

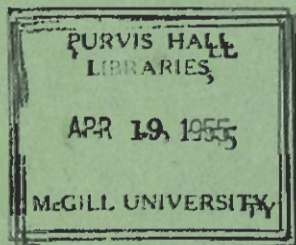
CANADIAN

# Celanese

LIMITED

ANNUAL REPORT

1942







**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:*

Appended hereto are your Company's Balance Sheet and Earned Surplus Account and Statement of Income and Expenditure for the year 1942.

Operations during the year were favorable considering present tax regulations; Dominion, Provincial and Municipal taxes charged against income for the year 1942 amounted to \$2,910,104.91 as compared with \$2,068,797.96 for 1941.

Dividends paid during the year amounted to \$1,335,818.00, of which \$520,818.00 (equal to \$2.00 per share) was paid to the Common shareholders.

The booklet enclosed herewith entitled "CELANESE IN THE POST-WAR WORLD" was prepared for its shareholders by Celanese Corporation of America. It describes some of the steps being taken through research in the development of new products, and new uses for existing products, and we believe should be of interest to our shareholders.

For the Board of Directors,

CAMILLE DREYFUS,

*President.*

*March 9, 1943.*

## 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, 1942 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, 1942 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, 1942 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 17, 1943.*

**CANADIAN CELANESE LIMITED**  
**Comparative Balance Sheet**  
**as at December 31, 1943 and December 31, 1942**

	<b>ASSETS</b>		<b>1943</b>	<b>1942</b>		<b>LIABILITIES</b>		<b>1943</b>	<b>1942</b>
Current:					Current:				
Cash on Hand and in Banks . . . . .			\$ 1,138,136.18	\$ 1,909,409.63	Accounts Payable and Accrued Liabilities . . . . .		\$ 398,273.80	\$ 398,227.75	
Government Bonds and Other Securities, at cost (approximate market value 1943, \$4,275,100.00; 1942, \$2,889,500.00) . . . . .			3,741,824.27	2,546,424.27	Provision for Taxes . . . . .		1,505,277.04	1,454,409.12	
Trade Debtors, less Reserve . . . . .			928,139.11	947,345.53	Interest on Income Funding Rights . . . . .		64,177.00	65,714.00	
Other Accounts Receivable and Accrued Interest . . . . .			20,564.05	23,145.40			1,967,727.84	1,918,350.87	
Inventories of Raw Materials, Supplies, Work in Process and Finished Goods, as determined and certified by the Management and valued at cost . . . . .			2,003,692.07	2,094,808.52	Reserves:				
			7,832,355.68	7,521,133.35	For Depreciation of Buildings, Machinery and Equipment . . . . .		5,093,543.62	4,587,409.52	
Deferred and Prepaid Charges:					For Amortization of Patents . . . . .		556,410.48	488,412.88	
Unexpired Insurance and Taxes . . . . .			18,223.81	22,092.38	Special Reserve . . . . .		550,000.00	550,000.00	
Expenses applicable to future operations . . . . .			8,895.76	6,301.16	Inventory Reserve . . . . .		56,000.00	56,000.00	
Cost of Income Funding Rights purchased in anticipation of Sinking Fund requirements . . . . .			76,488.63	97,780.51			6,255,954.10	5,681,822.40	
			103,608.20	126,174.05	Capital Stock:				
Securities held for Investment, valued at cost . . . . .			195,574.39	195,574.39	Authorized—				
Refundable portion of Excess Profits Tax . . . . .			672,000.00	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 . . . . .			13,920,259.09	13,677,140.27	Issued and Outstanding—				
Patents and Trade Marks . . . . .			1,019,964.06	1,013,032.85	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>1943</u>	<u>1942</u>			Income Funding Rights having the attributes set forth in Special By-Law "A":				
Government Bonds at cost (Market value 1943, \$193,000.00; 1942, \$211,500.00) . . . . .	\$194,000.00	\$198,000.00			<u>1943</u>	<u>1942</u>			
Income Funding Rights valued at \$25.00 per Right—1943, 6,928 Rights; 1942, 6,768 Rights . . . . .	173,200.00	169,200.00			Rights	Rights			
	\$367,200.00	\$367,200.00			Issued under the Scheme of Arrangement of November 7, 1934 . . . . .	90,000	90,000		
			\$24,110,961.42	\$23,125,254.91	Less:				
					Purchased by the Company:				
					Held in Special Fund, as per contra . . . . .	6,928	6,768		
					Held in anticipation of Sinking Fund requirements . . . . .	3,397	4,349		
					Delivered to Sinking Fund . . . . .	15,498	13,169		
					Rights Outstanding . . . . .	64,177	65,714		
					(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" . . . . .		10.00	12.00	
					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		672,000.00	225,000.00	
					Earned Surplus, per Statement attached . . . . .		3,616,524.48	3,701,324.64	
							\$24,110,961.42	\$23,125,254.91	

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 & SONS,  
Chartered Accountants.  
Montreal, February 15, 1944.



