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



**1967**

**Financial Statements**

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ALUMINUM COMPANY OF CANADA, LTD  
and Subsidiary Companies

**SOURCE AND APPLICATION OF FUNDS** — year ending 31st December 1967

	in millions of Canadian dollars	
	1967	1966
Working Capital (beginning of year)	<u>\$212.8</u>	<u>\$221.9</u>
Source of Funds:		
Net income	54.8	62.6
Depreciation and depletion	52.6	48.9
Deferred income taxes	4.4	8.6
Gain from sale of copper conductor (note 8)	—	12.3
Net increase (decrease) in long-term debt	121.2	(4.5)
Other	9.7	(6.5)
	<u>242.7</u>	<u>121.4</u>
Application of Funds:		
New plant and investments	102.1	81.0
Redemption of preferred shares (par value)	1.4	1.9
Preferred dividends	2.5	2.6
Common dividends	55.0	45.0
	<u>161.0</u>	<u>130.5</u>
Increase (decrease) in working capital	<u>81.7</u>	<u>(9.1)</u>
	<u>242.7</u>	<u>121.4</u>
Working Capital (end of year)	<u>\$294.5</u>	<u>\$212.8</u>

ALUMINUM COMPANY OF CANADA, LTD  
and Subsidiary Companies

**CONSOLIDATED STATEMENT OF INCOME** — year ending 31st December 1967

	in Canadian dollars	
	1967*	1966
<b>Revenues:</b>		
Sales	\$520,827,380	\$505,876,243
Operating revenues	68,500,699	52,622,538
Other income (note 8)	4,997,882	1,931,995
	594,325,961	560,430,776
<b>Costs and Expenses:</b>		
Cost of sales and operating expenses	387,880,172	347,967,815
Provision for depreciation and depletion (note 4)	52,632,661	48,868,403
Selling, research and administrative expenses	38,833,306	34,122,770
Interest on debt not maturing within one year	23,720,464	19,689,708
Other expenses	393,688	213,646
	503,460,291	450,862,342
<b>Income before income taxes</b>	90,865,670	109,568,434
<b>Provision for income taxes:</b>		
Current	31,631,968	38,342,525
Deferred (note 4)	4,402,014	8,588,624
	36,033,982	46,931,149
<b>Net income</b>	\$ 54,831,688	\$ 62,637,285

\*The inclusion of the earnings of subsidiaries acquired as at 1st January 1967 (see note 1) increased net income for the year by \$2.9 million.

ALUMINUM COMPANY OF CANADA LTD  
and Subsidiary Companies

**CONSOLIDATED BALANCE SHEET — ASSETS — 31st December 1967**

	in Canadian dollars	
	1967	1966
<b>Current Assets:</b>		
Cash	\$ 36,260,778	\$ 11,386,559
Time deposits and Government of Canada securities, at cost	59,241,681	16,208,625
Receivables	40,768,873	30,573,869
Receivable from affiliated companies	90,066,465	107,273,542
Inventories of aluminum, materials and supplies (note 2)	145,258,736	136,392,825
	<u>371,596,533</u>	<u>301,835,420</u>
Deferred receivables	11,175,915	12,776,131
Prepaid expense and deferred charges	11,393,005	9,977,975
Investments in companies less than 50% owned, at cost	1,651,612	1,383,619
Land, plants, riparian rights, and facilities, at cost (note 3)	1,548,507,997	1,453,080,208
Less: Accumulated depreciation and depletion (note 4)	771,551,402	717,866,646
	<u>776,956,595</u>	<u>735,213,562</u>
	<u>\$1,172,773,660</u>	<u>\$1,061,186,707</u>

ALUMINUM COMPANY OF CANADA, LTD  
and Subsidiary Companies

**CONSOLIDATED BALANCE SHEET — LIABILITIES — 31st December 1967**

	in Canadian dollars	
	1967	1966
<b>Current Liabilities:</b>		
Payables	\$ 47,698,577	\$ 59,104,544
Payable to affiliated companies	420,332	4,580,208
Income and other taxes	22,633,680	25,004,331
Other debt payable within one year (note 5)	6,344,621	354,008
	77,097,210	89,043,091
Debt not maturing within one year (note 5)	548,339,950	427,088,977
Deferred income taxes (note 4)	139,405,472	134,909,952
Minority interest in subsidiary companies	1,871,904	—
<b>Capital Stock and Surplus:</b>		
Cumulative redeemable sinking fund preferred shares (note 6):		
4% first preferred — par \$25		
Authorized — 600,000 shares		
Outstanding — 318,764 shares (1966 — 330,373 shares)	7,969,100	8,259,325
4½% second preferred — par \$50		
Authorized — 1,200,000 shares		
Outstanding — 962,352 shares (1966 — 984,817 shares)	48,117,600	49,240,850
Common shares — without nominal or par value:		
Authorized — 10,000,000 shares		
Outstanding — 8,800,000 shares	100,000,000	100,000,000
Earned surplus (note 7)	249,972,424	252,644,512
	406,059,124	410,144,687
	\$1,172,773,660	\$1,061,186,707

