

**ALUMINUM COMPANY OF CANADA, LIMITED**

*(A subsidiary of Aluminium Limited. Incorporated under the Companies Act  
of the Dominion of Canada)*

**AND SUBSIDIARY COMPANIES**

**FINANCIAL STATEMENTS**

**31ST DECEMBER, 1942**

*French edition of these statements available upon request.*

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**ALUMINUM COMPANY OF CANADA, LIMITED**  
**and Subsidiary Companies**

**Consolidated Balance Sheet**  
*31st December, 1942*

**ASSETS**

LAND, PLANTS AND FACILITIES, AT COST, of which approximately \$121,900,000 represents War Facilities to be amortized by special deduction from income. . . . .	\$265,730,000	
Less: Reserves for Depreciation and Deplction, including \$59,050,298 special deduction from income. . . . .	90,397,005	\$175,332,995
INDEMNITY AND SURETY DEPOSITS. . . . .		898,824
PREPAID EXPENSES AND DEFERRED CHARGES TO OPERATIONS. . . . .		5,563,126
REFUNDABLE PORTION OF EXCESS PROFITS TAX (Contra). . . . .		224,422
<b>CURRENT ASSETS:</b>		
Inventories of Aluminum, Materials and Supplies at cost or under, which is not in excess of market, determined from book and physical inventories and certified by officers of the companies. . . . .	\$ 41,751,089	
Accounts and Notes Receivable, less reserves. . . . .	30,034,140	
Dominion of Canada Treasury Bills and Bonds (Quoted value \$7,497,892). . . . .	7,495,142	
Cash in Banks and on Hand. . . . .	17,518,723	96,799,094

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**\$278,818,461**

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Approved on behalf of the Board,  
R. E. POWELL, *Director*  
J. H. ALGER, *Director*

## AUDITORS' REPORT

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TO THE SHAREHOLDERS OF ALUMINUM COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December, 1942, and the relative consolidated statements of profit and loss and surplus. In connection therewith we have reviewed the system of internal control and the accounting procedures of Aluminum Company of Canada, Limited and its Canadian subsidiaries and have examined or tested accounting records of these companies and other supporting evidence, but we did not make a detailed audit. The detail transactions of the Canadian companies are examined by the Companies' internal auditors whose reports are furnished to us. We were furnished by other independent accountants with audited financial statements of the subsidiaries operating outside of Canada whose records were not examined or tested by us. We have received all the explanations and information we have required.

We have satisfied ourselves that the inventories of aluminum and other products are valued at cost, which was below market at 31st December, 1942, and that inventories of materials and supplies are stated at the lower of cost or market. Intercompany profits have been excluded from inventories. The provisions for Income and Excess Profits taxes, considered adequate by the management, are subject to final determination by the appropriate tax authorities.

The surpluses of the individual companies included in the consolidation are subject to such restrictions as to distribution as may be imposed by exchange regulatory bodies of the countries in which the companies are carrying on operations.

The Aluminm Power Company, Ltd. Second Hypothec was heretofore stated at \$7,562,500. As a result of the further development of the Company's waterpowers, this obligation was restated during the year at its commutation value of \$15,000,000 with a corresponding increase in Land, Plants and Facilities. Payments against principal during the year reduced the commutation value to \$14,827,503 at 31st December, 1942.

The earned surplus at 31st December, 1941, has been adjusted in respect of provision for depreciation of war facilities and sales and tax adjustments affecting the operations of prior years, which adjustments were agreed subsequent to 31st December, 1941.

On the above basis we report that the foregoing consolidated balance sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December, 1942, according to the best of our information and the explanations given to us, and as shown by the books of the companies examined by us and the financial statements above referred to; and that the relative consolidated statements of profit and loss and surplus fairly present the results of the combined operations of the companies.

PRICE, WATERHOUSE & CO.

Auditors.

22nd March, 1943.

**ALUMINUM COMPANY OF CANADA, LIMITED**  
**and Subsidiary Companies**

**Consolidated Balance Sheet**

*31st December, 1942*

**LIABILITIES**

**CAPITAL STOCK:**

Authorized and Issued—1,500,000 Common Shares—no par value (See Notes) . . . . . \$ 15,000,000

**ALUMINUM COMPANY OF CANADA, LIMITED—NOTES PAYABLE:**

3% Redeemable Notes, due 1961, payable to the British Government—  
principal and interest abatable in certain circumstances as provided  
in the contracts under which they were issued . . . . . \$55,600,000

3% Note (U.S. \$1,000,000) to Export-Import Bank, Washington, D.C.  
—payable U.S. \$50,000 annually, balance in 1952 . . . . . 1,100,000

1 $\frac{3}{4}$ % Bank Loan, due 1944 (U.S. \$15,000,000)—refundable into  
Export-Import Bank, Washington, D.C. 10-year 3% Loan payable  
5% annually, balance at maturity . . . . . 16,500,000

73,200,000

**FUNDED DEBT OF SUBSIDIARIES:**

Aluminum Power Company, Ltd.:

