

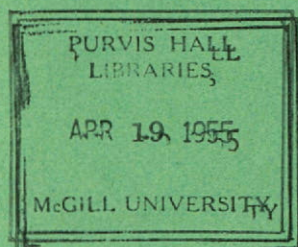
CANADIAN

Celanese

LIMITED

ANNUAL REPORT

1942



DIRECTORS

SIR WILLIAM ALEXANDER

W. McC. CAMERON

A. SCHWARTZ

DR. CAMILLE DREYFUS

R. H. SPERLING

DR. HENRY DREYFUS

P. A. THOMSON

C. W. PALMER

G. H. WHIGHAM

FINANCE AND EXECUTIVE COMMITTEE

P. A. THOMSON (*Chairman*)

DR. CAMILLE DREYFUS

G. H. WHIGHAM

W. McC. CAMERON

OFFICERS

G. H. WHIGHAM, *Chairman of Board of Directors*

DR. CAMILLE DREYFUS, *President*

W. McC. CAMERON, *Vice-President*

H. BLANCKE, *Secretary and Treasurer*

C. W. PALMER

R. H. SPERLING

Vice-President

Factory Manager

C. HESSEY-WHITE

Sales Manager

GENERAL OFFICES

1401 McGill College Avenue
Montreal, P.Q.

FACTORY

Drummondville
P.Q.

AUDITORS

MESSRS. P. S. ROSS & SONS

Montreal, P.Q.

DIRECTORS' REPORT

*To the Shareholders of
Canadian Celanese Limited:*

Appended hereto are your Company's Balance Sheet and Earned Surplus Account and Statement of Income and Expenditure for the year 1942.

Operations during the year were favorable considering present tax regulations; Dominion, Provincial and Municipal taxes charged against income for the year 1942 amounted to \$2,910,104.91 as compared with \$2,068,797.96 for 1941.

Dividends paid during the year amounted to \$1,335,818.00, of which \$520,818.00 (equal to \$2.00 per share) was paid to the Common shareholders.

The booklet enclosed herewith entitled "CELANESE IN THE POST-WAR WORLD" was prepared for its shareholders by Celanese Corporation of America. It describes some of the steps being taken through research in the development of new products, and new uses for existing products, and we believe should be of interest to our shareholders.

For the Board of Directors,

CAMILLE DREYFUS,

President.

March 9, 1943.

P. S. ROSS & SONS

ROYAL BANK BUILDING,
MONTREAL, QUE.

AUDITORS' REPORT TO THE SHAREHOLDERS

*Canadian Celanese Limited,
Montreal.*

We have examined the accompanying Balance Sheet of Canadian Celanese Limited as at December 31, 1942 and the related Statements of Income and Expenditure and Earned Surplus for the year ended on that date. In connection therewith, we have examined or tested accounting records of the Company and other supporting evidence and have obtained all the information and explanations we have required, but we have not made a detailed audit of the transactions.

In our opinion, the accompanying Balance Sheet and related Statements of Income and Expenditure and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the financial position of the Company as at December 31, 1942 and the result of its 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 Company.

There is attached a statement showing the amount of Earned Surplus as at December 31, 1942 which is subject to payment of a 10% Participating Dividend on the 7% Cumulative Participating Preferred Stock; we certify that, in our opinion, this statement is correct.

P. S. ROSS & SONS,
Chartered Accountants.

February 17, 1943.

