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CANADIAN

# Celanese

LIMITED

ANNUAL REPORT  
1943

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**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*

R. STANLEY ROGERS  
*Sales Manager—Plastics*

**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:*

Your Company's Balance Sheet, Earned Surplus and Special Surplus Accounts and Statement of Income and Expenditure for 1943 are set forth in the following pages.

It will be noted that net profit for the year amounted to \$1,693,307.56 out of which \$447,000.00, being the refundable portion of excess profits tax, was transferred to Special Surplus Account.

Dominion, Provincial and Municipal taxes, paid or provided for against income for 1943, amounted to \$3,235,410.58.

The booklet enclosed herewith entitled "THE CELANESE FAMILY" was prepared for its shareholders by Celanese Corporation of America and should prove interesting to you.

For the Board of Directors,

CAMILLE DREYFUS,  
*President.*

*March 6, 1944.*

## 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, 1943 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, 1943 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, 1943 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 15, 1944.*

# CANADIAN CELANESE LIMITED

## Comparative Balance Sheet

as at December 31, 1944 and December 31, 1943

<u>ASSETS</u>	<u>1944</u>	<u>1943</u>	
Current:			
Cash on Hand and in Banks . . . . .	\$ 4,887,054.91	\$ 1,138,136.18	
Government Bonds and Other Securities, at cost (approximate market value 1944, \$5,309,700.00; 1943, \$4,275,100.00) . . . . .	4,675,191.13	3,741,824.27	
Trade Debtors, less Reserve . . . . .	940,935.79	928,139.11	
Other Accounts Receivable and Accrued Interest . . . . .	33,925.92	20,564.05	
Inventories of Raw Materials, Supplies, Work in Process and Finished Goods, as determined and certified by the Management and valued at cost . . . . .	1,957,191.26	2,003,692.07	
	<u>12,494,299.01</u>	<u>7,832,355.68</u>	
Deferred and Prepaid Charges:			
Unexpired Insurance and Taxes . . . . .	26,331.36	18,223.81	
Expenses applicable to future operations . . . . .	3,040.00	8,895.76	
Cost of Income Funding Rights purchased in anticipation of Sinking Fund requirements . . . . .	56,433.12	76,488.63	
Debenture discount and expenses, less amount amortized . . . . .	138,356.65	—	
	<u>224,161.13</u>	<u>103,608.20</u>	
Securities held for Investment, valued at cost . . . . .	195,574.39	195,574.39	
Refundable portion of Excess Profits Tax . . . . .	1,040,000.00	672,000.00	
Fixed:			
Real Estate, Plant, Machinery and Equipment, at cost . . . . .	14,940,050.37	13,920,259.09	
Patents and Trade Marks . . . . .	1,027,377.52	1,019,964.06	
Special Fund re Income Funding Rights, as per contra . . . . .	367,200.00	367,200.00	
Assets held for Special Fund:	<u>1944</u>	<u>1943</u>	
Government Bonds at cost (market value 1944, \$188,000.00; 1943, \$193,000.00) . . . . .	\$189,000.00	\$194,000.00	
Income Funding Rights valued at \$25.00 per Right—1944, 7,128 Rights; 1943, 6,928 Rights . . . . .	178,200.00	173,200.00	
	<u>\$367,200.00</u>	<u>\$367,200.00</u>	
	<u>\$30,288,662.42</u>	<u>\$24,110,961.42</u>	

NOTE: Commitments made by the Company as at December 31, 1944 for the construction of Buildings and the purchase of Machinery and Equipment totalling approximately \$1,166,000.00 are not reflected in the above Balance Sheet.

Approved on behalf of the Board:

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

<u>LIABILITIES</u>	<u>1944</u>	<u>1943</u>	
Current:			
Accounts Payable and Accrued Liabilities . . . . .	\$ 638,691.74	\$ 398,273.80	
Dominion and Provincial Taxes . . . . .	1,365,267.50	1,505,277.04	
Interest on Income Funding Rights . . . . .	62,499.00	64,177.00	
Accrued Interest on Debentures . . . . .	58,732.88	—	
	<u>2,125,191.12</u>	<u>1,967,727.84</u>	
3½% Debentures due September 1, 1959 Authorized and Issued . . . . .	5,000,000.00	—	
Reserves:			
For Depreciation of Buildings, Machinery and Equipment . . . . .	5,734,165.34	5,093,543.62	
For Amortization of Patents . . . . .	620,272.81	556,410.48	
Special Reserve . . . . .	500,000.00	550,000.00	
Inventory Reserve . . . . .	56,000.00	56,000.00	
	<u>6,910,438.15</u>	<u>6,255,954.10</u>	
Capital Stock:			
Authorized—			
150,000 shares 7% Cumulative Participating Preferred, par value \$100.00 per share			
300,000 shares Common, without par value			
Issued and Outstanding—			
100,000 shares Preferred . . . . .	10,000,000.00	10,000,000.00	
260,409 shares Common . . . . .	1,169,045.00	1,169,045.00	
Income Funding Rights having the attributes set forth in Special By-Law "A":	<u>1944</u>	<u>1943</u>	
	Rights	Rights	
Issued under the Scheme of Arrangement of November 7, 1934 . . . . .	90,000	90,000	
Less:			
Purchased by the Company:			
Held in Special Fund, as per contra . . . . .	7,128	6,928	
Held in anticipation of Sinking Fund requirements . . . . .	2,479	3,397	
Delivered to Sinking Fund . . . . .	17,894	15,498	
Rights Outstanding . . . . .	<u>62,499</u>	<u>64,177</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" . . . . .	11.00	10.00	
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 . . . . .	1,040,000.00	672,000.00	
Earned Surplus, per Statement attached . . . . .	3,614,277.15	3,616,524.48	
	<u>\$30,288,662.42</u>	<u>\$24,110,961.42</u>	

This is the Balance Sheet referred to in our attached Report of even date.

