

ANNUAL REPORT  
OF THE  
BOARD OF DIRECTORS



FOR THE FISCAL YEAR ENDING  
NOVEMBER 30, 1937

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# CANADA CEMENT COMPANY LIMITED

## Annual Report of the Board of Directors

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TO THE SHAREHOLDERS:

Your Directors present herewith a statement of the affairs and financial position of your Company for the fiscal year ending November 30, 1937.

There was a general improvement in the building industry in the year 1937; in fact, a more healthy increase took place in the past year than in any year since the depression low of 1933. The issue of building permits in 1937 was 36% greater than in 1936. While this is encouraging in itself, it may be stated that the industry has not reached a point that could be called normal. Based upon the permits issued, total volume of construction in 1937 was only 59% of that in 1926, and only 39% of that in 1929, which, however, was a peak year in Canada. The increase in building activity in the year just closed has reflected itself in consumption of cement, and your Company has benefited thereby.

The results of the year's operations show a considerable improvement over the previous year. Net earnings, after providing an amount of \$1,250,000.00 for depreciation, and making provision for Provincial and Dominion income taxes, increased from \$663,241.55 to \$1,461,054.38. The net working capital shows an increase of \$952,769.04, from \$3,228,956.20 to \$4,181,725.24. Bonds retired during the year amounted to \$750,000.00, and the mortgage on the Canada Cement Building was reduced by \$75,000.00.

The expenditures made during the past several years to modernize the machinery in your plants, and the improvements made in distribution facilities, have resulted in more efficient and economical operation of the whole system. Capital expenditures during the year were very small, amounting only to \$222,384.88. On the whole, your plants are modern and up to date.

Dividends declared during the fiscal year on the Preference stock were for the first two quarters at the rate of \$1.00 per share, and for the last two quarters at the rate of \$1.25 per share. On December 17th your Directors declared a dividend of \$2.00 per share, to bring the total for the fiscal year to \$6.50 per share.

You are no doubt interested particularly in the prospects for your Company for the coming year. Your management is looking forward with considerable confidence to 1938, not that it is expected at the moment that 1938 will show an increase over 1937, but indications are that a fair volume of business will be maintained.

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, 1937**

<b>CURRENT ASSETS:</b>		<b>ASSETS</b>	
Inventories as determined and certified to by the Management and valued at or below cost, which is below market.....			\$ 1,599,960.97
Accounts Receivable (less Bad Debts Reserve)—			
Customers' Accounts.....	\$ 609,094.25		
Other Accounts.....	51,222.29	660,316.54	
Loans to Employees for the purpose of purchase of Company's shares.....		4,783.82	
Deposits on Tenders.....		6,675.02	
Securities deposited with Workmen's Compensation Commission.....		5,000.00	
Government and Public Utility Bonds (Market Value \$1,069,794.38).....		1,047,840.63	
Cash.....		1,835,690.87	\$ 5,160,267.85
<b>OTHER INVESTMENTS:</b>			
Company's Own Bonds (Par Value \$17,000.00).....	\$ 16,915.00		
Miscellaneous Investments.....		6,042.39	22,957.39
<b>UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES</b>			79,601.25
<b>BOND REFUNDING EXPENSE (less amounts written off).....</b>			<b>1,540,000.00</b>
<b>PROPERTY ACCOUNT:</b>			
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 additions and acquisitions at cost; less Depreciation Reserves of \$14,059,702.81.....			41,064,769.27
			<u>\$47,867,595.76</u>
<b>CURRENT LIABILITIES:</b>		<b>LIABILITIES</b>	
Accounts Payable.....		\$ 203,600.53	
Bond Interest Accrued.....		51,562.50	
Preference Dividend declared, payable December 20, 1937.....		251,086.25	
Provision for Dominion, Provincial and other Taxes.....		472,293.33	\$ 978,542.61
<b>FIRST MORTGAGE BONDS:</b>			
Authorized.....		\$20,000,000.00	
Issued Series "A".....		\$16,500,000.00	
Outstanding—			
3% Serial Bonds due 1938 to 1940.....		\$ 2,250,000.00	
3½% Serial Bonds due 1941 to 1944.....		3,000,000.00	
4¼% Sinking Fund Bonds due 1951.....		10,500,000.00	15,750,000.00
<b>MORTGAGE ON CANADA CEMENT BUILDING:</b>			
Balance bearing interest at 5% per annum, due 1948, repayable in semi-annual instalments of not less than \$10,000.00 each and in full at the Company's option after June 1, 1938.....			745,000.00
<b>RESERVES:</b>			
Fire Insurance.....	\$ 750,000.00		
Extraordinary Repairs and Renewals.....	350,000.00		
Industrial Accidents.....	58,400.00		
Contingent Reserve.....	400,000.00	1,558,400.00	
<b>PREFERENCE SHARES REDEMPTION RESERVE.....</b>			55,900.00
<b>PREFERENCE SHARES—6½% SINKING FUND CUMULATIVE SHARES OF \$100.00 EACH, REDEEMABLE ON SIXTY DAYS' NOTICE:</b>			
Authorized (of which \$21,000,000.00 has been issued).....	\$25,000,000.00		
Outstanding.....			20,086,900.00
NOTE: Dividends are in arrears \$31.25 per share.			
<b>COMMON SHARES:</b>			
600,000 Shares of No Par Value out of an authorized issue of 750,000 Shares.....			6,403,904.75
<b>EARNED SURPLUS:</b>			
Profit and Loss Account for the year ending November 30, 1937—			
Profit from Operations before deduction of the undernoted items.....	\$ 3,924,736.42		
Income from Investments.....	42,520.75		
		\$ 3,967,257.17	
Deduct:			
Bond Interest.....	\$ 639,381.73		
Mortgage Interest.....	39,125.00		
Depreciation Provision.....	1,250,000.00		
Reserve for Extraordinary Repairs and Renewals.....	40,000.00		
Executive Remuneration.....	69,436.76		
Directors' Fees.....	11,600.00		
Legal Expenses.....	8,504.72		
Proportion of Bond Refunding Expense.....	112,154.58		
Provision for Dominion and Provincial Income Taxes.....	336,000.00	2,506,202.79	
		\$ 1,461,054.38	
Net Adjustments affecting prior years' operations.....		16,777.09	
		\$ 1,477,831.47	
Earned Surplus, November 30, 1936.....		1,715,027.43	
		\$ 3,192,858.90	
Deduct: Dividends on Preference Shares.....		903,910.50	2,288,948.40
			<u>\$47,867,595.76</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, 1937, 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, 1937, 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 17, 1937.



CANADA CEMENT COMPANY LIMITED

AND ASSOCIATED COMPANIES

Consolidated Balance Sheet, November 30, 1957

ASSETS

Current assets	1,000,000
Investments	2,000,000
Property, plant and equipment	5,000,000
Goodwill	1,000,000
Deferred income tax	500,000
Other assets	500,000
<b>Total Assets</b>	<b>10,000,000</b>

LIABILITIES

Current liabilities	1,000,000
Long-term debt	2,000,000
Shareholders' equity	7,000,000
<b>Total Liabilities</b>	<b>10,000,000</b>



INTEGRAL RECORD

