

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



**FOR THE FISCAL YEAR ENDING**  
**NOVEMBER 30, 1940**

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# CANADA CEMENT COMPANY LIMITED

## Annual Report of the Board of Directors

### TO THE SHAREHOLDERS:

Your Directors beg to present herewith the Thirteenth Annual Statement of the affairs and financial position of your Company as at November 30, 1940.

Net earnings amounted to \$1,332,220.35 after providing for depreciation and setting up a provisional amount for Dominion and Provincial Income Taxes and for Excess Profits Tax. This compares with \$1,475,647.75 net earnings for the previous year, a decrease of \$143,427.40. It should be pointed out, however, that due to increased production \$1,500,000.00 was written off for depreciation against \$1,250,000.00 last year.

The reserve set up for Income and Profits Taxes of \$1,780,000.00 compares with \$395,000.00 which the Company provided last year for similar taxes. This reserve is provisional and it is hoped that when final adjustments are made with the various taxing authorities the result may prove more favourable from a "net earnings" standpoint.

Last year's statement, you will recall, showed \$3,000,000.00 short term bonds outstanding, \$1,030,000.00 of which were then held in the Treasury as an investment. These short term bonds have all been called and redeemed, leaving only the long term bonds amounting to \$10,500,000.00 outstanding, due in 1951, on which the Sinking Fund does not commence until 1945. This operation, while resulting in a reduction in the amount of current assets over current liabilities, was deemed by your Directors to be in the best interests of the Shareholders.

There was a considerable increase in demand for cement during the year just closed due in part to wartime activities. This was particularly noticeable during the Fall months of the year.

During the year your Directors authorized the modernization of your Exshaw, Alberta, plant. This work will be proceeded with as and when it can be done without interfering with war activities. The other operating plants of your Company have all been well maintained and are in good condition.

Owing to the war situation it is not possible to predict with any degree of certainty what volume of business may be available for your Company in 1941, but barring unforeseen events a fair degree of activity in the building trade is in prospect.

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, 1940**

**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.....	\$ 1,199,604.10	
Accounts Receivable (less Bad Debts Reserve)—		
Customers' Accounts.....	\$ 1,169,330.27	
Other Accounts.....	32,190.44	1,201,520.71
Government Bonds (Market Value \$679,868.75).....		652,345.75
Cash.....	1,916,488.39	\$ 4,969,958.95

<b>INVESTMENT IN COMPANY'S OWN BONDS, AT PAR.....</b>	93,500.00
<b>UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES</b>	129,598.76
<b>BOND REFUNDING EXPENSE (less amounts written off).....</b>	1,210,000.00

**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 \$18,059,702.81.....	37,937,855.90
	<u>\$44,340,913.61</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts Payable.....	\$ 572,489.45	
Bond Interest Accrued.....	37,188.00	
Preference Dividend declared, payable December 20, 1940.....	251,086.25	
Provision for Dominion, Provincial and Other Taxes (after prepayment of \$500,000.00 to the Dominion Government).....	1,373,855.51	\$ 2,234,619.21

**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.....	595,000.00
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**RESERVES:**

Fire Insurance.....	\$ 750,000.00	
Extraordinary Repairs and Renewals.....	350,000.00	
Industrial Accidents.....	57,600.00	
Contingent Reserve.....	400,000.00	1,557,600.00
<b>PREFERENCE SHARES REDEMPTION RESERVE.....</b>		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, 1940—		
Profit from Operations after deduction of Executive Remuneration \$79,315.00, Directors' Fees \$10,720.00 and Legal Expenses \$690.28...	\$ 5,224,220.96	
Income from Investments.....	28,787.68	\$ 5,253,008.64

**Deduct:**

Bond Interest (net).....	\$ 505,488.29	
Mortgage Interest.....	25,300.00	
Provision for Depreciation.....	1,500,000.00	
Proportion of Bond Refunding Expense.....	110,000.00	
Provision for Dominion and Provincial Income and Profits Taxes....	1,780,000.00	3,920,788.29
		\$ 1,332,220.35

Earned Surplus, November 30, 1939.....	2,579,114.30	
		\$ 3,911,334.65

DEDUCT: Dividends on Preference Shares.....	1,004,345.00	2,906,989.65
		<u>\$44,340,913.61</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, 1940, 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, 1940, 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, December 20, 1940.

Special Reference Department

ABSTRACTS

Abstracts of the following articles are included in this issue:

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REVIEWS

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