

**COMMERCIAL ALCOHOLS
LIMITED**

Nineteenth
**ANNUAL
REPORT**

**FOR THE YEAR ENDING
MARCH THIRTY-FIRST, 1942**

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COMMERCIAL ALCOHOLS LIMITED



DIRECTORS

THOS. ARNOLD, *Chairman*

C. G. KERTLAND, *President*

JOHN IRWIN, *Vice-President*

W. J. HENDERSON

A. LAFONTAINE, K.C.

F. J. MANNING



Head Office:

3176 NOTRE DAME STREET EAST, MONTREAL



Transfer Agents:

EASTERN TRUST CO., MONTREAL, QUE.



Auditors:

McDONALD, CURRIE & CO.

COMMERCIAL ALCOHOLS LIMITED



JUNE 8, 1942

TO THE SHAREHOLDERS:

Your Directors submit herewith your Company's Nineteenth Annual Report together with Balance Sheet as at March 31st, 1942, also statement of Profit and Loss and Surplus Account for the twelve-month period ending on that date.

During the year dividends amounting to forty cents per share were paid on the Preferred shares of the Company, and a dividend of fifteen cents per share was paid on the Common shares.

The net operating profits for the year were \$260,497.43, and after deducting all charges and expenses, including management, depreciation, and providing for Dominion Income and Excess Profits taxes, the net profits were \$90,111.02, whereas in 1941 your Company had a net operating profit of \$158,882.87 and a net profit of \$73,514.93. The increase this year in net profit is due to the large increase in volume of business transacted by your Company.

A reserve of \$117,500.00 has been set up to take care of Income and Excess Profits Taxes compared with last year's provision of \$48,914.41.

After disbursing \$59,338.00 in dividends, the earned surplus was increased from \$156,212.09 to \$186,985.11, and the working capital of the Company increased from \$261,884.61 to \$323,132.45.

Additions were made to plant and equipment during the year in review amounting to \$14,713.94. These additions were made to increase the capacity of the plant to take care of war orders.

Your Company's operations and sales during the year under review were very satisfactory, and the plants are operating at full wartime capacity. The Company's buildings and equipment have been well maintained and are in good condition.

Your Directors wish to record and to express their sincere regrets in the death of Mr. J. A. Wales, one of our Directors. Mr. Wales was one of the organizers of your Company, and he served on the Board of Directors since its inception, as well as having occupied an executive position during the early stages of the Company's development.

Your Directors wish to express their appreciation of the faithful and efficient services rendered by the staff and employees.

Respectfully submitted,

On behalf of the Board,

C. G. KERTLAND,
President.

COMMERCIAL ALCOHOLS LIMITED

Balance Sheet as at 31st March, 1942

ASSETS	LIABILITIES
CURRENT ASSETS:	
Cash.....	\$212,240.79
Dominion of Canada bonds—at market value....	80,000.00
Accounts receivable—less reserve.....	54,681.80
Inventories—finished products, raw materials and supplies—as determined by actual count, weight or measurement, and valued at or below cost....	138,108.97
Containers on hand.....	\$485,031.56
	8,513.40
	\$ 493,544.96
 PREPAID EXPENSES.....	 5,984.38
 FIXED ASSETS:	
Buildings, plant and equipment—at cost.....	408,672.56
 RIGHTS AND CONTRACTS.....	 113,652.09
APPROVED ON BEHALF OF THE BOARD:	
THOMAS ARNOLD	} <i>Directors.</i>
C. GORDON KERTLAND	
\$1,021,853.99	\$1,021,853.99

CURRENT LIABILITIES:

Accounts payable and accrued charges.....	\$ 35,921.34	
Taxes payable, other than income taxes.....	1,385.71	
Reserve for income and excess profits taxes.....	118,079.71	
Dividend payable on preferred shares.....	5,000.00	
Dividend payable on common shares.....	10,025.75	\$ 170,412.51

RESERVE FOR DEPRECIATION OF FIXED ASSETS 223,619.37

CAPITAL STOCK AND SURPLUS:

Preferred Stock—
 Authorized, issued and fully paid—
 50,000 8% cumulative convertible redeemable
 shares of a par value of \$5.00 each \$250,000.00

Common Stock—
 Authorized:
 400,000 shares without nominal or par value

Issued and fully paid:
 193,485 shares at 31st March, 1941, \$183,807.00
 7,030 shares issued for cash, under
 employees' stock sub-
 scription plan..... 7,030.00

200,515 shares at 31st March, 1942..... 190,837.00

Earned Surplus—
 as per attached statement..... 186,985.11 627,822.11

CONTINGENT LIABILITY—in respect of containers in hands of customers if returned within ninety days of shipping date....

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Commercial Alcohols Limited for the year ended 31st March, 1942, and we have obtained all the information and explanations which we have required.

In our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs, according to the best of our information and the explanations given to us and as shown by the books of the company.

MCDONALD, CURRIE & CO.
Chartered Accountants.

Montreal, 20th May, 1942.

