

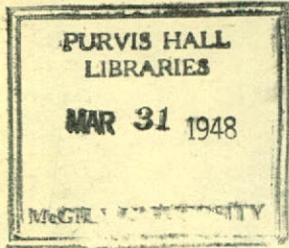
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# ALUMINIUM LIMITED

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FINANCIAL  
STATEMENTS  
1947



**ALUMINIUM LIMITED**  
AND FULLY OWNED SUBSIDIARY COMPANIES

**Consolidated Balance Sheet**  
**31st December 1947**

*In Canadian Dollars*

**ASSETS**

|   | 31st December<br>1947 | 31st December<br>1946 |
|---|-----------------------|-----------------------|
| <b>Current Assets:</b>  |                       |                       |
| Cash in banks and on hand.....  | \$ 20,355,480         | \$ 15,488,062         |
| Marketable securities—principally Dominion of Canada bonds (quoted value<br>\$34,686,594) .....   | 33,699,017            | 43,259,096            |
| Accounts and notes receivable, less reserves.....   | 24,631,436            | 21,551,115            |
| Inventories of aluminium, materials and supplies at cost or under, which is not<br>in excess of market, determined from book and physical inventories,<br>certified by officers of the companies..... | 46,147,015            | 30,316,670            |
|   | <u>124,832,948</u>    | <u>110,614,943</u>    |
| Refundable portion of Canadian excess profits tax (contra).....   | 560,578               | 629,915               |
| Prepaid expenses and deferred charges.....  | 5,032,004             | 2,570,665             |
| Indemnity, surety and other deposits.....   | 969,793               | 880,158               |
| <b>Investments:</b>   |                       |                       |
| Fully owned subsidiaries not consolidated, including advances of \$3,399,212  | 10,332,733            | —                     |
| Subsidiary companies—more than 50% owned.....   | 11,174,963            | 10,599,508            |
| Other allied companies—not more than 50% owned.....   | 12,370,793            | 5,732,769             |
|   | <u>33,878,489</u>     | <u>16,332,277</u>     |
| Less: Reserves (see notes to financial statements) .....  | 7,500,000             | —                     |
|   | <u>26,378,489</u>     | <u>16,332,277</u>     |
| Lands, plants and facilities, at cost.....  | 356,581,237           | 345,728,580           |
| Less: Reserves for amortization, depreciation and depletion.....  | 230,820,434           | 227,145,908           |
|   | <u>125,760,803</u>    | <u>118,582,672</u>    |
| Patents, at cost, less reserve for amortization of \$159,897 .....  | 126,455               | 138,938               |
| Net assets of fully owned subsidiary companies and investments in other companies<br>in enemy and formerly occupied territory, less reserves (see notes to financial<br>statements) .....             | —                     | 13,204,771            |
|   | <u>\$283,661,070</u>  | <u>\$262,954,339</u>  |

