

ANNUAL REPORT
OF THE
BOARD OF DIRECTORS



FOR THE FISCAL YEAR ENDING
NOVEMBER 30, 1932

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CANADA CEMENT COMPANY LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:

Your Directors beg to present herewith a statement of the affairs and the financial position of your Company for the fiscal year ending November 30th, 1932.

The volume of building in Canada declined very precipitously during the fiscal year just closed, total building and construction permits issued showing a decline of 57 per cent from those issued during the previous year. The total consumption of cement in Canada fell off 52 per cent from the previous year, following very closely the decline in building permits. Your Company's sales suffered in practically the same proportion as the total volume with the result that business done during the fiscal year just closed was less than half the previous year's total.

Gross earnings held up slightly better than volume, showing a decline of 49 per cent, notwithstanding the fact that the smaller volume had to carry such uncontrollable items as taxes, idle expense (including idle power) and general overhead. Drastic economies were of course made in every direction where possible. The revenue from miscellaneous earnings due to general business conditions fell off considerably. On the other hand income from investments showed some improvement.

The premium on New York Funds required to meet bond interest proved a heavy burden, amounting to \$102,994.92 for the year.

Two quarterly dividends were paid on the preference stock during the year but owing to the trend of business in the third quarter your Directors decided in August last to defer dividend payments, and therefore two quarterly dividends have accrued.

You will note from the financial statement that there has been a considerable reduction in our investment in the item "Investments in Associated Companies and Other Investments." This is largely accounted for by the fact that this year we transferred from "Associated Companies" bonds and preference stock of your Company which had been accumulated in previous years for sinking fund and cancellation purposes to the Company. The bonds are being held for sinking fund purposes and appear on the balance sheet under a separate heading; the preference stock was transferred to the Company for cancellation and has been deducted from preference stock outstanding.

Your plants operated during the year at less than 30 per cent of their capacity. They have been well maintained and are in good condition.

We trust that in view of the extreme business depression through which the country is passing resulting in a very contracted demand for your product that the results of the year's operations will be considered satisfactory.

Respectfully submitted on behalf of the Board of Directors,

J. D. JOHNSON,
President.

CANADA CEMENT COMPANY LIMITED

Balance Sheet, November 30, 1932

ASSETS

CURRENT ASSETS:		
Inventories.....		\$ 2,144,280.98
Accounts Receivable (less Bad Debt Reserve):		
Customers' Accounts.....	\$241,513.01	
Other Accounts.....	<u>74,353.13</u>	315,866.14
Deposits on Tenders.....		9,302.15
Deposits under Workmen's Compensation Commission.....		75,440.63
Government Bonds and Other Securities.....		450,445.00
Cash.....		<u>1,320,260.67</u>
		\$ 4,315,595.57
INVESTMENT IN COMPANY'S BONDS, AT PAR.....		1,126,500.00
INVESTMENTS:		
In Associated Companies and Other Investments.....		3,692,466.53
DEFERRED CHARGES TO OPERATIONS.....		76,944.54
COST OF PROPERTIES:		
Land, Buildings, Plant, Equipment, etc., less Depreciation.....		<u>39,461,437.07</u>
		<u>\$48,672,943.71</u>

LIABILITIES

CURRENT LIABILITIES:		
Accounts Payable.....		\$ 608,949.69
Bond Interest accrued and Unpresented Coupons.....		<u>103,891.05</u>
		\$ 712,840.74
RESERVES:		
Fire Insurance.....		\$ 750,000.00
Extraordinary Repairs and Renewals.....		125,000.00
Cloth Sacks Outstanding.....		150,000.00
Industrial Accidents.....		62,500.00
Contingent Reserves.....		<u>230,716.86</u>
		1,318,216.86
FIRST MORTGAGE SINKING FUND GOLD BONDS 5½%		
SERIES "A" DUE 1947:		
Authorized.....	<u>\$30,000,000.00</u>	
Issued.....	\$20,000,000.00	
Less: Redeemed through Sinking Fund.....	<u>1,267,500.00</u>	18,732,500.00
PURCHASE MONEY OBLIGATIONS:		
Payable \$300,000.00 per year for two years.....		600,000.00
PREFERENCE SHARES—6½% SINKING FUND CUMULATIVE		
REDEEMABLE ON SIXTY DAYS NOTICE:		
Authorized.....	<u>\$25,000,000.00</u>	
Outstanding.....	\$20,944,100.00	
Less: Cancelled subsequent to November 30, 1932.....	<u>857,200.00</u>	20,086,900.00
PREFERENCE STOCK REDEMPTION ACCOUNT:		
559 Shares redeemed and cancelled.....		55,900.00
COMMON SHARES AND SURPLUS.....		\$ 6,403,904.75
PROFIT AND LOSS ACCOUNT:		
Profits from Operations and Income from Investments for the year ending November 30, 1932, after making provision of \$555,649.74 for Depreciation of Capital Assets.....	\$ 2,086,073.88	
<i>Deduct:</i>		
Bond Interest.....	\$1,052,748.14	
Premium on New York Funds.....	<u>102,994.92</u>	
	\$1,155,743.06	
Fire Insurance Reserve.....	120,399.65	
Reserve for Extraordinary Repairs and Renewals.....	<u>25,000.00</u>	1,301,142.71
		\$ 784,931.17
<i>Deduct:</i>		
Dividend on Preference Stock (six months to May 31, 1932)....	680,677.59	
	<u>\$ 104,253.58</u>	
Balance of Profits at November 30, 1931.....	<u>658,427.78</u>	762,681.36
A total of.....		7,166,586.11
represented by 600,000 shares of No Par Value Common Stock out of an authorized issue of 750,000 shares		
		<u>\$48,672,943.71</u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of the Canada Cement Company Limited for the year ending November 30, 1932, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the Balance Sheet at November 30, 1932, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs (after charging against operations a provision of \$555,649.74 on account of depreciation) according to the best of our information and the explanations given to us, and as shown by the books of the Company.

APPROVED ON BEHALF OF THE BOARD:

J. D. JOHNSON, Director.
H. L. DOBLE, Director.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, December 22, 1932.

