

Corp.

ALUMINIUM LIMITED

FINANCIAL
STATEMENTS
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ALUMINIUM LIMITED
AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Balance Sheet
31st December, 1945

In Canadian Dollars

ASSETS

Lands, plants and facilities, at cost	\$336,077,056	
Less: Reserves for amortization, depreciation and depletion	222,957,494	\$113,119,562
Patents, at cost, less reserve for amortization of \$155,320		156,557
Investments in shares of subsidiary companies		10,599,508
(capital stock more than 50% owned)		
Investments in shares of other allied companies		5,451,348
(capital stock not more than 50% owned)		
Indemnity, surety and other deposits		870,054
Prepaid expenses and deferred charges to operations		2,122,275
Refundable portion of Canadian excess profits tax (contra)		635,514
Current Assets:		
Inventories of aluminium, 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	20,948,373	
Accounts and notes receivable, less reserves	13,902,863	
Marketable securities, at cost—principally Dominion of Canada bonds and treasury bills (quoted value \$59,671,086)	59,257,206	
Cash in banks and on hand	21,735,105	
	115,843,547	
Less: Proceeds of forward aluminium sales	6,180,890	109,662,657
		242,617,475
Net assets of fully owned subsidiary companies and investments in other companies in enemy and formerly occupied territory, less reserves		13,208,874
		\$255,826,349

Approved on behalf of the Board,
EDWARD K. DAVIS, Director
GEORGE O. MORGAN, Director

ALUMINIUM LIMITED
AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Balance Sheet
31st December, 1945

In Canadian Dollars

LIABILITIES

Capital Stock:		
6% Cumulative redeemable preferred shares—par \$100—72,449 shares outstanding	\$ 7,244,900	
Common shares—no par—744,410 shares outstanding	33,935,185	
		\$ 41,180,085
Aluminum Company of Canada, Ltd. 5% cumulative redeemable sinking fund preferred shares—par \$100—150,000 shares outstanding		15,000,000
Aluminum Company of Canada, Ltd. Funded Debt:		
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
3% Redeemable notes, due 1961—payable to the British Government—interest and \$44,480,000 of principal abatable in certain circumstances as provided in the contracts under which they were issued		55,600,000
Advance payments on sales contracts		1,630,561
Current Liabilities:		
Accounts payable and accrued liabilities	15,967,082	
Reserves for income and excess profits taxes	5,219,910	
		21,186,992
Operating reserves and deferred credits		2,532,453
Reserve against future depreciation in inventory values		3,000,000
Refundable portion of Canadian excess profits tax (contra)		635,514
Capital surplus		1,194,700
Earned surplus		60,727,724
		21,186,992
		\$255,826,349

NOTE: Aluminium Limited preferred dividends are expressed to be payable in U.S. funds and in the event of redemption or liquidation the preferred shares are payable in U.S. funds at the option of the shareholder.

ALUMINIUM LIMITED
AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss
For the Year Ending 31st December, 1945

In Canadian Dollars

Profit for the year ending 31st December, 1945, after provision for depreciation and depletion (see footnote) but before taking into account the following items	\$	21,912,326
Add:		
Income from investments	\$	568,313
Interest, etc.		1,026,058
Gain on disposal of surplus equipment		423,710
Recovery of United Kingdom excess profits tax under relief provisions		1,657,405
		3,675,486
		25,587,812
Deduct:		
Interest on indebtedness not maturing within one year		3,175,766
Other interest		202,252
Executive salaries		761,212
(parent and fully owned subsidiary companies)		
Legal fees		99,431
Directors' fees		11,283
Provision for income and excess profits taxes, including \$6,756,079 Canadian taxes		8,582,828
Amortization of patents		19,821
Loss on sale of investment in an allied company		175,374
		13,027,967
Profit before dividends on Aluminum Company of Canada, Ltd. preferred shares		12,559,845
Aluminum Company of Canada, Ltd. preferred dividends, including dividend payable 1st February, 1946		750,000
Profit carried to earned surplus	\$	11,809,845

NOTE: Provision for depreciation and depletion for the year amounted to \$5,691,280 of which \$4,674,424 was charged to cost of production.

