

**COMMERCIAL ALCOHOLS
LIMITED**

Twentieth
**ANNUAL
REPORT**

**FOR THE YEAR ENDING
MARCH THIRTY-FIRST, 1943**

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MCGILL UNIVERSITY

COMMERCIAL ALCOHOLS LIMITED



DIRECTORS

THOS. ARNOLD, *Chairman*

C. G. KERTLAND, *President*

JOHN IRWIN, *Vice-President*

W. J. HENDERSON

A. LAFONTAINE, K.C.

LAWRENCE MACFARLANE, K.C.

F. J. MANNING



Head Office:

3176 NOTRE DAME STREET EAST, MONTREAL



Transfer Agents:

EASTERN TRUST CO., MONTREAL, Q'U'É.



Auditors:

MCDONALD, CURRIE & CO.

COMMERCIAL ALCOHOLS LIMITED



JUNE 11, 1943.

TO THE SHAREHOLDERS:

Your Directors submit herewith your Company's Twentieth Annual Report together with Balance Sheet as at March 31, 1943, 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 twenty cents per share was paid on the Common shares.

The net operating profits for the year were \$191,162.48, and after deducting all charges and expenses of operations and management, making adequate provision for depreciation, and providing for Dominion Income and Excess Profits taxes, the net profits were \$63,700.56, whereas in 1942 your Company had a net operating profit of \$260,497.43 and a net profit of \$90,112.02.

The decrease this year in operating profit was due to the radical changes that were necessary in converting the plant from a molasses alcohol plant to a grain alcohol plant. This necessitated new buildings and equipment which were built after receiving the letter of necessity from the Department of Munitions and Supply. This letter also enables your Company to apply to the War Depreciation Board to allow these expenditures, which amounted to \$261,281.75, to be written off at an accelerated rate of depreciation. These changes were made as far as possible while the plant was operating, but due to the fact that supplies of our raw material, molasses, were exhausted before the new plant was ready for operations, it became necessary for your Company during this period to purchase alcohol from another distillery to keep our customers supplied. To do this, and at the same time maintain price ceilings, meant foregoing profits until your Company could get into full production again. The additions made to the plant and equipment increased the capacity of the plant by a little over fifty percent. This additional capacity is all being used for war work.

After disbursing \$60,103.00 in dividends, the earned surplus was increased from \$186,985.11 to \$190,582.67.

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 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, 1943

ASSETS			LIABILITIES
CURRENT ASSETS			CURRENT LIABILITIES:
Cash	\$ 7,888.87		Bank loan
Accounts receivable, including \$106,766.51, the estimated amount due from Commodity Prices Stabilization Corporation Limited, less reserve	195,355.36		Accounts payable and accrued charges
Inventories—finished products, raw materials and supplies as determined by actual count, weight or measurement and valued at cost	135,691.13		Taxes payable, other than income taxes
	\$338,935.36		Unpaid balance of provision for income and excess profits taxes
Containers on hand	9,247.95	\$348,183.31	Dividend payable on preferred shares
			Dividend payable on common shares
PREPAID EXPENSES	9,297.39		\$ 242,621.27
FIXED ASSETS:			RESERVE FOR DEPRECIATION OF FIXED ASSETS
Buildings, plant and equipment, at cost	669,954.31		267,046.16
RIGHTS AND CONTRACTS	113,652.09		CAPITAL STOCK AND SURPLUS:
			Preferred Stock—
			Authorized, issued and fully paid—
			30,000 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—
			260,515 shares
			190,837.00
			Earned Surplus—
			as per attached statement
			190,582.67
			631,419.67
			CONTINGENT LIABILITY —in respect of containers in hands of customers if returned within ninety days of shipping date.
			\$1,141,087.10
			Note: The company will claim an inventory reserve of approximately \$28,000.00 under the provisions of the excess profits tax act. This reserve is not reflected in the accounts.
			\$1,141,087.10

APPROVED ON BEHALF OF THE BOARD:

THOMAS ARNOLD
C. GORDON KERTLAND *Directors.*

\$1,141,087.10

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Commercial Alcohols Limited for the year ended 31st March 1943 and we have obtained all the information and explanations which we have required.

Subject to the final determination of the company's liability for income and excess profits taxes by the Department of National Revenue, 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.

(Signed) McDONALD, CURRIE & CO.
Chartered Accountants.

Montreal, 2nd June, 1943.

