

C

Commercial Alcohols
LIMITED

THIRTIETH
Annual Report

31st March 1953

PURVIS HALL
LIBRARIES

JUN 9 1953

McGILL UNIVERSITY

Commercial Alcohols
LIMITED

THIRTIETH
Annual Report

31st March 1953



Economical Protection

Canada's Fastest Selling

Anti-Freeze

(Alcohol Base)

Commercial Alcohols Limited

MONTREAL

Directors

ARTHUR CROSS	SELWYN IRWIN
J. E. HARRINGTON	C. G. KERTLAND
H. C. KERMAN	T. R. McLAGAN
J. P. A. SMYTH	

•

Officers

C. G. KERTLAND	<i>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>

•

Head Office

3176 NOTRE DAME STREET EAST
MONTREAL 4

Branch Offices and Warehouses

352 McRAE DRIVE
LEASIDE, TORONTO 17

58 VICTORIA STREET
WINNIPEG

•

Transfer Agent and Registrar

EASTERN TRUST COMPANY
MONTREAL 1

•

Auditors

McDONALD, CURRIE & CO.

Commercial Alcohols Limited

THIRTIETH ANNUAL REPORT

To the Shareholders:

Your Directors have pleasure in submitting herewith your Company's Thirtieth Annual Report together with the Consolidated Balance Sheet as at the 31st March 1953 of Commercial Alcohols Limited and its wholly owned subsidiary, Eastern Distilleries Limited, as well as the Consolidated General Statement of Income and Expenditure, and the Consolidated Statement of Surplus for the year ended 31st March 1953.

The Statement shows a profit, after all charges, of \$218,938 compared with the previous year of \$346,990. The decrease in net profits is due, to a large extent, to the unsettled molasses market during the latter part of the fiscal year. The price of molasses has a direct bearing on alcohol prices. This condition has improved and molasses prices have been stabilized on a higher level which, however, is still below the high of last year.

Your Directors have decided to take depreciation based on the old rates of 2½% on Buildings and 10% on Equipment. This decision was arrived at after considerable study and after taking into consideration that, during the last three years, the Company has depreciated its fixed assets by over \$1,600,000, so that the fixed assets are now approximately forty-eight percent depreciated. Your Company is entitled to take double depreciation, but there was no advantage in doing so this year.

In continuation of their co-operative policy the Bondholders of the Company have deferred the past due and currently maturing instalments on the Company's First and Third Mortgage Bonds until 31st March 1954, as shown by Foot-notes Nos. 2 and 3 on the Balance Sheet. These deferments were decided upon, and agreed to, in order to strengthen the Company's working capital position which, as you will note from the Comparative Balance Sheet attached, has improved over \$700,000 in the past two years. This improvement in the working capital position of the Company permits your Directors to take advantage of

certain profitable operations which could not otherwise be considered. During the same period the Funded Debt and Deferred Liability has been reduced by \$664,500.

Your Company's Deficit Account of \$542,875 as at the 31st March 1951 has now been converted to a surplus of \$23,053 as at the 31st March 1953, after charging some \$770,000 depreciation during the same period.

During the current year the Fixed Assets of your Company have been increased by some \$88,000, the additional expenditure being principally for crude liquor storage tanks to increase the storage capacity by five hundred thousand gallons. Your Directors decided that this was necessary to protect your Company against loss of production in the event of our supplier finding it necessary to reduce operations to a five day week.

Notwithstanding a most unfavourable winter as regards weather conditions, the Automotive Division, which was formed the 1st April 1952, has functioned smoothly and efficiently, and the results obtained were above our expectations when the Division was formed.

Your Alcohol Plant at Gatineau continues to produce a superior grade of Ethyl Alcohol and is operating on a high standard of efficiency.

The Magnesia Insulation Plant at Gatineau has been operating at near capacity and is producing an exceptionally good product. The total output of this Plant has been contracted for through the Canadian Johns-Manville Company Limited covering the next eight years.

