



ANNUAL REPORT
1941

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MCGILL UNIVERSITY

DIRECTORS

SIR WILLIAM ALEXANDER

W. McC. CAMERON	A. SCHWARTZ
DR. CAMILLE DREYFUS	R. H. SPERLING
DR. HENRY DREYFUS	P. A. THOMSON
C. W. PALMER	G. H. WHIGHAM

FINANCE AND EXECUTIVE COMMITTEE

P. A. THOMSON (<i>Chairman</i>)	DR. CAMILLE DREYFUS
G. H. WHIGHAM	W. McC. CAMERON

OFFICERS

G. H. WHIGHAM, *Chairman of Board of Directors*

DR. CAMILLE DREYFUS, *President*

W. McC. CAMERON, *Vice-President*

H. BLANCKE, *Secretary and 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:*

For your convenience the appended Balance Sheet and Earned Surplus Account and the Statement of Income and Expenditure are prepared in comparative form showing the position at December 31st in each of the years 1941 and 1940 and the results from operations during the years 1941 and 1940.

It will be noted that the net profit for 1941 amounted to \$1,853,039.56 as compared with \$1,341,429.08 for 1940.

Dominion, Provincial and Municipal taxes continued to increase with \$2,068,797.96 provided or paid for 1941 as compared with \$1,018,431.57 for 1940.

Dividends paid during the year amounted to \$1,280,818.00, of which \$520,818.00 (equal to \$2.00 per share) was paid to the Common shareholders.

The booklet enclosed herewith entitled "CELANESE IN WAR" was prepared for its shareholders by Celanese Corporation of America. We believe that it aptly describes some of the uses of Celanese in the war effort, both here and in the United States, and should be of interest to our shareholders.

For the Board of Directors,

CAMILLE DREYFUS,

President.

February 25, 1942.

P. S. ROSS & SONS

ROYAL BANK BUILDING,
MONTREAL, QUE.

AUDITORS' REPORT TO THE SHAREHOLDERS

*Canadian Celanese Limited,
Montreal.*

We have examined the accompanying Balance Sheet of Canadian Celanese Limited as at December 31, 1941 and the related Statements of Income and Expenditure and Earned Surplus for the year ended on that date. In connection therewith, we have examined or tested accounting records of the Company and other supporting evidence and have obtained all the information and explanations we have required, but we have not made a detailed audit of the transactions.

In our opinion, the accompanying Balance Sheet and related Statements of Income and Expenditure and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the financial position of the Company as at December 31, 1941 and the result of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

There is attached a statement showing the amount of Earned Surplus as at December 31, 1941 which is subject to payment of a 10% Participating Dividend on the 7% Cumulative Participating Preferred Stock; we certify that, in our opinion, this statement is correct.

P. S. ROSS & SONS,
Chartered Accountants.

February 16, 1942.

CANADIAN CELANESE LIMITED

Comparative Balance Sheet as at December 31, 1942 and December 31, 1941

<u>ASSETS</u>	<u>1942</u>	<u>1941</u>	<u>LIABILITIES</u>	<u>1942</u>	<u>1941</u>
Current:			Current:		
Cash on hand and in Banks	\$ 1,909,409.63	\$ 3,341,550.06	Accounts Payable and Accrued Liabilities	\$ 398,227.75	\$ 312,215.38
Government Bonds and Other Securities, at cost (approximate market value 1942, \$2,889,500.00; 1941, \$1,428,700.00)	2,546,424.27	1,234,424.27	Provision for Taxes	1,454,409.12	1,879,392.29
Trade Debtors, less Reserve	947,345.53	783,982.57	Interest on Income Funding Rights	65,714.00	69,897.00
Other Accounts Receivable and Accrued Interest	23,145.40	16,178.35		<u>1,918,350.87</u>	<u>2,261,504.67</u>
Inventories of Raw Materials, Supplies, Work in Process and Finished Goods, as determined and certified by the Management and valued at cost	2,094,808.52	1,801,276.22	Reserves:		
	<u>7,521,133.35</u>	<u>7,177,411.47</u>	For Depreciation of Buildings, Machinery and Equipment	4,587,409.52	4,084,847.94
Deferred and Prepaid Charges:			For Amortization of Patents	488,412.88	420,877.36
Unexpired Insurance and Taxes	22,092.38	27,754.92	Special Reserve	550,000.00	550,000.00
Expenses applicable to future operations	6,301.16	15,301.87	Inventory Reserve	56,000.00	66,000.00
Cost of Income Funding Rights purchased in anticipation of Sinking Fund requirements	97,780.51	64,334.44		<u>5,681,822.40</u>	<u>5,121,725.30</u>
	<u>126,174.05</u>	<u>107,391.23</u>	Capital Stock:		
Securities held for Investment, valued at cost	195,574.39	195,574.39	Authorized—		
Refundable portion of Excess Profits Tax	225,000.00	150,000 shares 7% Cumulative Participating Preferred, par value \$100.00 per share		
Fixed:			300,000 shares Common, without par value		
Real Estate, Plant, Machinery and Equipment, at cost	13,677,140.27	13,529,263.98	Issued and Outstanding—		
Patents and Trade Marks	1,013,032.85	1,004,879.49	100,000 shares Preferred	10,000,000.00	10,000,000.00
Special Fund re Income Funding Rights, as per contra	367,200.00	367,200.00	260,409 shares Common	1,169,045.00	1,169,045.00
Assets held for Special Fund:	<u>1942</u>	<u>1941</u>	Income Funding Rights having the attributes set forth in Special By-Law "A":	<u>1942</u>	<u>1941</u>
Government Bonds at cost (Market value 1942, \$211,500.00; 1941, \$222,750.00)	\$198,000.00	\$210,000.00	Rights	Rights	
Income Funding Rights valued at \$25.00 per Right—1942, 6,768 Rights; 1941, 6,288 Rights	169,200.00	157,200.00	Issued under the Scheme of Arrangement of November 7, 1934	90,000	90,000
	<u>\$367,200.00</u>	<u>\$367,200.00</u>	Less:		
	<u>\$23,125,254.91</u>	<u>\$22,381,720.56</u>	Purchased by the Company:		
			Held in Special Fund, as per contra	6,768	6,288
			Held in anticipation of Sinking Fund requirements	4,349	2,913
			Delivered to Sinking Fund	13,169	10,902
			Rights Outstanding	<u>65,714</u>	<u>69,897</u>
			(Rights purchased by the Company cannot be reissued)		
			Balance of Sinking Fund re Income Funding Rights set aside in accordance with the provisions of Clause 3 of Special By-Law "A".	12.00	1.00
			Special Fund re Income Funding Rights, as per contra, set aside in accordance with the provisions of Clause 5 of Special By-Law "A".	367,200.00	367,200.00
			Surplus Accounts:		
			Distributable Surplus, set aside in 1936 in accordance with the provisions of sub-section 7 of section 12 of The Companies Act, 1934	62,500.00	62,500.00
			Special Surplus, being the refundable portion of the Excess Profits Tax	225,000.00
			Earned Surplus, per Statement attached	3,701,324.64	3,399,744.59
	<u>\$23,125,254.91</u>	<u>\$22,381,720.56</u>		<u>\$23,125,254.91</u>	<u>\$22,381,720.56</u>