**ALUMINIUM LIMITED**  
AND FULLY OWNED SUBSIDIARY COMPANIES

**Consolidated Balance Sheet**  
**31st December 1947**

*In Canadian Dollars*

**LIABILITIES**

|   | <b>31st December<br/>1947</b> | <b>31st December<br/>1946</b> |
|---|-------------------------------|-------------------------------|
| <b>Current Liabilities:</b>   |                               |                               |
| Accounts payable and accrued liabilities.....   | \$ 24,194,998                 | \$ 24,543,152                 |
| Common dividend payable 2nd January 1948.....   | 1,488,820                     | —                             |
| Reserves for income and excess profits taxes.....   | <u>11,364,345</u>             | <u>6,586,712</u>              |
|   | <u>37,048,163</u>             | <u>31,129,864</u>             |
| Redemption price of Aluminium Limited 6% cumulative redeemable preferred shares—par \$100—called but not surrendered .....  | —                             | 242,525                       |
| Deferred liability in respect of facilities purchased, due 1949/1954.....   | <u>2,741,902</u>              | —                             |
| <b>Funded Debt:</b>   |                               |                               |
| Aluminum Company of Canada, Ltd.:   |                               |                               |
| First mortgage 3½% sinking fund bonds, due 1974:  |                               |                               |
| Series "A"—payable in Canadian currency.....  | 13,438,000                    | 13,750,000                    |
| Series "B"—payable in U.S. currency.....  | 25,655,000                    | 26,250,000                    |
| Second hypothec, securing contractual obligation for annual payments, which may be commuted for.....  | 12,118,651                    | 12,618,086                    |
| 3% Redeemable notes, due 1961—payable to the British Government—interest and \$38,920,000 of principal abatable in certain circumstances as provided in the contracts under which they were issued... | 54,968,185                    | 54,968,185                    |
| Northern Aluminium Company, Ltd. 3⅓% debentures, due 1957/1961, £1,250,000 .....  | <u>5,025,000</u>              | —                             |
|   | <u>111,204,836</u>            | <u>107,586,271</u>            |
| Aluminum Company of Canada, Ltd. 4% cumulative redeemable sinking fund preferred shares—par \$25—576,704 shares outstanding after purchase for cancellation of 23,296 shares in 1947 .....            | 14,417,600                    | 15,000,000                    |
| Operating reserves and deferred credits.....  | <u>2,406,874</u>              | <u>2,398,183</u>              |
| Refundable portion of Canadian excess profits tax (contra).....   | <u>560,578</u>                | <u>629,915</u>                |
| <b>Capital Stock and Surplus:</b>   |                               |                               |
| Common shares—no par—744,410 shares outstanding.....  | 33,935,185                    | 33,935,185                    |
| Capital surplus.....  | 9,022,000                     | 8,439,600                     |
| Earned surplus.....   | <u>72,323,932</u>             | <u>63,592,796</u>             |
|   | <u>115,281,117</u>            | <u>105,967,581</u>            |
|   | <u>\$283,661,070</u>          | <u>\$262,954,339</u>          |

Approved on behalf of the Board,

NATHANAEL V. DAVIS, Director

J. A. DULLEA, Director

**ALUMINIUM LIMITED**  
AND FULLY OWNED SUBSIDIARY COMPANIES

**Consolidated Statement of Profit and Loss  
For the Year Ending 31st December 1947**

*In Canadian Dollars*

|   | 1947                 | 1946                 |
|---|----------------------|----------------------|
| Sales.....  | \$153,431,755        | \$110,698,088        |
| Cost of sales, including selling, general and administrative expenses (see footnote). . | 116,820,289          | 88,158,140           |
| Profit from operations.....   | 36,611,466           | 22,539,948           |
| <b>Add:</b>   |                      |                      |
| Income from investments.....  | 956,383              | 975,105              |
| Interest, etc.....  | 1,034,306            | 1,146,160            |
| Gain on disposal of surplus equipment.....  | 731,093              | 228,314              |
| Abatement of principal of 3% redeemable notes.....                                      | —                    | 631,815              |
| Profit on sale of shares in an allied company.....                                      | 2,261                | 46,431               |
|   | <b>39,335,509</b>    | <b>25,567,773</b>    |
| <b>Deduct:</b>  |                      |                      |
| Interest on indebtedness not maturing within one year.....                              | 3,255,269            | 2,732,406            |
| Other interest.....   | 133,182              | 278,046              |
| Provision for Canadian income and excess profits taxes.....                             | 10,559,202           | 6,832,448            |
| Provision for foreign income and excess profits taxes.....                              | 4,632,992            | 2,584,896            |
| Expense in connection with preferred share issues and redemptions.....                  | —                    | 382,360              |
| Reserved for investments (see notes to financial statements).....                       | 4,142,445            | —                    |
|   | <b>22,723,090</b>    | <b>12,810,156</b>    |
| Profit before dividends on Aluminum Company of Canada, Ltd. preferred shares.....       | 16,612,419           | 12,757,617           |
| Aluminum Company of Canada, Ltd. preferred dividends.....                               | 588,128              | 637,500              |
| <b>Profit carried to earned surplus.....</b>  | <b>\$ 16,024,291</b> | <b>\$ 12,120,117</b> |

NOTE: Provision for depreciation and depletion for the year amounted to \$7,134,665 of which \$5,403,132 was charged to cost of production. Executive salaries amounted to \$1,066,891, legal fees \$91,063, directors' fees \$8,371 and amortization of patents \$19,584.