Your Directors are pleased to report that the Shellac Bleaching and Refining Plant, situated in Montreal, has been working to capacity and sales are being well maintained. A new vacuum drying system has recently been installed in this plant which will increase the plant's capacity and should tend to reduce costs.

No dividends have been paid during the year on either the Preferred or Common Shares of the Company.

Your Directors again desire to express their appreciation of the faithful and efficient services rendered by the officers and employees of your Company.

Submitted on behalf of the Board,

C. G. KERTLAND,
President.

29th May 1953.

Commercial A

and Subsidi

CONSOLIDATED

Assets

	1953	31st March 1952	1951
CURRENT ASSETS:			
Cash	\$ 18,733	\$ 14,421	\$ 9,217
Accounts receivable, less provision for doubtful accounts..	331,754	359,842	257,117
Inventories of finished products, raw materials and supplies — valued at the lower of cost or market	736,462	583,211	448,971
Containers on hand	23,043	12,460	4,029
Prepaid expenses	50,780	30,229	38,867
	1,160,772	1,000,163	758,201
FIXED ASSETS — at cost:			
Land	8,775	8,775	8,775
Buildings and equipment	4,559,796	4,470,975	4,423,820
	4,568,571	4,479,750	4,432,595
Less: Accumulated depreciation	2,178,031	1,865,346	1,410,427
	2,390,540	2,614,404	3,022,168
RIGHTS AND CONTRACTS	125,795	113,790	113,790
BOND DISCOUNT AND EXPENSE, less amounts written off	57,622	69,622	81,622

NOTES:

- (1) Following standard practice in the trade, containers in the hands of customers may be returned for credit at any time.
- (2) By agreement with the holder of the first mortgage bonds, semi-annual instalments of \$100,000 each due 30th June 1951 to 31st December 1953 inclusive have been deferred to 31st March 1954. From 1st July 1952 interest on instalments deferred at that date was increased to 4½% per annum. The same rate of interest is applicable to subsequent deferred instalments from their original due dates.
- (3) By agreement with the holders of the third mortgage bonds, instalments of \$30,000 each due 30th June 1953 and 31st December 1953 have been deferred until 31st March 1954.
- (4) Depreciation for the year ended 31st March 1953 has been provided at federal income tax rates in effect prior to 1949 which is \$60,256 less than the maximum amount presently allowed, excluding double depreciation.

APPROVED ON BEHALF OF THE BOARD:

C. G. KERTLAND }
H. C. KERMAN } Directors.

\$3,734,729	\$3,797,979	\$3,975,781
-------------	-------------	-------------

cohols Limited

ry Company

BALANCE SHEET

Liabilities

	1953	31st March 1952	1951
CURRENT LIABILITIES:			
Bank loan (secured)	\$ 289,200	\$ 317,000	\$ 490,000
Accounts payable and accrued expenses	218,773	188,631	183,073
Provision for Provincial income taxes	17,404	28,000	—
Taxes payable — other than income taxes	11,177	8,693	4,824
Accrued interest on funded debt	24,152	23,421	25,255
Amount due on capital cost of liquor recovery equipment	158,793	217,342	318,227
	<u>719,499</u>	<u>783,087</u>	<u>1,021,379</u>
DEFERRED LIABILITY:			
\$12,500 payable on 1st September 1953 and the balance on 1st September 1954	62,500	87,500	100,000
FUNDED DEBT:			
3¼% first mortgage bonds —			
Authorized issue of	<u>\$1,000,000</u>		
Maturing in semi-annual instalments of \$100,000 each (see note 2)	700,000	800,000	1,000,000
5% second mortgage bonds —			
Authorized issue of	<u>\$1,000,000</u>		
Maturing in semi-annual instalments of \$100,000 each commencing 31st December 1954	1,000,000	1,000,000	1,000,000
5% third mortgage bonds —			
Authorized issue of	<u>\$ 300,000</u>		
Maturing in semi-annual instalments of \$30,000 each (see note 3)	150,000	210,000	270,000
5% prior first mortgage bonds —			
Authorized issue of	<u>\$ 140,000</u>		
Maturing in semi-annual instalments of \$7,000 each	80,900	114,500	128,500
	<u>1,930,900</u>	<u>2,124,500</u>	<u>2,398,500</u>
CAPITAL STOCK AND SURPLUS:			
Preferred stock —			
8% cumulative convertible redeemable shares of \$5 each			
Authorized, issued and fully paid —			
48,325 shares (50,000 in 1951)	241,625	241,625	250,000
(arrears of dividends amount to \$1.60 per share)			
Common stock —			
Authorized —			
400,000 shares without nominal or par value (of which 57,990 shares are reserved for conversion of preferred shares)			
Issued and fully paid —			
342,010 shares (340,000 in 1951)	757,152	757,152	748,777
	<u>998,777</u>	<u>998,777</u>	<u>998,777</u>
Surplus — as per attached statement	23,053	*195,885	*542,875
	<u>1,021,830</u>	<u>802,892</u>	<u>455,902</u>
	<u>\$3,734,729</u>	<u>\$3,797,979</u>	<u>\$3,975,781</u>

