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ALUMINUM COMPANY OF CANADA, LIMITED  
AND SUBSIDIARY COMPANIES



1962  
FINANCIAL STATEMENTS

PURVIS HALL  
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APR 27 1963  
MCGILL UNIVERSITY

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**ALUMINUM COMPANY OF CANADA, LIMITED**  
**AND SUBSIDIARY COMPANIES**

**Consolidated Balance Sheet**

*31st December 1962*

**ASSETS**

	1962	1961
<b>Current Assets:</b>		
Cash .....	\$ 15,072,792	\$ 24,739,650
Receivables .....	18,568,240	13,835,399
Receivable from affiliated companies .....	95,981,052	85,443,956
Inventories of aluminum, materials and supplies (note 2) .....	123,870,092	109,320,277
	253,492,176	233,339,282
 Deferred receivables .....	 7,372,653	 7,091,432
Prepaid expense and deferred charges .....	6,807,495	7,163,236
Investments in and advances to affiliated companies .....	2,282,943	979,883
 Lands, plants, riparian rights, and facilities, at cost (note 3) .....	 1,314,506,065	 1,284,890,471
Less: Accumulated amortization, depreciation and depletion (note 4) .....	544,870,089	499,771,231
	769,635,976	785,119,240
	 <b>\$1,039,591,243</b>	 <b>\$1,033,693,073</b>

**ALUMINUM COMPANY OF CANADA, LIMITED  
AND SUBSIDIARY COMPANIES**

**Consolidated Balance Sheet**

*31st December 1962*

**LIABILITIES**

	1962	1961
<b>Current Liabilities:</b>		
Payables.....	\$ 36,408,308	\$ 28,234,179
Payable to affiliated companies.....	6,581,562	9,771,906
Preferred dividends declared.....	712,775	728,997
Income and other taxes.....	18,390,564	16,197,246
Other debt payable within one year (note 5).....	7,196,200	1,739,896
	69,289,409	56,672,224
Debt not maturing within one year (note 5).....	503,147,302	512,361,169
Reserve for future income taxes (note 4).....	121,885,402	124,322,552
<b>Capital Stock and Surplus:</b>		
Cumulative redeemable sinking fund preferred shares:		
4% first preferred — par \$25 — 390,115 shares outstanding (403,161 shares at 31st December 1961).....	9,752,875	10,079,025
4½% second preferred — par \$50 — 1,097,856 shares outstanding (1,118,643 shares at 31st December 1961).....	54,892,800	55,932,150
Common shares — without nominal or par value:		
8,800,000 shares outstanding.....	100,000,000	100,000,000
Earned surplus (note 6).....	180,623,455	174,325,953
	345,269,130	340,337,128
	\$1,039,591,243	\$1,033,693,073

Signed on behalf of the Board,

FRASER W. BRUCE, *Director*

DANA T. BARTHOLOMEW, *Director*

ALUMINUM COMPANY OF CANADA, LIMITED  
AND SUBSIDIARY COMPANIES

Consolidated Statement of Income  
*For the Year Ending 31st December 1962*

	1962	1961
Sales and Revenues:		
Sales.....	\$329,674,289	\$311,755,014*
Operating revenues (transportation services, power sales, etc.).....	37,925,053	38,979,086*
Other income (note 7).....	5,338,358	1,635,736
	372,937,700	352,369,836
Costs and Expenses:		
Cost of sales and operating expenses.....	229,082,460	221,966,889
Provision for depreciation and depletion (note 4).....	47,686,622	45,799,339
Selling, general and administrative expenses.....	27,307,175	23,556,980
Interest on debt not maturing within one year.....	22,124,404	21,718,300
Other interest.....	112,206	818,926
	326,312,867	313,860,434
Income before income taxes.....	46,624,833	38,509,402
Provision for current income taxes.....	21,898,832	19,042,165
Transfer from reserve for future income taxes (note 4).....	(2,437,150)	(2,102,997)
	19,461,682	16,939,168
Net income.....	\$ 27,163,151	\$ 21,570,234

\*For the purpose of comparability, \$1.8 million of operating revenues in 1961 has been reclassified as sales.

