

ALUMINUM COMPANY OF CANADA, LIMITED
(Incorporated under the Companies Act of the Dominion of Canada)
AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

31ST DECEMBER, 1945

*On pourra se procurer le texte français de ce rapport, en s'adressant au
secrétariat de la Compagnie, 1700 immeuble Sun Life, à Montréal.*

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ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December, 1945

A S S E T S

Lands, plants and facilities, at cost	\$324,353,849	
Less: Reserves for amortization, depreciation and depletion	217,528,969	\$106,824,880
Investment in shares of an affiliated company (capital stock not more than 50% owned)		3,687,499
Indemnity and surety deposits		573,028
Prepaid expenses and deferred charges to operations		1,638,542
Refundable portion of excess profits tax (contra)		630,057
Current Assets:		
Inventories of aluminum, materials and supplies at cost or under, which is not in excess of market, determined from book and physical inventories, certified by officers of the companies	16,270,914	
Accounts and notes receivable, less reserves	4,968,499	
Accounts receivable from affiliated companies	2,877,668	
Dominion of Canada bonds and treasury bills (quoted value \$53,076,593)	52,705,955	
Funds set apart for preferred dividend payable 1st February, 1946 . . .	187,500	
Cash in banks and on hand	9,268,472	
	86,279,008	
Less: Proceeds of forward aluminum sales	5,858,903	80,420,105
		\$193,774,111

Approved on behalf of the Board,

R. E. POWELL, *Director*

GEORGE O. MORGAN, *Director*

AUDITORS' REPORT

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, 1945, 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 information and explanations we have required.

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, 1945, except that fixed assets are at rates determined at dates of acquisition.

We have satisfied ourselves that the inventories of aluminum, materials and supplies are stated at cost or under, which is not in excess of market. Intercompany profits have been excluded from inventories. Inventory adjustments aggregating \$1,500,556 in respect of the year 1945 have been written off against the reserve for future depreciation in inventory values and \$1,929,448 of the remaining reserve, in the opinion of the management no longer required, has been restored to earned surplus.

Liability for income and excess profits taxes, for which the management has made provisions deemed adequate, is subject to determination by the tax authorities in jurisdiction.

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.

On the above basis we report that the attached 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, 1945, 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.

18th March, 1946.

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

Consolidated Balance Sheet

31st December, 1945

LIABILITIES

Capital Stock:

5% Cumulative redeemable sinking fund preferred shares—par \$100—150,000 shares outstanding.....	\$ 15,000,000	
Common shares—no par—1,500,000 shares outstanding.....	15,000,000	\$ 30,000,000

First Mortgage 3½% Sinking Fund Bonds, due 1974:

Series "A"—payable in Canadian currency.....	13,750,000	
Series "B"—payable in U.S. currency.....	26,250,000	40,000,000

Second hypothec, securing contractual obligation for annual payments, which may be commuted for.....		13,138,320
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3% Redeemable notes, due 1961—payable to the British Government— interest and \$44,480,000 of principal abatable in certain circum- stances as provided in the contracts under which they were issued.....		55,600,000
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The Roberval & Saguenay Railway Company 40 year 7% consolidated sinking fund mortgage bonds, due 1955.....		1,330,000
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Advance payments on sales contracts.....		1,630,561
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Current Liabilities:

Accounts payable and accrued liabilities.....	9,220,195	
Accounts payable to affiliated companies.....	86,754	
Preferred dividend payable 1st February, 1946.....	187,500	
Reserves for income and excess profits taxes.....	2,527,240	12,021,689

Operating reserves and deferred credits.....		627,764
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Reserve against future depreciation in inventory values.....		3,000,000
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Refundable portion of excess profits tax (contra).....		630,057
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Earned surplus.....		35,795,720
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\$193,774,111

NOTE: The series "B" first mortgage 3½% sinking fund bonds, due 1974, payable in U.S. currency, and the second hypothec securing contractual obligation for annual payments, payable in Canadian currency and in U.S. currency in equal parts, are stated on a dollar for dollar basis.

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Profit and Loss

For the Year Ending 31st December, 1945

Profit for the year ending 31st December, 1945, after provision for depreciation and depletion (see footnote) but before taking into account the following items		\$ 20,699,672
Add:		
Income from investments	\$ 41,866	
Interest, etc.	825,141	
Gain on disposal of surplus equipment	421,927	1,288,934
		21,988,606
Deduct:		
Interest on indebtedness not maturing within one year.	3,268,866	
Other interest	195,376	
Executive salaries	183,583	
(parent and subsidiary companies)		
Legal fees	40,589	
Directors' fees	913	
Provision for income and excess profits taxes, of which \$6,462,740 is Canadian taxes	6,707,503	10,396,830
		11,591,776
Profit carried to earned surplus		\$ 11,591,776

NOTE: Provision for depreciation and depletion for the year amounted to \$5,213,954 of which \$4,284,046 was charged to cost of production.

Consolidated Statement of Earned Surplus

Earned surplus—31st December, 1944		\$ 32,282,815
Adjustments applicable to prior years (net)		246,110
		32,528,925
Earned surplus (as adjusted)—31st December, 1944		32,528,925
Profit for the year	\$ 11,591,776	
Reserve for future depreciation in inventory values no longer deemed required	1,929,448	13,521,224
		46,050,149
Dividends:		
Preferred, including dividend payable 1st February, 1946	750,000	
Common	9,000,000	
Appropriation for the purchase of past service retirement annuities under amendment to the retirement income and life assurance plan ..	504,429	10,254,429
		11,591,776
Earned surplus—31st December, 1945		\$ 35,795,720

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

DIRECTORS

R. E. POWELL, *President*

J. H. ALGER, *Vice-President*

E. BLOUGH
President, Aluminium Laboratories Limited
Montreal

EDWARD K. DAVIS
President, Aluminium Limited
Montreal

J. A. DULLEA
President, Aluminium Secretariat Limited
Montreal

AIMÉ GEOFFRION, K.C.
Geoffrion & Prud'homme
Montreal

E. G. MACDOWELL
President, Aluminium Union Limited
Montreal

GEORGE O. MORGAN
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J. F. VAN-LANE
Secretary, McCarthy & McCarthy
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A. W. WHITAKER, JR., *Vice-President and General Manager*

F. L. FARRELL, *Vice-President and Treasurer*

MCNEELY DuBOSE, *Vice-President*

PAUL S. WHITE, *Secretary*

