



A decorative rectangular border with a repeating geometric pattern of small squares and circles, enclosing the entire page content.

Canadian Celanese Limited

Annual Report
FOR THE YEAR ENDED
DECEMBER 31st
1936

Directors

BRIG.-GEN. SIR WILLIAM ALEXANDER

K.B.E., C.B., C.M.G., D.S.O., M.P.

C. L. AUGER	DR. HENRI DREYFUS
LEE CADIEN	A. SCHWARTZ
W. McC. CAMERON	P. A. THOMSON
DR. CAMILLE DREYFUS	G. H. WHIGHAM

Finance and Executive Committee

P. A. THOMSON (<i>Chairman</i>)	DR. CAMILLE DREYFUS
G. H. WHIGHAM	W. McC. CAMERON

Officers

G. H. WHIGHAM, <i>Chairman of Board of Directors</i>	
DR. CAMILLE DREYFUS, <i>President</i>	
W. McC. CAMERON, <i>Vice-President</i>	
LEE CADIEN, <i>Secretary and Treasurer</i>	
H. BLANCHE, <i>Assistant Secretary and Assistant Treasurer</i>	
C. W. PALMER	R. H. SPERLING
<i>Vice-President</i>	<i>Factory Manager</i>
C. HESSEY-WHITE	
<i>Sales Manager</i>	

General Offices

1401 McGill College Avenue
Montreal, P.Q.

Factory

Drummondville
P.Q.

Auditors

MESSRS. P. S. ROSS & SONS
Montreal, P.Q.

DIRECTORS' REPORT

February 16, 1937.

TO THE SHAREHOLDERS OF
CANADIAN CELANESE LIMITED:

Appended hereto are copies of the Balance Sheet and Earned Surplus Account as at December 31, 1936, Statement of Income and Expenditure for the year ended December 31, 1936, and a Statement showing the amount of Earned Surplus available for distribution as a participating dividend on the Preferred Stock, together with the Auditors' Certificate.

Net profits for the year were \$1,519,503.90 as compared with \$1,602,960.19 for the year 1935.

In accordance with the provisions of Special By-Law "A" there was appropriated from net profits for payment of interest on the Income Funding Rights and Sinking Fund an amount of \$122,400.00, leaving a balance of \$1,397,103.90 which was transferred to Earned Surplus Account. In addition there was credited to Surplus the premium received from the sale of 10,000 7% Cumulative Participating Preferred shares amounting to \$150,000.00; also to Distributable Surplus \$62,500.00 representing a proportion of the amount received from the sale of 10,000 Common shares.

The total consideration received for the 10,000 7% Cumulative Participating Preferred shares and the 10,000 Common shares issued during the year was \$1,400,000.00 cash.

The participating dividend to which the Preferred shareholders are entitled with respect to the year 1936, will be paid when declared by the Board of Directors.

During the year the Company spent approximately \$900,000.00 in Capital Expenditures for increased facilities at your Company's plant.

For the Board of Directors,

CAMILLE DREYFUS,
President.

BALANCE SHEET AS

ASSETS

CURRENT:

Cash on Hand and in Banks.....	\$1,225,058.36	
Government Bonds and Other Securities at cost (approximate market value \$1,332,044.00).....	1,221,704.27	
Trade Debtors, less Reserve for Doubtful Accounts..	763,598.35	
Other Accounts Receivable and Accrued Interest....	27,026.28	
Inventories of Raw Materials, Supplies, Work in Process, and Finished Goods, as determined and certified by the Management and valued at cost ...	1,620,372.01	
		\$ 4,857,759.27

DEFERRED AND PREPAID CHARGES:

Unexpired Insurance and Taxes.....	22,852.93	
Inventories of Stationery and Advertising Materials.	9,511.78	
Expenses applicable to future operations.....	17,353.19	
		49,717.90

SECURITIES HELD FOR INVESTMENT, valued at cost..... 235,574.39

FIXED:

Real Estate, Plant, Machinery and Equipment, at cost	10,760,492.83
Patents, Processes, Trade Marks and Contracts.....	1,629,570.83

SPECIAL FUND re INCOME FUNDING RIGHTS, AS PER
CONTRA.....

367,200.00

ASSETS HELD FOR SPECIAL FUND—

Cash in Bank.....	105.00
Government Bonds at cost (approximate market value \$303,480.00).....	277,920.00
Income Funding Rights, 3,567 Rights valued at \$25.00 per Right.....	89,175.00
	\$ 367,200.00

\$17,900,315.22

APPROVED ON BEHALF OF THE BOARD:

(Signed) C. L. AUGER, Director.

" P. A. THOMSON, Director.

AT DECEMBER 31, 1936

LIABILITIES

CURRENT:

Accounts Payable and Accrued Liabilities.....	\$ 401,134.32	
Provision for Dominion, Provincial and Municipal Taxes.....	343,574.39	
Interest on Income Funding Rights.....	84,965.00	
		\$ 829,673.71

RESERVES:

For Depreciation of Buildings, Machinery and Equipment.....	2,031,769.61	
For Amortization of Patents and Processes.....	576,206.48	
For Contingencies, Unascertained Charges, etc.....	39,066.19	
Special Reserve.....	450,000.00	
		3,097,042.28

CAPITAL STOCK:

Authorized—

150,000 Shares 7% Cumulative Participating Preferred, Par Value \$100.00 per share.
300,000 Shares Common, without nominal or Par Value.