**ALUMINIUM LIMITED**  
AND FULLY OWNED SUBSIDIARY COMPANIES

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**Consolidated Statement of Surplus  
For the Year Ending 31st December 1947**

*In Canadian Dollars*

**EARNED SURPLUS**

|  | 1947              | 1946              |
|--|-------------------|-------------------|
| Earned surplus—beginning of year.....  | \$ 63,592,796     | \$ 60,727,724     |
| Adjustments applicable to prior years (net).....                                 | 783,906           | 1,221,219         |
| Earned surplus (as adjusted)—beginning of year.....                              | 64,376,702        | 61,948,943        |
| Profit for the year.....   | 16,024,291        | 12,120,117        |
| Reserve for future depreciation in inventory values no longer deemed required.   | —                 | 3,000,000         |
| Post-war refund of United Kingdom excess profits tax less income tax thereon.... | —                 | 1,469,752         |
|  | <u>80,400,993</u> | <u>78,538,812</u> |

**Dividends:**

|  |                             |                             |
|--|-----------------------------|-----------------------------|
| Aluminium Limited preferred, including exchange premium.....   | —                           | 349,385                     |
| Aluminium Limited common, including dividend payable 2nd January 1948 ..   | 7,444,100                   | 6,699,690                   |
| Appropriation for the redemption of 72,449 Aluminium Limited preferred shares.                                   | —                           | 7,896,941                   |
| Appropriation for the purchase for cancellation of 23,296 Aluminum Company of Canada, Ltd. preferred shares..... | 632,961                     | —                           |
|  | <u>8,077,061</u>            | <u>14,946,016</u>           |
| <b>Earned surplus—end of year.....</b>   | <b><u>\$ 72,323,932</u></b> | <b><u>\$ 63,592,796</u></b> |

**CAPITAL SURPLUS**

|   | 1947                       | 1946                       |
|---|----------------------------|----------------------------|
| Capital surplus—beginning of year.....  | \$ 8,439,600               | \$ 1,194,700               |
| Par value of 72,449 Aluminium Limited preferred shares called for redemption ..                       | —                          | 7,244,900                  |
| Par value of 23,296 Aluminum Company of Canada, Ltd. preferred shares purchased for cancellation..... | 582,400                    | —                          |
| <b>Capital surplus—end of year.....</b>   | <b><u>\$ 9,022,000</u></b> | <b><u>\$ 8,439,600</u></b> |

**ALUMINIUM LIMITED**  
AND FULLY OWNED SUBSIDIARY COMPANIES

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**Notes to Financial Statements**

The accounts of all fully owned subsidiary companies are included in the consolidated financial statements with the exception of those located in enemy and formerly occupied territory which are carried as investments.

The investments in and advances to companies in enemy and formerly occupied territory, segregated in previous balance sheets, have been transferred to appropriate "Investment" captions in the attached balance sheet. The investments in the fully owned subsidiaries not consolidated include \$4,257,509 in companies subject to expropriation proceedings. Reserves, which the management feels should prove adequate, aggregating \$7,500,000, including \$4,142,445 provided in the year 1947, are carried against the combined investments and advances. The net current assets located in enemy and formerly occupied territory—the property of consolidated companies—\$1,100,121, and the relative 100% reserve provided in prior years are not shown in the attached consolidated balance sheet.

The accounts of subsidiary companies, other than Canadian companies, included in the consolidated balance sheet and the related statement of profit and loss are translated into Canadian dollars at official rates of exchange current at 31st December 1947, except that fixed assets are at rates determined at dates of acquisition.

The liability for income and excess profits taxes, for which the management has made provisions deemed adequate, is subject to determination by the tax authorities in jurisdiction.

The surpluses of the individual companies included in the consolidation are subject to such restrictions as to distribution as may be imposed by regulatory bodies of the countries in which the companies are carrying on operations.

Consolidated profit for the year 1947 includes net income of \$4,437,558 of consolidated non-Canadian fully owned subsidiaries; net dividends paid by that group to their Canadian parent during the year aggregated \$3,449,836.