ALUMINUM COMPANY OF CANADA, LIMITED  
AND SUBSIDIARY COMPANIES

Consolidated Statement of Earned Surplus  
*For the Year Ending 31st December 1962*

Earned Surplus — 31st December 1961 .....		\$174,325,953
Net income for the year .....		27,163,151
		201,489,104
Dividends:		
4% First preferred .....	\$ 392,274	
4½% Second preferred .....	2,473,375	
Common .....	18,000,000	20,865,649
Earned surplus — 31st December 1962 (note 6) .....		\$180,623,455

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 subsidiary companies as at 31st December 1962 and the related consolidated statements of income and earned surplus for the year then ended and have obtained all the information and explanations which we have required. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and related consolidated statements of income and earned surplus, supplemented by the notes thereto, are 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 subsidiary companies as at 31st December 1962 and the results of their combined operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Pricewaterhouse & Co.*

Montreal, 4th March 1963.

Chartered Accountants.

# ALUMINUM COMPANY OF CANADA, LIMITED AND SUBSIDIARY COMPANIES

## Notes to Financial Statements

### 1. Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiaries (which are all fully owned) comprising Alcan Jamaica Limited; Chaguaramas Terminals Limited; Demerara Bauxite Company, Limited; Kitimat Terminals Limited; Newfoundland Fluorspar Limited; Saguenay-Kitimat Company; Saguenay Shipping Limited; Saguenay Shipping (U.K.) Limited; Saguenay Terminals Limited; The Roberval and Saguenay Railway Company and Alcan Design Homes Limited.

All intercompany items and transactions, including profits in inventories, have been eliminated.

Accounts, other than Canadian currency accounts, included in the consolidated balance sheet are translated into Canadian dollars at rates of exchange current at 31st December 1962, except that (a) certain bank balances, inventories, investments and fixed assets with related reserves are at rates determined at dates of acquisition, and (b) debts not maturing within one year are at rates current at dates of original borrowing except that the first mortgage 3½% sinking fund bonds, due 1974, payable in United States currency, are stated on a dollar for dollar basis.

### 2. Inventories of Aluminum, Materials and Supplies:

Inventories, as summarized below, are stated at lower of cost or market.

	1962	1961
Aluminum.....	\$ 56,675,718	\$ 63,288,753
Raw materials.....	60,009,921	57,921,443
Supplies.....	15,912,453	14,457,797
	132,598,092	135,667,993
Deductions for advance payments from customers against aluminum held for future delivery.....	8,728,000	26,347,716
	\$ 123,870,092	\$ 109,320,277

### 3. Lands, Plants, Riparian Rights, and Facilities, at Cost:

	1962	1961
Land and water rights.....	\$ 34,200,603	\$ 34,220,710
Mineral properties, rights and development.....	11,193,944	10,512,252
Buildings, machinery and equipment.....	1,205,726,040	1,179,865,479
Uncompleted facilities.....	46,894,613	46,896,296
	1,298,015,200	1,271,494,737
Construction work in progress.....	16,490,865	13,395,734
	\$1,314,506,065	\$1,284,890,471

The expenditure for uncompleted facilities represents the cost of certain smelter facilities in British Columbia the construction of which was suspended in 1957.

Capital projects envisaged for the next few years are expected to involve the expenditure of about \$31 million during 1963.

### 4. Depreciation Policy and Reserve for Future Income Taxes:

With minor exceptions, depreciation recorded in the accounts is calculated on a straight-line basis in respect of all completed facilities and the uncompleted facilities in British Columbia referred to in Note 3.

Income tax regulations in Canada, and in certain other countries, permit the use (for the purpose of determining income taxes) of various forms of capital cost allowances which do not coincide with the amount of depreciation recorded in the accounts. These allowances generally exceed straight-line depreciation during the early life of new assets and later fall short of it.

When capital cost allowances utilized for determining income taxes exceed straight-line depreciation, an amount equivalent to the resultant reduction in current income taxes is charged to income and credited to Reserve for Future Income Taxes. When the allowances so utilized fall short of straight-line depreciation, resulting in higher current income taxes than would otherwise be payable, an appropriate portion of the reserve is transferred back to income.