Issued—

100,000 Shares Preferred.....	10,000,000.00	
260,409 Shares Common.....	1,169,045.00	
(Including 10,000 Shares Preferred and 10,000 Shares Common issued during 1936 for cash.)		11,169,045.00

Income Funding Rights having the attributes set forth in Special By-Law "A":

Issued under the Scheme of Arrangement of November 7, 1934.....	90,000 Rights
Less: Purchased and held in Special Fund, as per Contra.....	3,567
Purchased for and delivered to Sinking Fund.....	1,497
(Rights purchased by the Company cannot be re-issued)	5,064 Rights
	84,936 Rights

BALANCE OF SINKING FUND re INCOME FUNDING RIGHTS set aside in accordance with the provisions of Clause 3 of Special By-law "A".....

10.00

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

SURPLUS ACCOUNTS:

Capital Surplus—

Premium received on 10,000 Preferred Shares issued during the year.....	150,000.00
Proportion of amount received upon the issue of 10,000 Common Shares during the year, set aside by the Board of Directors as "Distributable Surplus" in accordance with the provisions of Sub-section 7 of Section 12 of The Companies Act, 1934.....	62,500.00
	212,500.00

Less: Expenses re issue of Preferred and Common Shares during the year..... 3,931.97

	208,568.03	
EARNED SURPLUS, per Statement attached.....	2,228,776.20	
		2,437,344.23

\$17,900,315.22

Examined and Certified in accordance with our attached Certificate.

MONTREAL, February 15, 1937.

P. S. ROSS & SONS,
Chartered Accountants.

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended December 31, 1936

NET OPERATING PROFIT before taking up the items below	\$ 2,120,551.17
ADD:	
Income from Investments.....	\$ 134,337.02
Profit on Income Funding Rights purchased for Special Fund and for Sinking Fund.....	21,922.95
	<u>156,259.97</u>
	2,276,811.14
DEDUCT:	
Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act.....	72,340.00
Fees of Directors not included above.....	7,760.00
Legal Fees.....	24,265.00
Depreciation.....	352,942.24
Reserve for Income Tax.....	300,000.00
	<u>757,307.24</u>
NET PROFIT FOR THE YEAR.....	1,519,503.90
DEDUCT:	
Amount appropriated for Interest for 1936 and Sink- ing Fund re Income Funding Rights, in accordance with the provisions of Clause 3 of Special By- law "A".....	122,400.00
BALANCE OF NET PROFIT for the year transferred to Earned Surplus Account.....	<u>\$ 1,397,103.90</u>

EARNED SURPLUS ACCOUNT

as at December 31, 1936

BALANCE AT CREDIT, January 1, 1936.....	\$ 2,402,747.86
DEDUCT:	
Amount set aside out of profits earned subsequent to December 31, 1934, in Special Fund re Income Fund- ing Rights, in accordance with the provisions of Special By-law "A".....	367,200.00
	<u>2,035,547.86</u>
DEDUCT:	
Additional Income Taxes for 1934 and 1935, less adjustments of Other Taxes.....	42,025.94
	<u>1,993,521.92</u>
ADD:	
Net Profit for the year, after providing for Interest and Sinking Fund re Income Funding Rights, trans- ferred from Statement of Income and Expenditure..	1,397,103.90
	<u>3,390,625.82</u>
DEDUCT:	
Dividends Paid:	
On Preferred Shares—	
At rate of 7% per annum, for 1936.....	\$ 665,695.22
Participating Dividend of 95 cents in respect of the year 1935.....	85,500.00
	<u>751,195.22</u>
On Common Shares, at rate of \$1.60 per share.....	410,654.40
	<u>1,161,849.62</u>
BALANCE AT CREDIT, December 31, 1936 (\$69,003.06 of which is subject to distribution as a Participating Dividend, when declared).....	<u>\$ 2,228,776.20</u>

Statement showing the amount of Earned Surplus as at December 31, 1936, available for distribution as a Participating Dividend on the 7% Cumulative Participating Preferred Stock.

AMOUNT OF EARNED SURPLUS as at December 31, 1935, which was subject to payment of a Participating Divi- dend of 10%, when declared.....	\$ 855,647.86
DEDUCT:	
Earned Surplus on which a Participating Dividend of \$85,500.00 was paid on March 31, 1936.....	855,000.00
	<u>647.86</u>
ADD:	
Net Profit for the year 1936, after providing for Interest and Sinking Fund re Income Funding Rights, per attached Statement of Income and Expenditure..	1,397,103.90
	<u>1,397,751.76</u>
DEDUCT:	
Net charges to Earned Surplus Account in 1936 in respect of Income and other taxes of prior years.....	\$ 42,025.94
Dividends (other than Participating Dividends) paid on Preferred Shares in 1936.....	665,695.22
	<u>707,721.16</u>
AMOUNT OF EARNED SURPLUS as at December 31, 1936, which is subject to payment of a Participating Divi- dend of 10%, when declared.....	\$ 690,030.60

AUDITORS' CERTIFICATE

February 15, 1937.

CANADIAN CELANESE LIMITED,
MONTREAL.

We have examined the books of account and financial records of Canadian Celanese Limited for the year ended December 31, 1936, and have obtained all the information and explanations we have required.

As at December 31, 1936, the Reserve for Amortization of Patents and Processes was increased by an amount of \$63,372.64 which was appropriated by the Directors of the Company from the Reserve for Contingencies, Unascertained Charges, etc.

We certify that, in our opinion, the attached Balance Sheet and relative Statement of Income and Expenditure and Earned Surplus Account present a true and correct statement of the financial position of the Company as at December 31, 1936, and the result from operations for the year ended 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, 1936, available for distribution as a Participating Dividend on the Preferred Stock; we certify that, in our opinion, this Statement is correct.

P. S. Ross & Sons,
Chartered Accountants.



