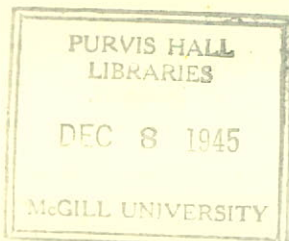


**ANNUAL REPORT**  
**OF THE**  
**BOARD OF DIRECTORS**



**FOR THE FISCAL YEAR ENDING**  
**NOVEMBER 30, 1942**



# CANADA CEMENT COMPANY LIMITED

## Annual Report of the Board of Directors

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### TO THE SHAREHOLDERS:

Your Directors beg to present herewith the fifteenth Annual Statement of the affairs and financial position of your Company as at November 30th, 1942.

Net Earnings, after providing for Depreciation, Income and Excess Profits Taxes (of which \$147,000.00 is refundable), etc., amounted to \$1,412,726.62 as compared with earnings of \$1,631,059.50 in the previous year, a reduction of \$218,332.88.

It might be pointed out that the present Income War Tax Act is much more onerous than that in effect in the previous year. Had it been in effect for the whole year (it became effective July 1st, 1942), the Net Earnings of the Company would have been reduced to \$1,053,344.00. This will be the approximate maximum amount the Company can earn available for dividends under the present Act, which is equal to about  $5\frac{1}{4}\%$  on the  $6\frac{1}{2}\%$  Preference Stock.

Dividends paid during the year amounted to \$5.00 per share on the Preference Stock, at the rate of \$1.25 per quarter. Earnings were considerably in excess of \$5.00 per share, but your Directors felt that in view of the fact that approximately \$5.00 per share is the maximum amount the Company can earn available for dividends under the present Income Tax Act, and as the future business of the Company for the duration of the war may be considerably restricted, the surplus should be carried forward. The present surplus standing on the books of the Company, while quite considerable, is not all available for dividends. That portion accumulated prior to 1939 is frozen by Government regulation, so far as dividends are concerned.

The volume of business during the year just closed was very satisfactory. Considerable off-shore business developed during the year in which your Company was fortunately able to participate.

Costs of production were higher, due largely to the decided increase in the cost of coal, although other items, such as labour and supplies, entered into this increase.

Distribution of your product was very difficult on account of the fact that the demand was, in large measure, out of routine channels, requiring in many cases long freight hauls. Distribution to the Maritime Provinces was affected by difficulties of boat shipments, due to conditions with which you are familiar. These troubles added considerably to the cost of distribution.

Owing to the severe wartime restrictions on private building construction and the completion of so much of the war industry construction, there will be a considerable falling off in the use of cement during the coming year. Preliminary estimates by the Company's own statistical organization indicate that this reduction will amount to from thirty to forty per cent under the 1942 consumption.

Respectfully submitted on behalf of the Board of Directors.

J. D. JOHNSON,  
President.

**CANADA CEMENT COMPANY LIMITED**  
AND SUBSIDIARY COMPANIES

**Consolidated Balance Sheet, November 30, 1942**

**ASSETS**

**CURRENT ASSETS:**

Inventories of Cement, Materials and Supplies as determined and certified by the Management and valued at or below cost, which is below market .....	\$ 1,559,284.47	
Accounts Receivable (less Bad Debts Reserve)—		
Customers' Accounts .....	\$ 892,431.54	
Other Accounts .....	72,442.21	964,873.75
Government Bonds (Market Value \$3,007,743.75) .....		2,986,392.00
Dominion of Canada Treasury Bills, par value \$500,000.00, due February 12, 1943 .....		499,345.15
Cash .....		1,736,341.07
		\$ 7,746,236.44

<b>INVESTMENT IN COMPANY'S OWN BONDS, at par .....</b>	<b>93,500.00</b>
<b>REFUNDABLE PORTION OF EXCESS PROFITS TAX .....</b>	<b>147,000.00</b>
<b>UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES .....</b>	<b>130,476.34</b>
<b>BOND REFUNDING EXPENSE (less amounts written off) .....</b>	<b>990,000.00</b>