COMMERCIAL ALCOHOLS LIMITED



GENERAL STATEMENT OF INCOME AND EXPENDITURE

For The Year Ended 31st March, 1943

NET OPERATING PROFIT—before the following deductions.		\$191,162.48
Salaries and fees paid to executive officers.	\$15,300.01	
Fees paid to other directors.	3,775.00	
Legal fees.	40.00	19,115.01
		<hr/>
		\$172,047.47
Provision for depreciation.		43,426.79
		<hr/>
		\$128,620.68
Provision for income and excess profits taxes.		64,920.12
		<hr/>
NET PROFIT.		<u>\$ 63,700.56</u>

STATEMENT OF EARNED SURPLUS

For The Year Ended 31st March, 1943

BALANCE AT CREDIT—31st March, 1942.		\$186,985.11
ADD: Net profit for the year.		63,700.56
		<hr/>
		\$250,685.67
DEDUCT: Preferred dividends paid and payable.	\$20,000.00	
Common dividends paid and payable.	40,103.00	60,103.00
		<hr/>
BALANCE AT CREDIT—31st March, 1943.		<u>\$190,582.67</u>

COMMERCIAL ALCOHOLS LIMITED



COMPARATIVE STATEMENT OF INCOME AND SURPLUS ACCOUNT

For The Years Ended 31st March

	1943	1942	1941
NET OPERATING PROFIT.....	\$191,162.48	\$260,497.43	\$158,882.87
LESS: Executive salaries and fees....	15,300.01	15,214.96	13,401.67
Directors' fees.....	3,775.00	3,085.00	1,080.00
Legal fees.....	40.00	363.00	290.21
Depreciation.....	43,426.79	34,223.45	21,681.65
Income taxes.....	64,920.12	117,500.00	48,914.41
	<u>\$127,461.92</u>	<u>\$170,386.41</u>	<u>\$ 85,367.94</u>
NET PROFIT.....	\$ 63,700.56	\$ 90,111.02	\$ 73,514.93
LESS: Preferred dividends.....	20,000.00	20,000.00	20,000.00
	<u>\$ 43,700.56</u>	<u>\$ 70,111.02</u>	<u>\$ 53,514.93</u>
LESS: Common dividends.....	40,103.00	39,338.00	19,059.00
	<u>3,597.56</u>	<u>30,773.02</u>	<u>34,455.93</u>
ADD: Previous surplus.....	186,985.11	156,212.09	129,976.48
Adjustment—prior periods.....	—	—	—
	<u>\$190,582.67</u>	<u>\$186,985.11</u>	<u>\$164,432.41</u>
LESS: Taxes—prior periods.....	—	—	8,220.32
EARNED SURPLUS.....	<u>\$190,582.67</u>	<u>\$186,985.11</u>	<u>\$156,212.09</u>
FIXED ASSETS			
LESS: Reserve for depreciation.....	\$402,908.15	\$185,053.19	\$205,527.70

COMPARATIVE STATEMENT OF WORKING CAPITAL

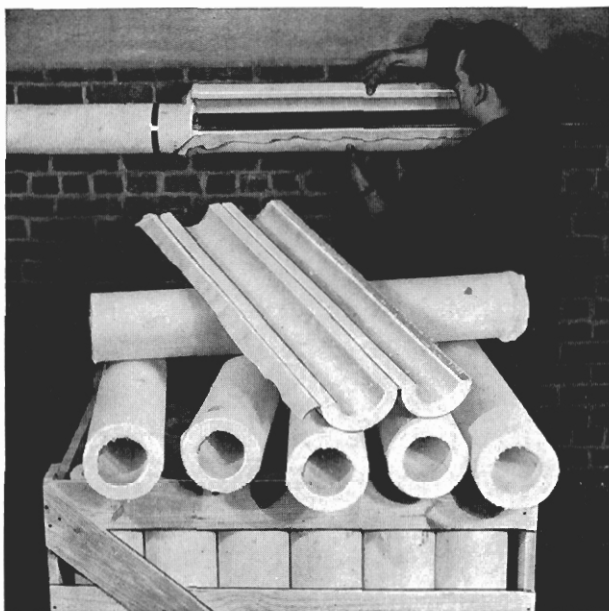
For The Years Ended 31st March

	1943	1942	1941
CURRENT ASSETS.....	\$348,183.31	\$493,544.96	343,044.30
CURRENT LIABILITIES.....	242,621.27	170,412.51	81,159.69
WORKING CAPITAL.....	<u>\$105,562.04</u>	<u>\$323,132.45</u>	<u>\$261,884.61</u>

COMMERCIAL ALCOHOLS LIMITED

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