Approved by the Board: F. W. BRUCE, Director

DANA T. BARTHOLOMEW, Director

ALUMINUM COMPANY OF CANADA, LTD  
and Subsidiary Companies

**CONSOLIDATED STATEMENT OF EARNED SURPLUS** — year ending 31st December 1967

	in Canadian dollars	
	1967	1966
Earned surplus — beginning of year	\$252,644,512	\$225,290,001
Net income for the year	54,831,688	62,637,285
Gain from sale of copper conductor (note 8)	—	12,300,311
	307,476,200	300,227,597
Dividends:		
4% first preferred	323,092	334,033
4½% second preferred	2,180,684	2,249,052
Common	55,000,000	45,000,000
	57,503,776	47,583,085
Earned surplus — end of year	\$249,972,424	\$252,644,512

**AUDITORS' REPORT**

To the Shareholders of Aluminum Company of Canada, Ltd:

We have examined the consolidated balance sheet of Aluminum Company of Canada, Ltd and subsidiary companies as at 31st December 1967 and the consolidated statements of income, earned surplus, and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the consolidated financial position of the companies as at 31st December 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Pure Waterhouse & Co.*

Chartered Accountants.

Montreal, 13th February 1968

## NOTES TO FINANCIAL STATEMENTS

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### 1. Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and all its subsidiaries.

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

Effective 1st January 1967, the Company purchased from Alcan Aluminium Limited, parent company, for \$24.3 million, 93.6% of the shares of Saguenay Power Company, Ltd. together with all the outstanding shares of certain other companies.

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 1967, except that (a) certain fixed bank deposits, inventories, investments and fixed assets with related provisions for depreciation and depletion are at rates determined at dates of acquisition and (b) debts not maturing within one year, with a minor exception, are at rates current at dates of original borrowing. Accounts in the consolidated statement of income, except provisions for depreciation and depletion, are translated at average exchange rates prevailing during the year.

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

Inventories, as summarized below, are stated at cost (determined for the most part on the monthly average method) or market, whichever is the lower:

	1967	1966
Aluminum	\$ 56,445,848	\$ 39,797,622
Raw materials	62,241,713	69,164,068
Supplies	26,571,175	27,431,135
	\$ 145,258,736	\$ 136,392,825

### 3. Land, Plants, Riparian Rights, and Facilities:

	1967	1966
Land and water rights	\$ 51,282,485	\$ 33,905,418
Mineral properties, rights and development	13,049,454	12,752,508
Buildings, machinery and equipment	1,440,705,634	1,343,160,904
	1,505,037,573	1,389,818,830
Construction work in progress	43,470,424	63,261,378
	\$1,548,507,997	\$1,453,080,208

Capital projects are expected to involve the expenditure of some \$40 million during 1968.

### 4. Depreciation Policy and Deferred Income Taxes:

With minor exceptions, depreciation recorded in the accounts is calculated at straight-line rates based on the estimated useful lives of the respective assets. Depletion, not significant in amount, is calculated on the unit of production basis.

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 Deferred Income Taxes. When these allowances so utilized fall short of straight-line depreciation, resulting in higher income taxes than would otherwise be payable, an appropriate portion of the amount previously deferred is transferred back to income.

ALUMINUM COMPANY OF CANADA, LTD  
and Subsidiary Companies

NOTES TO FINANCIAL STATEMENTS

5. Debt Not Maturing Within One Year:

	1967	1966
Aluminum Company of Canada, Ltd:		
Revolving credit loans from banks, under U.S. \$160,000,000 credit agreement, convertible at the Company's option on 1st May 1970 into term loans repayable in five equal consecutive annual instalments beginning one year from date of conversion — (U.S. \$160,000,000)	\$171,520,071	\$ 37,874,446
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"	2,592,000	2,692,000
Series "B" (U.S. \$4,259,000)	4,259,000	5,466,000
Commutation value of contractual obligation for annual payments secured by second hypothec — payable in Canadian and United States currencies, in equal parts	5,175,000	5,400,000
3½% Sinking fund debentures, due 1971	19,704,000	21,442,000
3⅞% Sinking fund debentures, due 1970 (U.S. \$14,594,000)	14,361,408	18,232,710
4½% Sinking fund debentures, due 1973	26,958,000	29,115,000
4½% Sinking fund debentures, due 1980 (U.S. \$75,281,000)	72,854,964	78,520,311
5.10% Notes, due 1968/1992 (U.S. \$100,000,000)	97,586,489	97,586,489
Redeemable notes — payable to the U.K. Government — interest and \$23,988,750 of principal abatable in certain circumstances:		
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
Other debt	244,427	363,981
Subsidiary companies:		
Bank loans	10,815,620	10,815,620
Other debt	8,146,000	—
	554,141,979	427,433,557
Less: Debt payable within one year included in current liabilities (equivalent to \$6,344,621 at year-end rates of exchange)	5,802,029	344,580
	\$548,339,950	\$427,088,977