CANADIAN CE

Comparative

as at December 31, 19

	<u>ASSETS</u>		<u>1942</u>	<u>1941</u>
Current:				
Cash on hand and in Banks			\$ 1,909,409.63	\$ 3,341,550.06
Government Bonds and Other Securities, at cost (approximate market value 1942, \$2,889,500.00; 1941, \$1,428,700.00)			2,546,424.27	1,234,424.27
Trade Debtors, less Reserve			947,345.53	783,982.57
Other Accounts Receivable and Accrued Interest			23,145.40	16,178.35
Inventories of Raw Materials, Supplies, Work in Process and Finished Goods, as determined and certified by the Management and valued at cost			2,094,808.52	1,801,276.22
			<u>7,521,133.35</u>	<u>7,177,411.47</u>
Deferred and Prepaid Charges:				
Unexpired Insurance and Taxes			22,092.38	27,754.92
Expenses applicable to future operations			6,301.16	15,301.87
Cost of Income Funding Rights purchased in anticipation of Sinking Fund requirements			97,780.51	64,334.44
			<u>126,174.05</u>	<u>107,391.23</u>
Securities held for Investment, valued at cost			195,574.39	195,574.39
Refundable portion of Excess Profits Tax			225,000.00
Fixed:				
Real Estate, Plant, Machinery and Equipment, at cost			13,677,140.27	13,529,263.98
Patents and Trade Marks			1,013,032.85	1,004,879.49
Special Fund re Income Funding Rights, as per contra			367,200.00	367,200.00
Assets held for Special Fund:	<u>1942</u>	<u>1941</u>		
Government Bonds at cost (Market value 1942, \$211,500.00; 1941, \$222,750.00)	\$198,000.00	\$210,000.00		
Income Funding Rights valued at \$25.00 per Right—1942, 6,768 Rights; 1941, 6,288 Rights	169,200.00	157,200.00		
	<u>\$367,200.00</u>	<u>\$367,200.00</u>		
			<u>\$23,125,254.91</u>	<u>\$22,381,720.56</u>

Approved on behalf of the Board:

A. SCHWARTZ, *Director*.P. A. THOMSON, *Director*.

ANESSE LIMITED

Balance Sheet

and December 31, 1941

	<u>LIABILITIES</u>		<u>1942</u>	<u>1941</u>
Current:				
Accounts Payable and Accrued Liabilities	\$	398,227.75	\$	312,215.38
Provision for Taxes		1,454,409.12		1,879,392.29
Interest on Income Funding Rights		65,714.00		69,897.00
		<u>1,918,350.87</u>		<u>2,261,504.67</u>
Reserves:				
For Depreciation of Buildings, Machinery and Equipment		4,587,409.52		4,084,847.94
For Amortization of Patents		488,412.88		420,877.36
Special Reserve		550,000.00		550,000.00
Inventory Reserve		56,000.00		66,000.00
		<u>5,681,822.40</u>		<u>5,121,725.30</u>
Capital Stock:				
Authorized—				
150,000 shares 7% Cumulative Participating Preferred, par value \$100.00 per share				
300,000 shares Common, without par value				
Issued and Outstanding—				
100,000 shares Preferred		10,000,000.00		10,000,000.00
260,409 shares Common		1,169,045.00		1,169,045.00
Income Funding Rights having the attributes set forth in Special By-Law "A":				
		<u>1942</u>	<u>1941</u>	
		Rights	Rights	
Issued under the Scheme of Arrangement of November 7, 1934		90,000	90,000	
Less:				
Purchased by the Company:				
Held in Special Fund, as per contra		6,768	6,288	
Held in anticipation of Sinking Fund requirements		4,349	2,913	
Delivered to Sinking Fund		13,169	10,902	
Rights Outstanding		<u>65,714</u>	<u>69,897</u>	
(Rights purchased by the Company cannot be reissued)				
Balance of Sinking Fund re Income Funding Rights set aside in accordance with the provisions of Clause 3 of Special By-Law "A".		12.00	1.00	
Special Fund re Income Funding Rights, as per contra, set aside in accordance with the provisions of Clause 5 of Special By-Law "A".		367,200.00	367,200.00	
Surplus Accounts:				
Distributable Surplus, set aside in 1936 in accordance with the provisions of sub-section 7 of section 12 of The Companies Act, 1934		62,500.00	62,500.00	
Special Surplus, being the refundable portion of the Excess Profits Tax		225,000.00	
Earned Surplus, per Statement attached		3,701,324.64	3,399,744.59	
		<u>\$23,125,254.91</u>	<u>\$22,381,720.56</u>	

This is the Balance Sheet referred to in our attached Report of even date.

P. S. ROSS & SONS,
Chartered Accountants.

Montreal, February 17, 1943.

