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Canadian Celanese Limited

ANNUAL REPORT

FOR THE YEAR ENDED

DECEMBER 31ST

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Directors

BRIG.-GEN. SIR WILLIAM ALEXANDER
K.B.E., C.B., C.M.G., D.S.O., M.P.

C. L. AUGER	HENRI DREYFUS
LEE CADIEN	A. SCHWARTZ
W. McC. CAMERON	P. A. THOMSON
CAMILLE DREYFUS	G. H. WHIGHAM

Finance and Executive Committee

P. A. THOMSON (Chairman)	CAMILLE DREYFUS
G. H. WHIGHAM	W. McC. CAMERON

Officers

G. H. WHIGHAM, Chairman of Board of Directors
CAMILLE DREYFUS, President
W. McC. CAMERON, Vice-President
LEE CADIEN, Secretary and Treasurer
H. BLANCKE, Assistant Secretary and Assistant Treasurer
C. W. PALMER Vice-President R. H. SPERLING Factory Manager
C. HESSEY-WHITE Sales Manager

General Offices

1401 McGill College Avenue
Montreal, P.Q.

Factory

Drummondville
P.Q.

Auditors

MESSRS. P. S. ROSS & SONS
Montreal, P.Q.

DIRECTORS' REPORT

TO THE SHAREHOLDERS
OF CANADIAN CELANESE LIMITED:

Appended hereto are copies of the Balance Sheet and Earned Surplus Account as at December 31, 1935 and a Statement of Income and Expenditure for the year ended December 31, 1935 together with the Auditor's Certificate.

The net profit for the year transferred to the Earned Surplus Account was \$1,602,960.19 as compared with \$1,504,708.51 for the previous year.

During the year under review the regular \$7.00 dividend on the 7% Cumulative Participating Preferred Stock amounting to \$630,000.00 was paid and a participating dividend of \$1.91 per share aggregating \$171,900.00 was paid in respect of the Earned Surplus to January 1, 1935.

You will also note from the Earned Surplus Account that an amount of \$89,000.00 has been appropriated out of the net profits for the year for payment of interest for 1935 on Income Funding Rights outstanding at December 31, 1935.

The participating dividend to which the Preferred shareholders are entitled with respect to the year 1935 will be paid when declared by the Board of Directors and charged to the Surplus Account.

In anticipation of the requirements of the Sinking Fund provision of Special By-Law "A" of the Company, the Company purchased during the year 1,000 Income Funding Rights which are carried on the Balance Sheet at cost of \$20,190.00.

The Company has improved its current position in spite of capital expenditures for increased facilities in amount of approximately \$760,000.00.

For the Board of Directors,

CAMILLE DREYFUS,
President

Balance Sheet
as at **December 31, 1935**
A s s e t s

FIXED:

Real Estate, Plant, Machinery and Equipment, at Cost	\$ 9,897,923.61	
Patents, Processes, Trade Marks and Contracts	1,615,853.88	\$11,513,777.49
Securities held for Investment, valued at Cost		262,143.27

CURRENT:

Cash on Hand and in Banks	983,810.22	
Government Bonds and other Securities, at Cost (Market Value \$1,169,262.00)	1,027,286.77	
Trade Debtors, less Reserve for Doubtful Accounts	628,418.23	
Other Accounts Receivable and Accrued Interest	19,317.24	
Inventories of Raw Materials, Supplies, Work in Process and Finished Goods — Physical Inventories, valued at Cost	1,363,082.35	4,021,914.81

DEFERRED AND PREPAID CHARGES:

Unexpired Insurance, Taxes, etc.	17,777.76	
Inventories of Stationery and Advertising Materials, at Cost	17,720.80	
Cost of 1,000 Income Funding Rights, purchased during the year and to be dealt with in accordance with the provisions of Special By-Law "A"	20,190.00	55,688.56
		\$15,853,524.13

Approved on behalf of the Board:

(Signed) C. L. AUGER, Director.