Allowing for payments already made, sinking fund requirements over the next five years against the above debt, other than bank loans, amount to approximately \$5.7 million in 1968, \$13.7 million in 1969, \$17.3 million in 1970, \$117.2 million in 1971 and \$12.7 million in 1972.



## NOTES TO FINANCIAL STATEMENTS

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### 6. Preferred Shares:

At the option of the Board of Directors, preferred shares may be redeemed in whole or in part, at the following prices:

4% First preferred shares — on twenty days' notice at \$26.375 per share.

4½% Second preferred shares — on thirty days' notice (a) for other than sinking fund purposes at \$52.50 per share to 30th November 1970, decreasing by 25 cents per share each three years to 30th November 1976, and thereafter at \$51.75 per share, and (b) for sinking fund, at \$51.50 per share.

### 7. Dividend Restrictions:

Pursuant to the provisions of certain debt issues, approximately \$164 million of earned surplus at 31st December 1967 is not distributable in dividends either in cash or in kind on the common shares.

### 8. Other Income:

	1967	1966
Gain (less losses) on disposal of fixed assets	\$2,428,431	\$ 59,394
Income from time deposits and Government of Canada securities	2,242,583	1,504,373
Other	326,868	368,228
	\$4,997,882	\$1,931,995

Gain on disposal of fixed assets in 1967 includes \$2.0 million from sale of copper conductor. A similar gain of \$12.3 million in 1966 was credited to earned surplus because of its materiality.

### 9. Pension Plan:

The Company and its subsidiaries, along with other associated companies, participate in a contributory pension plan which is generally open to all employees. In 1967, the Company and its subsidiaries incurred a pension expense of \$7,650,000 with respect to this plan which is virtually fully funded.

### 10. Commitments:

A subsidiary company, Saguenay Shipping Limited, has charter hire commitments amounting to \$9.8 million in 1968 (\$19.5 million paid in 1967), \$7.9 million in 1969, \$5.7 million in 1970, \$3.6 million in 1971, \$2.8 million in 1972, \$2.1 million in 1973 and lesser amounts up to 1979.

See also reference to capital expenditures in note 3.

### 11. Statutory Information:

Total remuneration received by the directors of the Company (including the salaries of officers who are directors) amounted to \$177,667 in 1967.

## **DIRECTORS**

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**DANA T. BARTHOLOMEW** — Executive Vice President, Finance, Alcan Aluminium Limited

**F. W. BRUCE** — President

**DAVID M. CULVER** — Executive Vice President, Fabricating and Sales, Alcan Aluminium Limited

**HOLBROOK R. DAVIS** — Chief Employee Relations Officer, Alcan Aluminium Limited

**NATHANAEL V. DAVIS** — President, Alcan Aluminium Limited

**J. F. EVANS** — Chief Administrative Officer, Alcan Aluminium Limited

**J. F. HORWOOD** — Chief Technical Officer, Alcan Aluminium Limited

**PAUL LAROQUE** — Secretary and Chief Legal Officer, Alcan Aluminium Limited

**PAUL LEMAN** — Executive Vice President

**R. E. POWELL** — Honorary Chairman

**J. ALEX. PRUD'HOMME, Q.C.** — of the firm Geoffrion & Prud'homme

**M. P. WEIGEL** — Executive Vice President, Raw Materials, Alcan Aluminium Limited

## **OFFICERS**

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F. W. BRUCE — President

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

PAUL LEMAN — Executive Vice President

CLAUDE P. BEAUBIEN — Vice President, Public Relations and Advertising

J. W. CAMERON — Vice President, Smelters

N. S. CRERAR — Vice President, Power

D. W. EVANS — Vice President, Chemicals

J. J. GAGNON — Vice President, Personnel

M. WILLIAMSON — Vice President, Canadian Fabricating and Sales

F. C. WINSER — Vice President, Export Sales

E. H. EBERTS — Vice President and Secretary

WILLIAM J. REID — Vice President and Treasurer



OFFICERS

**ALUMINUM COMPANY OF CANADA, LTD**  
**Montreal, Quebec, Canada**