COMMERCIAL ALCOHOLS LIMITED



GENERAL STATEMENT OF INCOME AND EXPENDITURE

For The Year Ended 31st March, 1942

NET OPERATING PROFIT—before the following deductions.		\$260,684.93
Loss on sale of investments.		187.50
		<u>\$260,497.43</u>
Salaries and fees paid to executive officers.	\$15,214.96	
Fees paid to other directors.	3,085.00	
Legal fees.	363.00	18,662.96
		<u>\$241,834.47</u>
Provision for depreciation.		34,223.45
		<u>\$207,611.02</u>
Provision for income and excess profits taxes.		117,500.00
NET PROFIT.		<u><u>\$ 90,111.02</u></u>

STATEMENT OF EARNED SURPLUS

For The Year Ended 31st March, 1942

BALANCE AT CREDIT—31st March, 1941.		\$156,212.09
ADD: Net profit for the year.		90,111.02
		<u>\$246,323.11</u>
DEDUCT: Preferred dividends paid and payable.	\$20,000.00	
Common dividends paid and payable.	39,338.00	59,338.00
		<u>\$186,985.11</u>
BALANCE AT CREDIT—31st March, 1942.		<u><u>\$186,985.11</u></u>

COMMERCIAL ALCOHOLS LIMITED



COMPARATIVE STATEMENT OF INCOME AND SURPLUS ACCOUNT

For The Years Ended 31st March

	1942	1941	1940
NET OPERATING PROFIT.....	\$260,497.43	\$158,882.87	\$152,289.50
LESS: Executive salaries and fees....	15,214.96	13,401.67	14,420.00
Directors' fees.....	3,085.00	1,080.00	940.00
Legal fees.....	363.00	290.21	95.00
Depreciation.....	34,223.45	21,681.65	18,738.09
Income Taxes.....	117,500.00	48,914.41	20,666.87
	<u>\$170,386.41</u>	<u>\$ 85,367.94</u>	<u>\$ 54,859.96</u>
NET PROFIT.....	\$ 90,111.02	\$ 73,514.93	\$ 97,429.54
LESS: Preferred dividends.....	20,000.00	20,000.00	20,000.00
	<u>\$ 70,111.02</u>	<u>\$ 53,514.93</u>	<u>\$ 77,429.54</u>
LESS: Common dividends.....	39,338.00	19,059.00	17,911.50
	<u>\$ 30,773.02</u>	<u>\$ 34,455.93</u>	<u>\$ 59,518.04</u>
ADD: Previous Surplus.....	156,212.09	129,976.48	66,093.06
Adjustment—prior periods....	—	—	4,365.38
	<u>\$186,985.11</u>	<u>\$164,432.41</u>	<u>\$129,976.48</u>
LESS: Taxes—prior periods.....	—	8,220.32	—
EARNED SURPLUS.....	<u>\$186,985.11</u>	<u>\$156,212.09</u>	<u>\$129,976.48</u>

COMPARATIVE STATEMENT OF WORKING CAPITAL

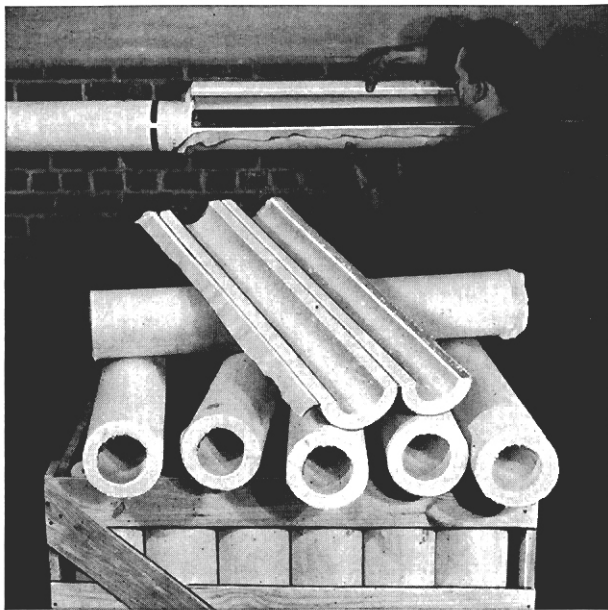
For The Years Ended 31st March

	1942	1941	1940
CURRENT ASSETS.....	\$493,544.96	\$343,044.30	\$267,119.91
CURRENT LIABILITIES.....	170,412.51	81,159.69	33,754.46
WORKING CAPITAL.....	<u>\$323,132.45</u>	<u>\$261,884.61</u>	<u>\$233,365.45</u>

COMMERCIAL ALCOHOLS LIMITED

85% Magnesia

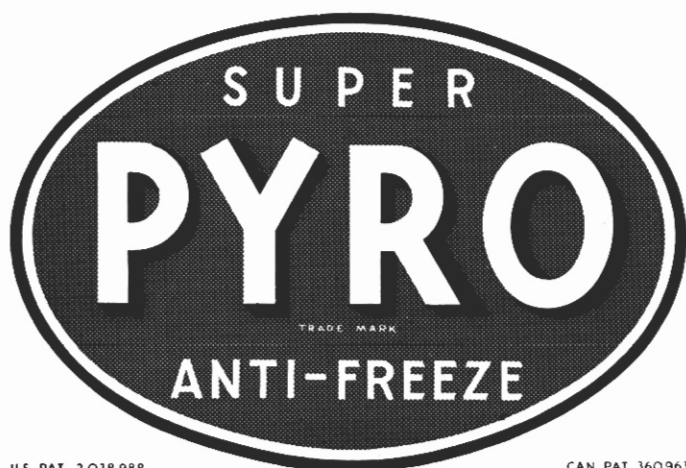
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