

Stock

Commercial Alcohols
LIMITED

TWENTY-EIGHTH
Annual Report

31st March 1951

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Commercial Alcohols Limited

MONTREAL

Directors

ARTHUR CROSS	SELWYN IRWIN
J. E. HARRINGTON	C. G. KERTLAND
W. J. HENDERSON	T. R. McLAGAN
GORDON M. WEBSTER	

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Officers

C. G. KERTLAND	<i>President</i>
W. J. HENDERSON	<i>Vice-President</i>
H. C. KERMAN	<i>Vice-President and General Manager</i>
J. W. ROSS	<i>Secretary-Treasurer</i>
J. D. ARNOLD	<i>Assistant Secretary-Treasurer</i>

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Head Office

3176 NOTRE DAME STREET EAST
MONTREAL 4

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Transfer Agent and Registrar

EASTERN TRUST COMPANY
MONTREAL 1

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Auditors

McDONALD, CURRIE & CO.

Commercial Alcohols Limited

TWENTY-EIGHTH ANNUAL REPORT

20th June, 1951.

To the Shareholders:

Your directors have pleasure in submitting herewith your Company's 28th Annual Report, together with the Consolidated Balance Sheet as at 31st March 1951, of Commercial Alcohols Limited and its subsidiary Eastern Distilleries Limited, as well as the Consolidated General Statement of Income and Expenditure, and the Consolidated Statement of Deficit for the year ended 31st March 1951.

These statements reflect the improvement in your Company's earnings showing a net operating profit, before depreciation and interest on funded debt, of \$671,270.51 compared with a loss for the previous year of \$164,648.52.

Your directors decided that it was in the best interest of the Company to provide the maximum depreciation allowable for Income Tax purposes, including double depreciation. After making this provision, which amounted to \$856,695.17, the Consolidated General Statement of Income and Expenditure shows a deficit for the year of \$338,453.26. This deficit, as well as the deficit for last year, can be offset against anticipated future profits for Income Tax purposes.

The improvement in your Company's earnings have been almost entirely due to the last six months operation, during which time the new Gatineau Alcohol Plant was operating at full production. The Plant continues at full capacity and is producing the highest quality Alcohol. Sales are now at the highest in the history of the Company and are being well maintained.

During the fiscal year reductions were made in the Deferred Liabilities and Funded Debt of \$51,773.20 and \$41,500.00 respectively, while the working Capital of the Company increased \$405,425.39.

The new Magnesia Plant at Gatineau, which completed its experimental period in October, is now operating at full capacity, the quality

of the product is very satisfactory and the entire production is contracted for.

The Shellac Bleaching and Refining Plant operated at capacity for the full year and sales are maintaining a uniformly high level.

In order to alleviate the Company's strained cash position, the bondholders have been most co-operative and have agreed to defer all currently maturing obligations as shown by the Balance Sheet footnote. It is anticipated that all current obligations will be met on their due dates.

There were no dividends paid during the year on either the Preferred or Common shares.

The directors and officers of the Company acknowledge with sincere appreciation the loyal and efficient services rendered by the staff and employees.

Submitted on behalf of the Board,

C. G. KERTLAND,
President.

Commercial Alcohol

and Subsidiaries

CONSOLIDATED BALANCE SHEET

Assets

CURRENT ASSETS:

Cash	\$	9,217.30	
Accounts receivable, less reserve		257,117.10	
Inventories of finished products, raw materials and supplies — valued at the lower of cost or market		448,970.75	
Containers on hand		4,029.61	
Prepaid expenses		38,866.68	\$ 758,201.44

FIXED ASSETS — at cost:

Land		8,774.71	
Buildings and equipment	\$4,423,820.08		
Less: Reserve for depreciation	1,410,427.11	3,013,392.97	3,022,167.68

RIGHTS AND CONTRACTS

113,790.09

BOND DISCOUNT AND EXPENSE,

less amounts written off

81,621.52

NOTES:

- (1) Following standard practice in the trade, containers in hands of customers may be returned for credit within ninety days of shipping date.
- (2) By agreement with the holder of the first mortgage bonds, instalment of \$100,000 due 31st December 1949 has been deferred to 30th June 1951; additional instalments of \$100,000 each due 30th June 1950, 31st December 1950 and 30th June 1951 have been deferred to 31st December 1951.
- (3) Depreciation has been provided at the maximum rates presently allowed for income tax purposes, including double depreciation. Based on rates used by the company in past years, depreciation would have amounted to \$352,000.
- (4) Deferred liabilities consist of:—
 - (a) \$318,226.58 being deferred payments on capital cost of Liquor Recovery Equipment; the final basis of repayment is under negotiation.
 - (b) \$100,000.00 payable in three semi-annual instalments of \$12,500.00 each, commencing on 1st March 1952, the balance being payable on 1st September 1953.