A condensed geographical analysis of the assets and liabilities expressed in millions of Canadian dollars follows:

| ASSETS                                | CANADA       | UNITED KINGDOM | OTHER BRITISH COMMONWEALTH | CONTINENTAL EUROPE | ALL OTHER  | TOTAL        |
|---------------------------------------|--------------|----------------|----------------------------|--------------------|------------|--------------|
| Current assets.....                   | 96.9         | 13.6           | 8.7                        | 3.1                | 2.5        | 124.8        |
| Investments.....                      | 11.0         | .0             | 3.1                        | 9.5                | 2.8        | 26.4         |
| Lands, plants and facilities (net)... | 109.0        | 8.7            | 6.7                        | 1.4                | .0         | 125.8        |
| Other assets.....                     | 5.3          | .1             | .9                         | .1                 | .3         | 6.7          |
|                                       | <u>222.2</u> | <u>22.4</u>    | <u>19.4</u>                | <u>14.1</u>        | <u>5.6</u> | <u>283.7</u> |
| <b>LIABILITIES</b>                    |              |                |                            |                    |            |              |
| Current liabilities.....              | 23.6         | 7.1            | 4.3                        | .8                 | 1.2        | 37.0         |
| Funded debt.....                      | 106.2        | 5.0            | .0                         | .0                 | .0         | 111.2        |
| Subsidiary preferred shares....       | 14.4         | .0             | .0                         | .0                 | .0         | 14.4         |
| Other liabilities.....                | 4.0          | 1.4            | .4                         | .0                 | .0         | 5.8          |
|                                       | <u>148.2</u> | <u>13.5</u>    | <u>4.7</u>                 | <u>.8</u>          | <u>1.2</u> | <u>168.4</u> |
| Common shareholders' equity...        | <u>74.0</u>  | <u>8.9</u>     | <u>14.7</u>                | <u>13.3</u>        | <u>4.4</u> | <u>115.3</u> |

## A U D I T O R S ' R E P O R T

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### To the Shareholders of Aluminium Limited:

We have examined the consolidated balance sheet of Aluminium Limited and its fully owned subsidiary companies as at 31st December 1947, and the related consolidated statements of profit and loss and surplus. Our examination of Aluminium Limited, its Canadian subsidiaries and certain of its foreign subsidiaries included such tests of the accounting records and other supporting evidence and such other procedures as we deemed appropriate, including a review of the reports of the company's internal auditors. We were furnished by other independent accountants with audited financial statements of those subsidiaries whose records were not examined by us, except for companies in enemy and formerly occupied territory. We have received all the information and explanations we have required.

On the above basis, we report that, in our opinion, the accompanying consolidated balance sheet supplemented by the notes appended thereto is properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminium Limited and its fully owned subsidiary companies as at 31st December 1947, and that the related consolidated statements of profit and loss and surplus present fairly the results of the combined operations of the companies for the year ending 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 examined by us and the audited financial statements furnished by other independent accountants.

Pursuant to section 114 of The Companies Act, 1934 (under which all the companies more than 50% owned are classified as subsidiary companies) we report that the profit for the year of the one non-consolidated "subsidiary" company for which financial statements are available, has been included in the consolidated accounts to the extent of dividends declared and that your company's share of the profit of that subsidiary for the period exceeded the amount of such dividends. The remaining "subsidiary" companies not consolidated are located in enemy and formerly occupied territory and complete accounts of these companies are not available.

PRICE, WATERHOUSE & CO.,

*Auditors.*

Montreal, 15th March 1948.

# ALUMINIUM LIMITED

Montreal  
Canada

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## DIRECTORS

HON. LEIGHTON McCARTHY, P.C., K.C.

E. BLOUGH

GEORGE O. MORGAN

E. G. MacDOWELL

President  
Aluminium Union Limited

J. A. DULLEA

President  
Aluminium Securities Limited

EDWIN J. MEJIA

President  
Aluminium Fiduciaries Limited

PAUL LaROQUE

Secretary  
Aluminium Secretariat Limited

R. E. POWELL

President  
Aluminum Company of Canada, Ltd.

NATHANAEL V. DAVIS

Managing Director  
Stand Limited

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NATHANAEL V. DAVIS, President

J. A. DULLEA, Secretary

J. W. McKEE, Treasurer