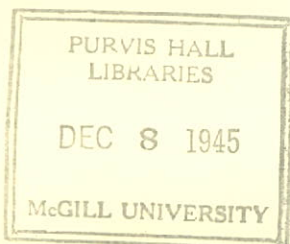


**ANNUAL REPORT**  
**OF THE**  
**BOARD OF DIRECTORS**



**FOR THE FISCAL YEAR ENDING**  
**NOVEMBER 30, 1941**



# 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 Fourteenth Annual Statement of the affairs and financial position of your Company as at November 30, 1941.

Net earnings amounted to \$1,631,059.50 after providing for depreciation and setting up a provisional amount for Government taxes. This compares with net earnings of \$1,332,220.35 in the previous year, an increase of \$298,839.15.

Full dividend of 6½% was earned and declared on the Preference Stock with some margin to spare. The mortgage on the Canada Cement Building was reduced by \$50,000.00. The liquid position of the Company was well maintained with Current Assets at \$4,068,584.65 in excess of Current Liabilities.

There was a good deal of activity in the building industry during the year, with a consequent increase in shipments of cement. The demand was fairly general throughout the whole country and war plant construction contributed to the volume of business quite considerably.

Capital Expenditures for the year were fairly heavy, chiefly at the plants at Montreal East, Hull, Que., and Exshaw, Alberta. These expenditures were nearly all in the nature of replacements and improvements such as new stock-houses at Hull, Que., general rehabilitation at Exshaw, Alberta, and certain additions at Montreal East for the more economical production of High Early Strength Cement.

It is difficult, in fact almost impossible, to predict with any degree of certainty due to war exigencies what volume of business we may expect for the coming year. Notwithstanding, however, that the peak of war plant construction may have been reached and that ordinary building operations and non-war activities may suffer considerably from priorities for war purposes, we still believe that a fair volume of cement business is in prospect for 1942.

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, 1941**

**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.....	\$ 1,839,954.01	
Accounts Receivable (less Bad Debts Reserve)—		
Customers' Accounts.....	\$ 1,098,188.04	
Other Accounts.....	47,076.87	1,145,264.91
Government Bonds (Market Value \$931,343.75).....		901,704.50
Cash.....		2,299,700.77

<b>INVESTMENT IN COMPANY'S OWN BONDS, AT PAR.....</b>	<b>93,500.00</b>
<b>UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES</b>	<b>138,737.97</b>
<b>BOND REFUNDING EXPENSE (less amounts written off).....</b>	<b>1,100,000.00</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 at cost; less Depreciation Reserves of \$19,809,702.81.....	36,980,782.78
	<u>\$44,499,644.94</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts Payable.....	\$ 441,525.87	
Bond Interest Accrued.....	37,187.50	
Preference Dividend declared, payable December 20, 1941.....	552,389.75	
Provision for Dominion, Provincial and Other Taxes (after prepayment of approximately \$1,000,000.00 to the Dominion Government).....	1,086,936.42	\$ 2,118,039.54

**FIRST MORTGAGE BONDS:**

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

**MORTGAGE ON CANADA CEMENT BUILDING:**

Repayable in semi-annual instalments and balance due in 1948.....	545,000.00
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**RESERVES:**

Fire Insurance.....	\$ 750,000.00	
Extraordinary Repairs and Renewals.....	350,000.00	
Industrial Accidents.....	57,500.00	
Contingent Reserve.....	400,000.00	1,557,500.00

**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 \$34.25 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:**

Profit and Loss Account for the year ending November 30, 1941—		
Profit from Operations after providing \$1,750,000.00 for Depreciation and after deducting Executive Remuneration \$89,458.30, Directors' Fees \$10,720.00 and Legal Expenses \$2,540.94.....	\$ 3,974,629.84	
Income from Investments.....	32,012.44	\$ 4,006,642.28
<b>Deduct:</b>		
Bond Interest (net).....	\$ 442,282.78	
Mortgage Interest.....	23,300.00	
Proportion of Bond Refunding Expense.....	110,000.00	
Provision for Income and Profits Taxes.....	1,800,000.00	2,375,582.78
		\$ 1,631,059.50
Earned Surplus November 30, 1940.....		2,906,989.65
		\$ 4,538,049.15
DEDUCT: Dividends on Preference Shares.....	1,305,648.50	3,232,400.65
		<u>\$44,499,644.94</u>

**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, 1941, and have obtained all the information and explanations which we have required. Provision has been made for Income and Profits Taxes in amounts considered by the Directors to be sufficient and this provision is subject to final determination by the Income Tax Department. On this basis 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, 1941, and that the Profit and Loss Account 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.  
F. B. KILBOURN, Director.

PRICE, WATERHOUSE & CO.,

Auditors,  
Montreal, January 2, 1942.

ARTICLE 10

10.1 The Board of Directors may, from time to time, subject to the approval of the shareholders at a general meeting, alter the articles of association and the memorandum of association of the company, and may also alter the articles of association and the memorandum of association of any subsidiary company of the company.

ARTICLE 11

11.1 The directors may, from time to time, subject to the approval of the shareholders at a general meeting, alter the articles of association and the memorandum of association of the company, and may also alter the articles of association and the memorandum of association of any subsidiary company of the company.