\$3,975,780.73

Auditors' Report

We have made an examination of the books and accounts of Commercial Alcohol and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the attached consolidated balance sheet and the consolidated statement of deficit are properly drawn up so as to exhibit a true and correct view of the financial position of the companies at the end of the year 1951 and of the results of the operations for the year ended on that date, according to the books of the companies.

MONTREAL, 19th June 1951.

cohols Limited

ry Company

ET AS AT 31st MARCH 1951

Liabilities

CURRENT LIABILITIES:

Bank loan (secured)	\$ 490,000.00	
Accounts payable and accrued expenses	183,072.53	
Taxes payable — other than income taxes	4,823.78	
Accrued interest on funded debt	25,255.52	\$ 703,151.83

DEFERRED LIABILITIES (see note 4)

418,226.58

FUNDED DEBT:

Authorized and issued —

3¼% First mortgage bonds — maturing in semi-annual instalments of \$100,000 each commencing 31st December 1949 (see note 2)	1,000,000.00	
5% Second mortgage bonds — maturing in semi-annual instalments of \$100,000 each commencing 31st December 1954	1,000,000.00	
5% Third mortgage bonds — maturing in semi-annual instalments of \$30,000 each	270,000.00	
5% Special loan, collateral being the issue of \$128,500 of the company's prior first mortgage bonds secured on the Montreal plant, repayable in semi-annual instalments of \$7,000 each	128,500.00	2,398,500.00

CAPITAL STOCK LESS DEFICIT:

Preferred stock —

Authorized, issued and fully paid —

50,000 8% cumulative convertible redeemable shares of \$5 each	250,000.00	
(arrears of dividends amount to \$0.80 per share)		

Common stock —

Authorized —

400,000 shares without nominal or par value (of which 60,000 shares are reserved for conversion of preferred shares)

Issued and fully paid —

340,000 shares	748,777.00	
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Deficit — as per attached statement

	998,777.00	
	542,874.68	455,902.32

\$3,975,780.73

APPROVED ON BEHALF OF THE BOARD:

C. G. KERTLAND }
G. M. WEBSTER } Directors

to the Shareholders

cohols Limited and its subsidiary company for the year ended 31st March 1951, and

the accompanying consolidated general statement of income and expenditure and the correct view of the combined state of the affairs of the companies as at 31st March to the best of our information and the explanations given to us and as shown by the

McDONALD, CURRIE & CO.,

Chartered Accountants.

Commercial Alcohols Limited

and Subsidiary Company

CONSOLIDATED GENERAL STATEMENT OF INCOME AND EXPENDITURE

For The Year Ended 31st March 1951

NET OPERATING PROFIT		
before the following charges.....		\$ 671,270.51
Salaries and fees paid to executive officers.....	\$ 35,966.68	
Legal fees.....	1,300.00	
Provision for depreciation.....	856,695.17	
Interest on funded debt.....	103,761.92	
Amortization of bond discount and expense.....	12,000.00	1,009,723.77
NET LOSS FOR THE YEAR (see note 3).....		<u>\$ 338,453.26</u>

CONSOLIDATED STATEMENT OF DEFICIT

For The Year Ended 31st March 1951

Balance — 31st March 1950.....	\$ 204,421.42
Net loss for the year.....	<u>338,453.26</u>
Balance — 31st March 1951.....	<u>\$ 542,874.68</u>



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COMMERCIAL ALCOHOLS LIMITED

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ETHYL ALCOHOL
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Radiator Anti-Freeze

RID - ICE
Gasolene Conditioner

85% MAGNESIA INSULATION
Pipe Covering and Blocks
Plastic Cement

SHELLAC
Bone Dry Bleached Shellac
Refined De-waxed Bleached Shellac

