshaw, Alta.
Hull, Que.	Port Colborne, Ont.	Fort Whyte, Man.

DISTRIBUTING PLANTS

Halifax, N.S.	Chatham, N.B.	Quebec, Que.	Toronto, Ont.	Windsor, Ont.
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SALES OFFICES

Montreal, Que.	Toronto, Ont.	Winnipeg, Man.	Calgary, Alta.
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ANNUAL REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Directors are pleased to present the report on the operations of your Company and its subsidiaries for the year ended November 30, 1948.

After providing for depreciation and taxes, the net profit for the year amounted to \$3,727,566, equal to \$3.71 per share on the Preference Shares as compared with \$2.41 per share for the preceding year. Regular dividends were paid at the rate of \$1.30 per share on the Preference Shares. \$700,000 of the Serial Bonds were redeemed, reducing the outstanding bonds to \$2,100,000. The Preference Dividend Maintenance Fund was increased by a further appropriation of \$400,000.

Reference was made in the 1947 Annual Report to doubling the capacity of your plants at Exshaw, Alberta, and Belleville, Ontario. The addition to your Exshaw plant came into production in May 1948 and your Belleville plant is expected to be in full production in May 1949. It is believed that the additions to these two plants will enable your Company to meet the demands in the territories served by them.

Since the end of the War the productive capacity of your plants, including the extensions referred to, will have been increased by over 30%, and the total annual capacity will then be approximately 13,000,000 barrels. Your Company has also completed the construction of a modern crushing plant to produce commercial stone for the Ottawa district. This plant will be operated under the name of Ottawa Valley Crushed Stone Limited. The expansion programme has been carried out during a period of high construction costs without new financing, but this has resulted in some reduction in the cash resources.

The policy of your Company has always been to carry out a steady programme of modernization in its plants. This policy has been maintained so far as possible in the years 1947 and 1948 but there still remains a considerable amount of such work to be done. Also, owing to the steady operation of the plants during these years at greater than rated capacity, much maintenance work has been deferred which will have to be taken care of when time and opportunity permit.

The volume of sales in 1948 was the highest in the Company's history and showed an increase over the previous year of 20%. Present indications are that the heavy demand for cement will continue during 1949.

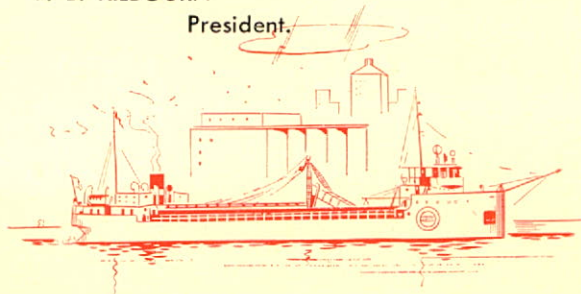
It is gratifying to your Directors to report that more than 95% of all employees with over five years' service are shareholders of the Company.

The year just closed presented many unusual manufacturing and distributing problems, and your Directors wish to pay tribute to the employees for the manner in which distribution was handled and for the very extraordinary production records achieved by your plant organizations.

Respectfully submitted on behalf of the Board of Directors.

F. B. KILBOURN

President.



CANADA CEMENT and Subsidiaries

CONSOLIDATED BALANCE SHEET

ASSETS

Current Assets:

Inventories of cement, finished and in process, coal, materials, supplies and repair parts, at cost or under, which is below market, as determined and certified by officers of the Company, less reserve of \$568,100	\$ 4,527,931.89	
Prepaid expenses	127,640.56	
Accounts receivable (less bad debts reserve)—		
Customers	\$1,772,067.23	
Other	104,243.14	1,876,310.37
Cash in banks and on hand	164,976.98	\$ 6,696,859.80
Refundable Portion of Excess Profits Tax		180,163.17
Preference Dividend Maintenance Fund:		
Government bonds (market value \$1,300,400)	\$ 1,300,000.00	
Guaranteed investment receipts	500,000.00	1,800,000.00
Unlisted Securities, at cost		396,900.00
Property Account:		
Land, buildings, plant and equipment at November 30 1946, \$31,197,220.29 (as appraised by the Canadian Appraisal Company Limited on the basis of 1942 replacement cost less depreciation, with the exception of ships owned by Canada Cement Transport Limited which are included at cost less depreciation provided by that Company); with subsequent additions at cost, less disposals	\$38,175,577.43	
Less: Reserve for depreciation and depletion	5,803,215.83	32,372,361.60
		\$41,446,284.57

Approved on Behalf of the Board:

F. B. KILBOURN, Director.
G. A. RUSSELL, Director.

NOTES TO CONSOLIDATED BALANCE SHEET November 30 1948

(1) The Preference Shares may be called for redemption at \$30 per share but the Company shall not be entitled to redeem upon call any of the Preference Shares prior to October 1 1951, and thereafter shall not be entitled to redeem, either upon call or by purchase, any of the Preference Shares to such extent that the aggregate par value of the outstanding Preference Shares shall thereby be reduced to less than \$15,000,000 prior to October 1 1956, nor to less than \$10,000,000 prior to October 1 1961.