Approved on behalf of the Board:

A. SCHWARTZ, *Director*.
P. A. THOMSON, *Director*.

This is the Balance Sheet referred to in our attached Report of even date.
P. S. ROSS & SOXS,
Chartered Accountants.

Montreal, February 17, 1943.

CANADIAN CELANESE LIMITED

Comparative Statement of Income and Expenditure for the two years ended December 31, 1941

	<i>Year ended December 31</i>	
	<i>1941</i>	<i>1940</i>
Net Operating Profit before taking up the items below	\$4,418,736.19	\$2,742,276.44
Income from Investments	110,637.34	110,006.91
Profit on Income Funding Rights purchased for Special Fund and for Sinking Fund	7,021.60	8,987.09
Profit or <i>Loss</i> on Government Bonds sold	1,200.00	8,550.00
	4,535,195.13	2,869,820.44
Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act	129,240.00	126,454.70
Fees of Directors not included above	5,960.00	5,960.00
Legal Fees	6,925.00	7,250.00
Depreciation of Plant, Machinery and Equipment	484,638.61	434,933.10
Amortization of Patents	66,991.96	66,393.56
Provision for Dominion Income Tax and Excess Profits Tax	1,800,000.00	765,000.00
Inventory Reserve	66,000.00
	2,559,755.57	1,405,991.36
Net Profit before providing for Interest and Sinking Fund re Income Funding Rights	1,975,439.56	1,463,829.08
Deduct:		
Interest on Income Funding Rights	69,897.00	72,535.00
Sinking Fund for Income Funding Rights	52,503.00	49,865.00
	122,400.00	122,400.00
Net Profit for year transferred to Comparative Statement of Earned Surplus	\$1,853,039.56	\$1,341,429.08

CANADIAN CELANESE LIMITED

Comparative Statement of Earned Surplus for the two years ended December 31, 1941

	<i>Year ended December 31</i>	
	<i>1941</i>	<i>1940</i>
Earned Surplus at beginning of year	\$2,827,523.03	\$2,844,134.36
Deduct:		
Prior Year Adjustment—additional income tax	47,263.31
	2,827,523.03	2,796,871.05
Add:		
Net Profit for the year, transferred from Comparative Statement of Income and Expenditure	1,853,039.56	1,341,429.08
	4,680,562.59	4,138,300.13
Deduct:		
Dividends Paid:		
Preferred Shares: \$7.00 per share and Participating Dividend— 60 cents per share in 1941 and \$1.16 per share in 1940	760,000.00	816,000.00
Common Shares: \$2.00 per share in 1941 and \$1.90 per share in 1940	520,818.00	494,777.10
	1,280,818.00	1,310,777.10
Earned Surplus at end of year	\$3,399,744.59	\$2,827,523.03

Note: \$1,154,823.14 of the Earned Surplus at December 31, 1941 is subject to a payment of a participating dividend of 10% (\$115,482.31) when declared.

CANADIAN CELANESE LIMITED

Statement showing the amount of Earned Surplus as at December 31, 1941 which is subject to payment of a Participating Dividend on the 7% Cumulative Participating Preferred Stock.

Amount of Earned Surplus as at December 31, 1940 which was subject to payment of a Participating Dividend of 10% when declared	\$ 601,783.58
Deduct:	
Earned Surplus on which a Participating Dividend of \$60,000.00 was paid on March 31, 1941	600,000.00
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	1,783.58
Add:	
Net Profit for the year 1941, per attached Statement of Income and Expenditure . . .	1,853,039.56
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	1,854,823.14
Deduct:	
Dividends (other than Participating Dividends) paid on Preferred Shares in 1941 . . .	700,000.00
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Amount of Earned Surplus as at December 31, 1941 which is subject to payment of a Participating Dividend of 10% (equivalent to \$1.15 per share) when declared	<u><u>\$1,154,823.14</u></u>