CANADIAN CELANESE LIMITED

Comparative Statement of Income and Expenditure for the two years ended December 31, 1942

	<i>Year ended December 31</i>	
	<u>1942</u>	<u>1941</u>
Net Operating Profit before taking up the items below	\$5,051,845.43	\$4,418,736.19
Income from Investments	106,650.21	110,637.34
Profit on Income Funding Rights purchased for Special Fund and for Sinking Fund	6,912.97	7,021.60
Loss on Government Bonds sold	250.00	1,200.00
	<hr/> 5,165,158.61	<hr/> 4,535,195.13
Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act	128,060.00	129,240.00
Fees of Directors not included above	5,940.00	5,960.00
Legal Fees	8,045.00	6,925.00
Depreciation of Plant, Machinery and Equipment	508,248.94	484,638.61
Amortization of Patents	67,535.52	66,991.96
Provision for Dominion Income Tax and Excess Profits Tax (less refundable portion of Excess Profits Tax, \$225,000.00 in 1942).	2,485,000.00	1,800,000.00
Inventory Reserve	10,000.00	66,000.00
	<hr/> 3,192,829.46	<hr/> 2,559,755.57
Net Profit before provision for Interest and Sinking Fund re Income Funding Rights	<hr/> 1,972,329.15	<hr/> 1,975,439.56
Deduct:		
Interest on Income Funding Rights	65,714.00	69,897.00
Sinking Fund for Income Funding Rights	56,686.00	52,503.00
	<hr/> 122,400.00	<hr/> 122,400.00
Net Profit for year	<hr/> 1,849,929.15	<hr/> 1,853,039.56
Deduct:		
Amount equivalent to refundable portion of Excess Profits Tax transferred to Special Surplus Account	225,000.00
Balance of Net Profit for year transferred to Comparative Statement of Earned Surplus	<hr/> <u>\$1,624,929.15</u>	<hr/> <u>\$1,853,039.56</u>

CANADIAN CELANESE LIMITED

Comparative Statement of Earned Surplus for the two years ended December 31, 1942

	<i>Year ended December 31</i>	
	<u>1942</u>	<u>1941</u>
Earned Surplus at beginning of year	\$3,399,744.59	\$2,827,523.03
Add:		
Prior year adjustments	12,468.90
	<u>3,412,213.49</u>	<u>2,827,523.03</u>
Add:		
Balance of Net Profit for year transferred from Comparative State- ment of Income and Expenditure	1,624,929.15	1,853,039.56
	<u>5,037,142.64</u>	<u>4,680,562.59</u>
Deduct:		
Dividends Paid:		
Preferred Shares: \$7.00 per share and Participating Dividend— \$1.15 per share in 1942 and 60 cents per share in 1941	815,000.00	760,000.00
Common Shares: \$2.00 per share	520,818.00	520,818.00
	<u>1,335,818.00</u>	<u>1,280,818.00</u>
Earned Surplus at end of year	<u><u>\$3,701,324.64</u></u>	<u><u>\$3,399,744.59</u></u>

Note: \$942,221.19 of the Earned Surplus at December 31, 1942 is subject to a payment of a participating dividend of 10% (\$94,222.12) when declared.

CANADIAN CELANESE LIMITED

Statement showing the amount of Earned Surplus
as at December 31, 1942 which is subject to payment
of a Participating Dividend on the 7% Cumulative
Participating Preferred Stock.

Amount of Earned Surplus as at December 31, 1941, which was subject to payment of a Participating Dividend of 10% when declared.	\$1,154,823.14
Deduct:	
Earned Surplus on which a Participating Dividend of \$115,000.00 was paid on March 31, 1942	1,150,000.00
	<hr/>
	4,823.14
Add:	
Balance of Net Profit for the year 1942, per attached Statement of Income and Expenditure	1,624,929.15
Prior year adjustments credited to Earned Surplus Account in 1942	12,468.90
	<hr/>
	1,642,221.19
Deduct:	
Dividends (other than Participating Dividends) paid on Preferred Shares in 1942	700,000.00
	<hr/>
Amount of Earned Surplus as at December 31, 1942 which is subject to payment of a Participating Dividend of 10% (equivalent to 94 cents per share) when declared	<u><u>\$ 942,221.19</u></u>