*Denotes deficit

Commercial Alcohols Limited

and Subsidiary Company

CONSOLIDATED GENERAL STATEMENT OF INCOME AND EXPENDITURE

For The Years Ended 31st March

	1953	1952	1951
NET OPERATING PROFIT —			
before making the following deductions	\$ 709,311	\$ 986,594	\$ 674,271
Salaries and fees paid to executive officers	43,330	40,530	38,967
Fees paid to other directors	3,390	3,880	—
Legal fees	5,480	2,821	1,300
Provision for depreciation (see note 4)	314,881	454,918	856,695
Interest on funded debt	94,792	97,455	103,762
Amortization of bond discount and expense	12,000	12,000	12,000
Provision for Provincial income taxes	16,500	28,000	—
	490,373	639,604	1,012,724
NET PROFIT OR (LOSS) FOR THE YEAR	\$ 218,938	\$ 346,990	*\$ 338,453

CONSOLIDATED STATEMENT OF SURPLUS

For The Years Ended 31st March

	1953	1952	1951
Balance at beginning of year	*\$ 195,885	*\$ 542,875	*\$ 204,422
Net profit or loss	218,938	346,990	*338,453
Balance at end of year	\$ 23,053	*\$ 195,885	*\$ 542,875

*Denotes deficit

Auditors' Report

T O T H E S H A R E H O L D E R S

We have examined the consolidated balance sheet of Commercial Alcohols Limited and its wholly owned subsidiary company as at 31st March 1953 and the consolidated general statement of income and expenditure and consolidated statement of surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated general statement of income and expenditure and consolidated statement of surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at 31st March 1953 and the combined results of their 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 companies.

McDONALD, CURRIE & CO.,
Chartered Accountants.

MONTREAL, 29th May 1953.

Permanent Protection



PROTECTS AGAINST RUST



WILL NOT EVAPORATE

Rid-Ice

ABSORBS MOISTURE
KEEPS FUEL SYSTEM CLEAN
ASSURES QUICK STARTING



*Protects the whole gas-line system
against Freeze-ups*

- ★ *absorbs water in gas tanks*
- ★ *keeps fuel line clean*
- ★ *dissolves gasoline gum*
- ★ *keeps carburetor jets clean*
- ★ *makes smoother driving
all year-round*

PRODUCTS
OF
COMMERCIAL ALCOHOLS LIMITED

PURE AND DENATURED
ETHYL ALCOHOL

All Grades

SOLO
and
SUPER PYRO

Radiator Anti-Freezes

RID-ICE

Gasoline Conditioner

RAD-GUARD

Rust Inhibitor

85% MAGNESIA INSULATION

Pipe Covering and Blocks

Plastic Cement

SHELLAC

Bone Dry Bleached Shellac

Refined De-waxed Bleached Shellac