**PROPERTY ACCOUNT:**

Land, Buildings, Plant and Equipment, etc. (as appraised by Messrs. Ford, Bacon & Davis, Inc. on the basis of commercial value at September 30, 1927, \$38,267,500.00) and the Canada Cement Building at cost; with subsequent net additions; less Depreciation Reserves of \$21,634,702.81 .....	35,334,875.10
	\$44,442,087.88

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts Payable .....	\$ 537,034.58	
Bond Interest Accrued .....	37,187.50	
Preference Dividend declared of \$1.25 per share, payable December 21, 1942 .....	251,086.25	
Government and other Taxes (after prepayment of \$1,750,000.00 to the Dominion Government) .....	729,992.53	\$ 1,555,300.86

**FIRST MORTGAGE BONDS:**

Authorized .....	\$20,000,000.00	
Issued Series "A" .....	\$16,500,000.00	
Outstanding—		
4½% Sinking Fund Bonds due 1951 .....		10,500,000.00

**MORTGAGE ON CANADA CEMENT BUILDING:**

Repayable in semi-annual instalments and balance due in 1948 .....	495,000.00
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**RESERVES:**

Fire insurance .....	\$ 750,000.00	
Extraordinary Repairs and Renewals .....	350,000.00	
Industrial Accidents .....	57,300.00	
Contingent Reserve .....	400,000.00	1,557,300.00

**PREFERENCE SHARES REDEMPTION RESERVE .....**

55,900.00

**PREFERENCE SHARES—6½% SINKING FUND CUMULATIVE SHARES OF \$100.00 EACH, REDEEMABLE ON SIXTY DAYS' NOTICE:**

Authorized (of which \$21,000,000.00 has been issued) .....	\$25,000,000.00	
Outstanding .....		20,086,900.00
NOTE—Dividends are in arrears \$35.75 per share.		

**COMMON SHARES:**

600,000 Shares of No Par Value out of an authorized issue of 750,000 Shares .....	6,403,904.75
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**EARNED SURPLUS:**

As per statement attached .....	\$ 3,640,782.27
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**DEFERRED SURPLUS:**

Refundable portion of Excess Profits Tax .....	147,000.00	3,787,782.27
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\$44,442,087.88

**AUDITORS' REPORT TO THE SHAREHOLDERS:**

*We have made an examination of the books and accounts of Canada Cement Company Limited and its Subsidiary Companies for the year ending November 30, 1942, and have obtained all the information and explanations which we have required, and we report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of Canada Cement Company Limited and its Subsidiary Companies at November 30, 1942, and that the Statement of Profit and Loss correctly sets forth the result of their combined operations, according to the best of our information and the explanations given to us and as shown by the books of the Companies.*

**APPROVED ON BEHALF OF THE BOARD:**

J. D. JOHNSON, Director.  
C. C. BALLANTYNE, Director.

PRICE, WATERHOUSE & CO.,  
Auditors.

MONTREAL, January 5, 1943.

**CANADA CEMENT COMPANY LIMITED**  
AND SUBSIDIARY COMPANIES

**Consolidated Statement of Profit and Loss and Earned Surplus  
for the year ending November 30, 1942**

Profit from Operations after providing \$1,825,000.00 for Depreciation, but before deducting the undernoted items.....		\$ 4,321,682.53
Executive Remuneration.....	\$ 90,038.86	
Directors' Fees.....	10,740.00	
Legal Expenses.....	1,113.01	101,891.87
		\$ 4,219,790.66
<b>Add:</b> Income from Investments.....		41,519.49
		\$ 4,261,310.15
<b>Deduct:</b>		
Bond Interest (net).....	\$ 442,283.53	
Mortgage Interest.....	21,300.00	
Contribution to Pension Fund.....	100,000.00	
Proportion of Bond Refunding Expense.....	110,000.00	
Provision for Income and Excess Profits Taxes (of which the Refundable Portion of Excess Profits Tax is \$147,000.00).....	2,175,000.00	2,848,583.53
		\$ 1,412,726.62
Earned Surplus, November 30, 1941.....		3,232,400.65
		\$ 4,645,127.27
<b>Deduct:</b> Dividends on Preference Shares at \$5.00 per share.....		1,004,345.00
		\$ 3,640,782.27
		\$ 3,640,782.27