(2) No dividends shall be paid on the Common Shares when the Preference Dividend Maintenance Fund, which is to be provided out of surplus derived from profits earned after November 30 1945, amounts to less than \$2.60 per Preference Share outstanding; nor shall \$1,205,271 of the Earned Surplus accumulated prior to that date be used for the payment of any such Common dividends so long as any Preference Shares are outstanding.

COMPANY LIMITED

Companies

ET — NOVEMBER 30 1948

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	\$ 1,588,595.15	
Preference dividend payable December 20 1948	326,402.48	
Dominion, Provincial and other taxes	1,760,067.04	\$ 3,675,064.67

First Mortgage Bonds:

2½% serial bonds 1946 series due \$700,000 annually to 1951—		
Issued	\$ 3,500,000.00	
Less: Redeemed	1,400,000.00	2,100,000.00

Reserves:

Fire insurance	\$ 500,000.00	
Extraordinary repairs and renewals	350,000.00	850,000.00

Capital Stock:

Cumulative Redeemable Preference Shares of \$20 par value each, carrying annual dividends at the rate of \$1.30 per share (Note 1)—		
Authorized—1,204,345 shares	\$24,086,900.00	
Issued —1,004,345 shares	\$20,086,900.00	
Common Shares—		
600,000 shares of no par value out of an authorized issue of 750,000 shares	6,403,904.75	26,490,804.75

Surplus: (Note 2)

Earned Surplus, per statement attached	\$ 6,530,415.15	
Appropriated for Preference Dividend Maintenance Fund	1,800,000.00	8,330,415.15
		<u>\$41,446,284.57</u>

Auditors' Report to the Shareholders:

We have examined the consolidated balance sheet of Canada Cement Company Limited and subsidiary companies as at November 30 1948 and the related consolidated statement of profit and loss and earned surplus for the year then ended, and have obtained all the information and explanations which we required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate.

In our opinion, the above consolidated balance sheet supplemented by the notes appended thereto, is properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Canada Cement Company Limited and subsidiary companies as at November 30 1948 and the related consolidated statement of profit and loss and earned surplus presents fairly the results of the combined operations of the companies for the year then ended, 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, January 6 1949.

CANADA CEMENT COMPANY LIMITED

and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

For the Year Ended November 30 1948

Profit from operations after providing \$3,294,184.03 for depreciation and depletion, but before taking into account the undernoted items		\$7,100,577.68
Executive remuneration	\$ 135,721.66	
Directors' fees	10,620.00	
Legal expenses	3,439.33	149,780.99
		\$6,950,796.69
Add: Income from investments		27,383.63
		\$6,978,180.32
Deduct: Bond interest	\$ 58,318.14	
Mortgage interest	4,900.00	
Contribution to Pension Fund	125,000.00	
Provision for Dominion and Provincial taxes on income	2,700,000.00	
Net adjustment on appraisal value and disposal of capital assets	362,395.84	3,250,613.98
Net profit for year		\$3,727,566.34
Deduct: Appropriation to Preference Dividend Maintenance Fund		400,000.00
Balance of profits		\$3,327,566.34
Earned Surplus, November 30 1947		4,508,496.87
		\$7,836,063.21
Dividends on Preference Shares		1,305,648.06
Earned Surplus, November 30 1948		\$6,530,415.15

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Funds provided from:		
Net profit for year	\$3,727,566.34	
Depreciation and depletion of properties	3,294,184.03	
Excess profits tax refunded by Government	160,507.93	\$7,182,258.30
Funds expended on:		
Preference dividends	\$1,305,648.06	
Preference Dividend Maintenance Fund	400,000.00	
Redemption of Bonds	700,000.00	
Property additions (net)	4,026,377.80	
Purchase of unlisted securities	396,900.00	6,828,925.86
Increase in working capital as shown below		\$ 353,332.44
Increase in Inventories	\$1,457,809.07	
Increase in Accounts Receivable	296,464.89	
Retirement of Mortgage on Canada Cement Building	245,000.00	
Miscellaneous	766.13	\$2,000,040.09
Less: Decrease in Cash	\$ 876,264.25	
Increase in Accounts Payable	412,507.29	
Increase in Taxes Payable	357,936.11	1,646,707.65
		\$ 353,332.44

ARCHITECTURAL Concrete



Owners: Canadian National Institute for the Blind. Building: Home for the Blind - Saskatoon.
Architects: Webster and Gilbert - Saskatoon. Contractor: Piggott Construction Company - Saskatoon.
Completed: 1948 - Spring.

TODAY, more than ever before, architectural concrete is being specified for the construction of apartments, hospitals, schools, offices and industrial buildings. The reason for this growing demand is the substantial and continuing saving on this versatile material. Architectural concrete cannot burn or decay (low maintenance) . . . structural and ornamental parts can be cast in one operation (reduces construction costs) . . . is easily molded to create beautiful buildings large or small. Remember, over the years architectural concrete saves as it serves.