5. Debt not maturing within one year:	1962	1961
Aluminum Company of Canada, Limited:		
Revolving credit loans from banks, under U.S. \$60,000,000 credit agreement, convertible at the Company's option on or before maturity (1st May 1965) into term loans repayable in five equal consecutive annual installments beginning one year from date of conversion (U.S. \$37,000,000).....	\$ 37,518,955	\$128,814,165
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A".....	4,334,000	4,960,000
Series "B" (U.S. \$9,478,000).....	9,478,000	10,478,000
Commutation value of contractual obligation for annual payments secured by second hypothec — payable in Canadian currency and in U.S. currency in equal parts...	6,525,000	6,825,000
3½% Sinking fund debentures, due 1971.....	29,964,000	31,841,000
3¼% Sinking fund debentures, due 1970 (U.S. \$52,185,000).....	51,353,302	55,977,411
4½% Sinking fund debentures, due 1973.....	38,550,000	40,015,000
4½% Sinking fund debentures, due 1980 (U.S. \$107,175,000).....	103,721,136	104,449,869
5.10% Notes, due 1968/1992 (U.S. \$100,000,000).....	97,586,489*	—
Redeemable notes — payable to the U.K. Government — interest and \$53,970,000 of principal abatable in certain circumstances as provided in the contracts under which they were issued:		
3% Notes, due 1971.....	54,950,000	54,950,000
3½% Notes, due 1971.....	24,975,000	24,975,000
3½% Notes, due 1974.....	40,000,000	40,000,000
Alcan Jamaica Limited:		
Bank loans, due 1965 (£4,000,000).....	10,815,620	10,815,620
	509,771,502	514,101,065
Less: Debt payable within one year included in current liabilities (equivalent to \$7,196,200 at year-end rates of exchange).....	6,624,200	1,739,896
	\$503,147,302	\$512,361,169

\*Translated into Canadian dollars at exchange rates current at dates of original borrowing under revolving credit bank loans.

Allowing for payments already made, sinking fund requirements over the next five years against the above debt, other than bank loans, amount to approximately \$6.6 million in 1963 (\$11.4 million previously redeemed), \$15.9 million in 1964, \$17.7 million in 1965, \$17.9 million in 1966 and \$18.4 million in 1967.

#### 6. Dividend Restrictions:

Pursuant to the provisions of certain debt issues, approximately \$133 million of earned surplus at 31st December 1962 is not available for payment of cash dividends on the common stock.

Earned surplus at 31st December 1962 also includes \$10.4 million, representing the par value of the Company's preferred shares purchased for cancellation since 1946 (\$1.4 million in 1962), which, under the requirements of the Companies Act of Canada, has been designated as capital surplus (previously shown separately) and is not available for the payment of dividends on the common stock unless certain formalities are observed.

#### 7. Other Income:

	1962	1961
Cancellation fee.....	\$ 5,320,642	\$ —
Gain on disposal of surplus fixed assets.....	305,369	639,095
Loss on redemption of debt.....	(533,996)	(495,192)
Financing expenses.....	(362,090)	—
Other.....	608,433	1,491,833
	\$ 5,338,358	\$ 1,635,736

#### 8. Commitments:

A consolidated subsidiary company, Saguenay Shipping Limited, has charter hire commitments amounting to \$12.9 million in 1963 (\$20.5 million paid in 1962), \$9.5 million in 1964, \$6.8 million in 1965, \$3.7 million in 1966, \$2.7 million in 1967, \$2.6 million in 1968 and lesser amounts up to 1975.

The Company has undertaken to purchase annually until 1973 certain quantities of semi-fabricated metal from Alroll Inc., an affiliated company. Under normal operations, Alroll's revenue from metal purchases contracted for by the Company and by other customers will be sufficient to enable it to meet all its obligations, including the service of its debt. However, to enable Alroll to service its debt, the Company could be required, under certain exceptional circumstances, to advance to Alroll maximum annual amounts estimated at \$4.5 million in 1964 and lesser amounts through 1972 without obtaining an equivalent value in metal.

See also reference to capital expenditure program in note 3.

#### 9. Statutory Information (parent and subsidiaries):

Executive salaries for the year 1962 were \$711,537, legal fees \$301,832, Canadian income taxes \$11,781,930:

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

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DIRECTORS

DANA T. BARTHOLOMEW  
President, Aluminium Securities Limited

FRASER W. BRUCE  
President of the Company

NATHANAEL V. DAVIS  
President, Aluminium Limited

JAMES A. DULLEA  
President, Aluminium Secretariat Limited

PAUL LAROQUE  
Secretary, Aluminium Limited

EDWIN J. MEJIA  
Director, Aluminium Limited

R. E. POWELL  
Honorary Chairman of the Company

J. ALEX. PRUD'HOMME, Q.C.  
Geoffrion & Prud'homme

H. H. RICHARDSON  
President, Aluminium Laboratories Limited

M. P. WEIGEL  
Director of Operations, Aluminium Limited

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OFFICERS

FRASER W. BRUCE, *President*

J. ALEX. PRUD'HOMME, Q.C., *Vice President*

J. B. WHITE, *Vice President and General Manager*

PAUL LEMAN, *Vice President and Treasurer*

CLAUDE P. BEAUBIEN, *Vice President*

N. S. CRERAR, *Vice President*

P. E. RADLEY, *Vice President*

E. H. EBERTS, *Secretary*