## CANADIAN CELANESE LIMITED

### Comparative Statement of Income and Expenditure for the two years ended December 31, 1942

	<i>Year ended December 31</i>	
	<i>1942</i>	<i>1941</i>
Net Operating Profit before taking up the items below . . . . .	\$5,051,845.43	\$4,418,736.19
Income from Investments . . . . .	106,650.21	110,637.34
Profit on Income Funding Rights purchased for Special Fund and for Sinking Fund . . . . .	6,912.97	7,021.60
Loss on Government Bonds sold . . . . .	250.00	1,200.00
	5,165,158.61	4,535,195.13
Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act . . . . .	128,060.00	129,240.00
Fees of Directors not included above . . . . .	5,940.00	5,960.00
Legal Fees . . . . .	8,045.00	6,925.00
Depreciation of Plant, Machinery and Equipment . . . . .	508,248.94	484,638.61
Amortization of Patents . . . . .	67,535.52	66,991.96
Provision for Dominion Income Tax and Excess Profits Tax (less refundable portion of Excess Profits Tax, \$225,000.00 in 1942). . . . .	2,485,000.00	1,800,000.00
Inventory Reserve . . . . .	10,000.00	66,000.00
	3,192,829.46	2,559,755.57
Net Profit before provision for Interest and Sinking Fund re Income Funding Rights . . . . .	1,972,329.15	1,975,439.56
Deduct:		
Interest on Income Funding Rights . . . . .	65,714.00	69,897.00
Sinking Fund for Income Funding Rights . . . . .	56,686.00	52,503.00
	122,400.00	122,400.00
Net Profit for year . . . . .	1,849,929.15	1,853,039.56
Deduct:		
Amount equivalent to refundable portion of Excess Profits Tax transferred to Special Surplus Account . . . . .	225,000.00	.....
Balance of Net Profit for year transferred to Comparative Statement of Earned Surplus . . . . .	\$1,624,929.15	\$1,853,039.56

## CANADIAN CELANESE LIMITED

### Comparative Statement of Earned Surplus for the two years ended December 31, 1942

	<i>Year ended December 31</i>	
	<u>1942</u>	<u>1941</u>
Earned Surplus at beginning of year . . . . .	\$3,399,744.59	\$2,827,523.03
Add:		
Prior year adjustments . . . . .	12,468.90	.....
	<u>3,412,213.49</u>	<u>2,827,523.03</u>
Add:		
Balance of Net Profit for year transferred from Comparative State- ment of Income and Expenditure . . . . .	1,624,929.15	1,853,039.56
	<u>5,037,142.64</u>	<u>4,680,562.59</u>
Deduct:		
Dividends Paid:		
Preferred Shares: \$7.00 per share and Participating Dividend— \$1.15 per share in 1942 and 60 cents per share in 1941 . . . . .	815,000.00	760,000.00
Common Shares: \$2.00 per share . . . . .	520,818.00	520,818.00
	<u>1,335,818.00</u>	<u>1,280,818.00</u>
Earned Surplus at end of year . . . . .	<u><u>\$3,701,324.64</u></u>	<u><u>\$3,399,744.59</u></u>

*Note:* \$942,221.19 of the Earned Surplus at December 31, 1942 is subject to a payment of a participating dividend of 10% (\$94,222.12) when declared.



## CANADIAN CELANESE LIMITED

### Statement showing the amount of Earned Surplus as at December 31, 1942 which is subject to payment of a Participating Dividend on the 7% Cumulative Participating Preferred Stock.

Amount of Earned Surplus as at December 31, 1941, which was subject to payment of a Participating Dividend of 10% when declared. . . . .	\$1,154,823.14
Deduct:	
Earned Surplus on which a Participating Dividend of \$115,000.00 was paid on March 31, 1942 . . . . .	1,150,000.00
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	4,823.14
Add:	
Balance of Net Profit for the year 1942, per attached Statement of Income and Expenditure . . . . .	1,624,929.15
Prior year adjustments credited to Earned Surplus Account in 1942 . . . . .	12,468.90
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	1,642,221.19
Deduct:	
Dividends (other than Participating Dividends) paid on Preferred Shares in 1942 . . .	700,000.00
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Amount of Earned Surplus as at December 31, 1942 which is subject to payment of a Participating Dividend of 10% (equivalent to 94 cents per share) when declared . . .	<u>\$ 942,221.19</u>