ALUMINIUM LIMITED

AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Earned Surplus For the Year Ending 31st December, 1945

In Canadian Dollars

Earned surplus—31st December, 1944		\$ 53,925,390
Adjustments applicable to prior years (net)		246,110
		<hr/>
Earned surplus (as adjusted)—31st December, 1944		54,171,500
Profit for the year	\$ 11,809,845	
Reserve for future depreciation in inventory values no longer deemed required	1,929,448	
	<hr/>	13,739,293
		<hr/>
		67,910,793
Dividends Paid:		
Aluminium Limited preferred, including exchange premium	481,967	
Aluminium Limited common	5,955,280	
Appropriation for the purchase of past service retirement annuities under amendment to the retirement income and life assurance plan	745,822	
	<hr/>	7,183,069
		<hr/>
Earned surplus—31st December, 1945		<u>\$ 60,727,724</u>

AUDITORS' REPORT

To the Shareholders of Aluminium Limited:

We have examined the consolidated balance sheet of Aluminium Limited and its fully owned 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 Aluminium 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 those subsidiaries whose records were not examined or tested by us, except for companies in enemy and formerly occupied territory. 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. The Aluminum Company of Canada, Ltd., series "B" first mortgage $3\frac{1}{2}\%$ 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.

We have satisfied ourselves that the inventories of aluminium, 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.

Net assets of fully owned subsidiary companies and investments in other companies in enemy and formerly occupied territory continue segregated in the attached balance sheet.

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 Aluminium Limited and its fully owned 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, excluding those in enemy and formerly occupied territory.

Pursuant to section 114 of the Companies Act, 1934, we report that the profit for the year of the one subsidiary company not consolidated and for which financial statements are available has been included in the consolidated accounts to the extent of dividends declared and that your company's share of the profit of that subsidiary for the period exceeded the amount of such dividends. No accounts are available in respect of the other non-consolidated subsidiary company which is located in formerly occupied territory.

PRICE, WATERHOUSE & CO.,
Auditors.

18th March, 1946.

ALUMINIUM LIMITED
AND FULLY OWNED SUBSIDIARY COMPANIES

In Canadian Dollars

Comparative Condensed Earnings
(as adjusted)

	1943	1944	1945
Profit before taking into account the following items.....	\$ 96,826,010	\$ 81,643,197	\$ 26,833,953
Deduct:			
Provision for depreciation and depletion:			
Normal.....	5,810,223	6,911,133	5,691,280
Special (in respect of war facilities).....	64,555,491	51,787,341	0
Provision for income and excess profits taxes.....	14,003,494	10,943,746	8,582,828
Aluminum Compony of Canada, Ltd. preferred dividends....	749,917	750,000	750,000
	<u>\$ 11,706,885</u>	<u>\$ 11,250,977</u>	<u>\$ 11,809,845</u>
Profit carried to earned surplus.....	<u>\$ 11,706,885</u>	<u>\$ 11,250,977</u>	<u>\$ 11,809,845</u>
Earnings per common share.....	\$15.06	\$14.47	\$15.22

Comparative Condensed Balance Sheets
(as adjusted)

	31st December 1943	1944	1945
ASSETS			
Lands, plants and facilities (net).....	\$167,123,852	\$116,803,317	\$113,119,562
Investments.....	12,273,062	12,620,738	16,050,856
Prepaid expenses, deferred charges, etc.....	7,699,745	4,241,735	3,784,400
Current assets.....	163,078,312	153,127,309	109,662,657
Net assets in enemy and formerly occupied territory.....	13,212,635	13,210,705	13,208,874
	<u>\$363,387,606</u>	<u>\$300,003,804</u>	<u>\$255,826,349</u>
LIABILITIES			
Capital stock and surplus.....	\$105,267,447	\$111,546,285	\$118,102,509
Bonds, notes, etc.....	123,926,647	117,931,758	108,738,320
Advance payments on sales contracts.....	58,773,796	21,786,851	1,630,561
Current liabilities.....	66,590,372	39,116,003	21,186,992
Reserves and deferred credits.....	8,829,344	9,622,907	6,167,967
	<u>\$363,387,606</u>	<u>\$300,003,804</u>	<u>\$255,826,349</u>

NOTE: The statement for the year 1943 has been adjusted to reflect the net adjustment of \$541,802 charged to earned surplus in 1944 and the statement for the year 1944 has been adjusted to reflect the net adjustment of \$246,110 credited to earned surplus in 1945.

ALUMINIUM LIMITED

Montreal
Canada

DIRECTORS

HON. LEIGHTON McCARTHY, P.C., K.C.

E. BLOUGH
President
Aluminium Laboratories Limited

GEORGE O. MORGAN
President
Aluminium Securities Limited

J. A. DULLEA
President
Aluminium Secretariat Limited

R. E. POWELL
President
Aluminum Company of Canada, Ltd.

E. G. MacDOWELL
President
Aluminium Union Limited

EDWIN J. MEJIA
President
Aluminium Fiduciaries Limited

AIMÉ GEOFFRION, K.C.

EDWARD K. DAVIS
President
Saguenay Power Company, Ltd.

EDWARD K. DAVIS, President

J. A. DULLEA, Secretary

J. W. McKEE, Treasurer