First Mortgage 4% Bonds, due 1968:

Series "A"—payable in Canadian currency . . . . . \$ 9,500,000

Series "B"—payable in U.S. currency . . . . . 9,500,000

Second Hypothec, securing Contractual Obligation for annual pay-  
ments, which may be commuted for . . . . . 14,827,503

The Roberval & Saguenay Railway Company:

40-year 7% Consolidated Sinking Fund Mortgage Bonds, due 1955 . . . . . 1,330,000

35,157,503

ADVANCE PAYMENTS ON SALES CONTRACTS . . . . . 88,828,865

**CURRENT LIABILITIES:**

Accounts Payable . . . . . \$18,396,273

Accounts Payable to Affiliated Companies . . . . . 501,986

Accrued Items . . . . . 4,064,374

Reserves for Income and Excess Profits Taxes . . . . . 7,633,458

30,596,091

OPERATING RESERVES AND DEFERRED CREDITS . . . . . 551,125

RESERVE AGAINST FUTURE DEPRECIATION IN INVENTORY VALUES . . . . . 6,430,004

REFUNDABLE PORTION OF EXCESS PROFITS TAX (Contra) . . . . . 224,422

EARNED SURPLUS . . . . . 28,830,451

\$278,818,461

NOTES: The issued capital stock was increased in 1942 by the issue of 25,000 shares for a consideration of \$2,500,000. Supplementary Letters Patent of 28th December, 1942 subsequently changed the authorized and issued capital stock from 150,000 shares of \$100 par value to 1,500,000 no par value shares. Preferred shares to an amount of \$15,000,000 were issued in January, 1943. Construction programme will require approximately \$44,000,000 to be secured from current assets, operations and/or additional financing.

The Aluminum Power Company, Ltd. Second Hypothec, and the annual payments secured thereunder, are payable in Canadian currency and in U.S. currency in equal parts.

The accounts of subsidiary companies, other than Canadian companies, included in the consolidated balance sheet and the relative statement of profit and loss are translated into Canadian dollars at official rates of exchange current at 31st December, 1942, except that Fixed Assets are at rates determined at dates of acquisition.

**ALUMINUM COMPANY OF CANADA, LIMITED**  
**and Subsidiary Companies**

**Consolidated Statement of Profit and Loss**

*For the Year Ending 31st December, 1942*

Profit for the year ending 31st December, 1942, after provision for Depreciation and Depletion (see footnote) but before taking into account the items shown below.....		\$27,740,828
Add:		
Interest, etc.....		220,566
		\$27,961,394
Deduct:		
Interest on Indebtedness not maturing within one year..	\$2,647,047	
Other Interest.....	205,628	\$ 2,852,675
		152,594
Executive Salaries..... (Parent and subsidiary companies)		63,368
Legal Fees.....		1,218
Directors' Fees.....		10,967,106
Provision for Income and Excess Profits Taxes..... (Including \$9,790,349 Canadian Taxes)		14,036,961
Profit for the year carried to Earned Surplus.....		\$13,924,433

NOTE: Provision for Depreciation and Depletion for the year amounted to \$46,328,850 of which \$3,787,235 was charged to Cost of Production and \$42,541,615 (including special provision of \$40,571,185 in respect of War Facilities) directly against Profits.

**Consolidated Statement of Earned Surplus**

Earned Surplus—31st December, 1941.....		\$30,520,203
Adjustments applicable to prior years:		
Additional provision for depreciation in respect of War Facilities.....	\$ 5,958,896	
Overprovision of Canadian Income and Excess Profits Taxes.....	\$2,188,091	
Sales adjustments.....	1,593,802	3,781,893
		2,177,003
Earned Surplus (as adjusted)—31st December, 1941.....		\$28,343,200
Profit for the year as above.....	\$13,924,433	
Excess of insurance received over book value of vessels lost.....	1,338,308	15,262,741
		\$43,605,941
Dividends Paid.....	\$14,500,000	
Appropriation for the purchase of past service retirement annuities under The Retirement Income and Life Assurance Plan.....	275,490	14,775,490
		\$28,830,451
Earned Surplus—31st December, 1942.....		\$28,830,451

ALUMINUM COMPANY OF CANADA, LIMITED  
MONTREAL, QUE., CANADA

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**DIRECTORS**

R. E. POWELL, *President*

J. H. ALGER  
Vice-President, Aluminium Limited,  
Montreal

E. BLOUGH  
President, Aluminium Laboratories Limited,  
Montreal

EDWARD K. DAVIS  
President, Aluminium Limited,  
Montreal

W. M. GIFFORD, *General Sales Manager*

E. A. MACNUTT  
Vice-President, Sun Life Assurance Company of Canada,  
Montreal

GEORGE O. MORGAN  
President, Aluminium Securities Limited,  
Montreal

J. F. VAN-LANE  
Secretary, McCarthy & McCarthy,  
Toronto

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H. R. WAKE, *Secretary*      F. L. FARRELL, *Treasurer*  
A. W. WHITAKER, Jr., *General Manager*