P. A. THOMSON, Director.

Balance Sheet
as at December 31, 1935
Liabilities

CAPITAL STOCK:

AUTHORIZED—

150,000 Shares 7% Cumulative
 Participating Preferred,
 Par Value \$100.00 per Share
 300,000 Shares Common, without
 Nominal or Par Value

ISSUED—

90,000 Shares Preferred	\$ 9,000,000.00	
250,409 Shares Common	981,545.00	\$ 9,981,545.00

Income Funding Rights having the attributes set forth in Special By-Law "A":

Issued under the Scheme of
 Arrangement of Nov. 7,
 1934 90,000 Rights
 Less: Purchased by the
 Company during the year,
 as per Contra (Rights pur-
 chased by the Company
 cannot be reissued) 1,000 Rights

89,000 Rights

RESERVES:

For Depreciation of Buildings, Ma- chinery and Equipment	1,680,051.85	
For Amortization of Patents and Processes	512,833.84	
For Contingencies, Unascertained Charges, etc.	102,383.01	
Special Reserve	450,000.00	2,745,268.70

CURRENT:

Accounts Payable and Accrued Li- abilities	341,585.90	
Interest on Income Funding Rights	89,000.00	
Provision for Dominion, Provincial and Municipal Taxes	293,376.67	723,962.57
Earned Surplus, per Statement attached		2,402,747.86
		<u>\$15,853,524.13</u>

Examined and Certified in accordance with our attached Certificate.

P. S. ROSS & SONS,

MONTREAL, February 14, 1936.

Chartered Accountants.

EARNED SURPLUS ACCOUNT

as at December 31, 1935

Balance at Credit, January 1, 1935		\$1,719,000.00
 DEDUCT:		
Prior Year Adjustments:		
Additional Income Taxes	\$ 14,014.51	
Adjustment of Royalties, etc.	14,297.82	28,312.33
		1,690,687.67
 ADD:		
Net Profit for the year Transferred from Statement of Income and Expenditure	1,602,960.19	
 LESS:		
Amount appropriated for payment of interest for 1935 on Income Funding Rights outstanding on December 31, 1935	89,000.00	1,513,960.19
		3,204,647.86
 DEDUCT:		
Dividends paid on Preferred Shares:		
7% for the year 1935	630,000.00	
Participating Dividend of 10% on the accumulated profits to Dec- ember 31, 1934	171,900.00	801,900.00
		1,431,900.00
Balance at Credit December 31, 1935		\$2,402,747.86

NOTE:—The participating dividend in respect of the year 1935, to which the holders of Preferred Stock are entitled in accordance with the Letters Patent of the Company, will be paid when and as declared by the Board of Directors and will be charged against the above balance at Credit of Earned Surplus Account as at December 31, 1935.

STATEMENT OF INCOME and EXPENDITURE

For the Year Ended December 31, 1935

Net Operating Profit before taking up the items below	\$2,254,692.98
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ADD:

Income from Investments	49,104.55
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	2,303,797.53

DEDUCT:

Remuneration of Executive Officers and of Directors required to be shown separately under section 113(2) of the Companies' Act	\$ 72,280.00	
Fees of Directors not included above	7,740.00	
Legal Fees	10,424.08	
Depreciation	325,393.26	
Income Tax Reserve	285,000.00	700,837.34
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Net Profit for the year transferred to Earned Surplus Account		\$1,602,960.19
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AUDITORS' CERTIFICATE

February 14, 1936

CANADIAN CELANESE LIMITED,
MONTREAL.

We have examined the books of account and financial records of Canadian Celanese Limited for the year ended December 31, 1935 and have obtained all the information and explanations we have required.

We certify that, in our opinion, the attached Balance Sheet and relative Statement of Income and Expenditure and Earned Surplus Account present a true and correct statement of the financial position of the Company as at December 31, 1935 and the result from operations for the year ended that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

P. S. ROSS & SONS,

Chartered Accountants.

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