P. S. ROSS & SONS,  
Chartered Accountants.

*Montreal, February 21, 1945.*

## CANADIAN CELANESE LIMITED

### Comparative Statement of Income and Expenditure for the two years ended December 31, 1943

	<i>Year ended December 31</i>	
	<u>1943</u>	<u>1942</u>
Net Operating Profit before taking up the items below . . . . .	\$5,028,102.57	\$5,051,845.43
Income from Investments . . . . .	146,756.17	106,650.21
Profit on Income Funding Rights purchased for Special Fund and for Sinking Fund . . . . .	6,181.37	6,912.97
Profit or <i>Loss</i> on Government Bonds sold . . . . .	20,468.75	250.00
	<hr/>	<hr/>
	5,201,508.86	5,165,158.61
Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act . . . . .	130,090.60	128,060.00
Fees of Directors not included above . . . . .	6,028.40	5,940.00
Legal Fees . . . . .	16,650.00	8,045.00
Depreciation of Plant, Machinery and Equipment . . . . .	512,034.70	508,248.94
Amortization of Patents . . . . .	67,997.60	67,535.52
Provision for Dominion Income Tax and Excess Profits Tax (less refundable portion of Excess Profits Tax, \$447,000.00 in 1943 and \$225,000.00 in 1942) . . . . .	2,653,000.00	2,485,000.00
Inventory Reserve . . . . .	.....	10,000.00
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	3,385,801.30	3,192,829.46
Net Profit before provision for Interest and Sinking Fund re Income Funding Rights. . . . .	<hr/>	<hr/>
	1,815,707.56	1,972,329.15
Deduct:		
Interest on Income Funding Rights . . . . .	64,177.00	65,714.00
Sinking Fund for Income Funding Rights . . . . .	58,223.00	56,686.00
	<hr/>	<hr/>
	122,400.00	122,400.00
Net Profit for year . . . . .	<hr/>	<hr/>
	1,693,307.56	1,849,929.15
Deduct:		
Amount equivalent to refundable portion of Excess Profits Tax transferred to Special Surplus Account . . . . .	447,000.00	225,000.00
Balance of Net Profit for year transferred to Comparative Statement of Earned Surplus . . . . .	<hr/>	<hr/>
	<u>\$1,246,307.56</u>	<u>\$1,624,929.15</u>

## CANADIAN CELANESE LIMITED

### Comparative Statement of Earned Surplus for the two years ended December 31, 1943

	<i>Year ended December 31</i>	
	<u>1943</u>	<u>1942</u>
Earned Surplus at beginning of year . . . . .	\$3,701,324.64	\$3,399,744.59
Deduct:		
Prior year adjustments . . . . .	16,289.72	12,468.90
	3,685,034.92	3,412,213.49
Add:		
Balance of Net Profit for year transferred from Comparative State- ment of Income and Expenditure . . . . .	1,246,307.56	1,624,929.15
	4,931,342.48	5,037,142.64
Deduct:		
Dividends Paid:		
Preferred shares: \$7.00 per share and Participating Dividend— 94 cents per share in 1943 and \$1.15 per share in 1942 . . . . .	794,000.00	815,000.00
Common shares: \$2.00 per share . . . . .	520,818.00	520,818.00
	1,314,818.00	1,335,818.00
Earned Surplus at end of year . . . . .	\$3,616,524.48	\$3,701,324.64

*Note:* \$532,239.03 of the Earned Surplus at December 31, 1943 is subject to a payment of a participating dividend of 10% (\$53,223.90) when declared.

### Statement of Special Surplus (Refundable Portion of the Excess Profits Tax) as at December 31, 1943

Balance at credit January 1, 1943 . . . . .	\$ 225,000.00
Add:	
Amount equivalent to refundable portion of Excess Profits Tax for 1943 . . . . .	447,000.00
Balance at credit December 31, 1943 . . . . .	\$ 672,000.00



## CANADIAN CELANESE LIMITED

### Statement showing the amount of Earned Surplus as at December 31, 1943 which is subject to payment of a Participating Dividend on the 7% Cumulative Participating Preferred Stock.

Amount of Earned Surplus as at December 31, 1942 which was subject to payment of a Participating Dividend of 10% when declared . . . . .	\$ 942,221.19
Deduct:	
Earned Surplus on which a Participating Dividend of \$94,000.00 was paid on March 31, 1943 . . . . .	940,000.00
	2,221.19
Add:	
Balance of Net Profit for the year 1943 per attached Statement of Income and Expenditure . . . . .	1,246,307.56
	1,248,528.75
Deduct:	
Prior year adjustments charged to Earned Surplus Account in 1943. \$ 16,289.72	
Dividends (other than Participating Dividends) paid on Preferred Shares in 1943 . . . . .	700,000.00
	716,289.72
Amount of Earned Surplus as at December 31, 1943 which is subject to payment of a Participating Dividend of 10% (equivalent to 53 cents per share) when declared . . .	\$ 532,239.03



