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ALUMINUM COMPANY OF CANADA, LIMITED

1947

FINANCIAL STATEMENTS

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ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December 1947

A S S E T S

	31st December 1947	31st December 1946
Current Assets:		
Cash in banks and on hand.....	\$ 7,909,584	\$ 4,743,429
Funds set apart for preferred dividend payable 1st March 1948....	144,220	150,000
Marketable securities—principally Dominion of Canada bonds (quoted value \$23,187,610).....	22,221,979	38,273,189
Accounts and notes receivable, less reserves.....	8,467,741	7,431,803
Accounts receivable from affiliated companies.....	7,018,507	6,382,266
Inventories of aluminum, materials and supplies at cost or under, which is not in excess of market, determined from book and physical inventories, certified by officers of the companies.....	35,277,446	23,454,720
	<u>81,039,477</u>	<u>80,435,407</u>
Refundable portion of excess profits tax (contra).....	560,578	629,915
Prepaid expenses and deferred charges to operations.....	3,431,074	2,061,124
Indemnity and surety deposits.....	577,247	569,743
Investment in shares of an affiliated company..... (capital stock not more than 50% owned)	3,687,499	3,687,499
Lands, plants and facilities, at cost.....	334,922,150	327,698,726
Less: Reserves for amortization, depreciation and depletion.....	223,832,163	221,023,811
	<u>111,089,987</u>	<u>106,674,915</u>
	334.9	
	<u>\$200,385,862</u>	<u>\$194,058,603</u>

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December 1947

LIABILITIES

	31st December 1947	31st December 1946
Current Liabilities:		
Accounts payable and accrued liabilities.....	\$ 12,687,062	\$ 11,662,100
Accounts payable to affiliated companies.....	131,325	98,030
Preferred dividend payable 1st March 1948.....	144,220	150,000
Reserves for income and excess profits taxes.....	6,715,466	4,528,088
	<u>19,678,073</u>	<u>16,438,218</u>
Deferred liability in respect of facilities purchased, due 1949/1954.....	2,741,902	—
Funded Debt:		
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
The Roberval & Saguenay Railway Company 40year 7% consolidated sinking fund mortgage bonds, due 1955.....	1,330,000	1,330,000
	<u>107,509,836</u>	<u>108,916,271</u>
Operating reserves and deferred credits.....	962,572	897,266
Refundable portion of excess profits tax (contra).....	560,578	629,915
Capital Stock and Surplus:		
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
Common shares—no par—1,500,000 shares outstanding.....	15,000,000	15,000,000
Capital surplus.....	582,400	—
Earned surplus.....	38,932,901	37,176,933
	<u>68,932,901</u>	<u>67,176,933</u>
	<u>\$200,385,862</u>	<u>\$194,058,603</u>

Approved on behalf of the Board,

R. E. POWELL, *Director*

J. A. DULLEA, *Director*

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Profit and Loss

For the Year Ending 31st December 1947

	<u>1947</u>	<u>1946</u>
Profit for the year ending 31st December 1947, after provision for depreciation and depletion (see footnote) but before taking into account the following items.....	\$ 31,370,905	\$ 21,037,153
Add:		
Income from investment.....	167,464	167,464
Interest, etc.....	781,728	951,730
Gain on disposal of surplus equipment.....	638,867	224,026
Net gain on sale of marketable securities.....	77,738	—
Abatement of principal of 3% redeemable notes.....	—	631,815
	<u>33,036,702</u>	<u>23,012,188</u>
Deduct:		
Interest on indebtedness not maturing within one year.....	3,253,582	2,825,506
Other interest.....	17,621	110,952
Executive salaries.....	229,323	227,211
Legal fees.....	41,137	16,915
Directors' fees.....	311	594
Provision for Canadian income and excess profits taxes.....	10,543,210	6,741,353
Provision for foreign income and excess profits taxes.....	1,076,449	1,154,188
Expense in connection with preferred share issue and redemption...	—	354,232
Premium and expense on bonds retired.....	19,535	—
	<u>15,181,168</u>	<u>11,430,951</u>
Profit carried to earned surplus.....	<u>\$ 17,855,534</u>	<u>\$ 11,581,237</u>

NOTE: Provision for depreciation and depletion for the year amounted to \$6,210,628 of which \$4,623,567 was charged to cost of production.

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Surplus

For the Year Ending 31st December 1947

EARNED SURPLUS

	1947	1946
Earned surplus—beginning of year:	\$ 37,176,933	\$ 35,795,721
Adjustments applicable to prior years (net).	121,523	787,475
Earned surplus (as adjusted)—beginning of year:	37,298,456	36,583,196
Profit for the year:	17,855,534	11,581,237
Reserve for future depreciation in inventory values no longer deemed required.	—	3,000,000
	<u>55,153,990</u>	<u>51,164,433</u>
Dividends:		
Preferred, including dividend payable 1st March 1948.	588,128	637,500
Common.	15,000,000	13,350,000
Appropriation for the purchase for cancellation of 23,296 preferred shares.	632,961	—
	<u>16,221,089</u>	<u>13,987,500</u>
Earned surplus—end of year.	<u>\$ 38,932,901</u>	<u>\$ 37,176,933</u>

CAPITAL SURPLUS

	1947	1946
Capital surplus representing the par value of 23,296 preferred shares purchased for cancellation in 1947.	<u>\$ 582,400</u>	<u>\$ —</u>

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALUMINUM COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December 1947, and the related consolidated statements of profit and loss and surplus. Our examination of Aluminum Company of Canada, Limited and its Canadian 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 operating outside of Canada whose records were not examined by us. We have received all the information and explanations we have required.

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.

On the above basis, we report that, in our opinion, the accompanying consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December 1947, and that the related 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.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, 15th March 1948.

ALUMINUM COMPANY OF CANADA, LIMITED
MONTREAL, QUE., CANADA

DIRECTORS

R. E. POWELL

President, Saguenay Power Company, Ltd.
Montreal

NATHANAEL V. DAVIS

President, Aluminium Limited
Montreal

E. J. MEJIA

President, Aluminium Fiduciaries Limited
Montreal

J. A. DULLEA

President, Aluminium Securities Limited
Montreal

J. ALEX PRUD'HOMME, K.C.

Geoffrion & Prud'homme
Montreal

PAUL LaROQUE

Secretary, Aluminium Secretariat Limited
Montreal

H. H. RICHARDSON

President, Aluminium Laboratories Limited
Montreal

E. G. MacDOWELL

President, Aluminium Union Limited
Montreal

N. E. RUSSELL

President, Aluminum Goods Limited
Toronto

R. E. POWELL, *President*

J. ALEX PRUD'HOMME, K.C., *Vice-President*

A. W. WHITAKER, JR., *Vice-President and General Manager*

FRASER W. BRUCE, *Vice-President and General Sales Manager*

PAUL S. WHITE, *Vice-President, Secretary and Treasurer*

McNEELY DuBOSE, *Vice-President*

