

Canadian Celanese Limited

ANNUAL REPORT

FOR THE YEAR ENDED

DECEMBER 31st

1934



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Canadian Celanese Limited

ANNUAL REPORT

FOR THE YEAR ENDED

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Directors

BRIG.-GEN. SIR WILLIAM ALEXANDER
K.B.E., C.B., C.M.G., D.S.O., M.P.

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

Finance and Executive Committee

P. A. THOMSON (Chairman)	CAMILLE DREYFUS
G. H. WHIGHAM	W. McC. CAMERON

Officers

G. H. WHIGHAM, Chairman of Board of Directors
CAMILLE DREYFUS, President
W. McC. CAMERON, Vice-President
LEE CADIEN, Secretary and Treasurer
H. BLANCHE, Assistant Secretary and Assistant 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 copies of the Balance Sheet and Earned Surplus Account as at December 31, 1934 and a Statement of Income and Expenditures for the year ended December 31, 1934 together with the statement of the Company's auditors, Messrs. P. S. Ross & Sons. These statements are set up in accordance with the requirements of the Companies Act of 1934.

The net profit for the year transferred to Earned Surplus Account was \$1,504,708.51 as compared with \$1,260,864.21 for the previous year.

Dividends distributed to the holders of the 7% Cumulative Participating Preferred shares during the year amounted to \$832,500, being the regular 7% dividend for the current year and 2¼% dividend on account of arrears.

You will note on the Balance Sheet that the Scheme of Arrangement of November 7, 1934 provides for the issue of 90,000 Income Funding Rights dated January 1, 1935 in accordance with the terms of such Scheme under which the rights of the holders of the Preferred shares to have any part of the surplus or net profits or other assets of the Company apply to the payment of the \$7 per year dividend in respect of any period prior to October 1, 1934 on such Preferred shares were cancelled and extinguished.

The regular \$7 dividend on the 7% Cumulative Participating Preferred shares has been paid in full to December 31, 1934 and there has been declared a participating dividend of \$1.91 per share payable March 30, 1935.

The amount of \$300,000 has been appropriated from Surplus and has been added to the special reserve account.

Your Board takes this opportunity of thanking the officers and employees of the Company for their zeal, loyalty and cooperation.

For the Board of Directors,

CAMILLE DREYFUS,
President.

Balance Sheet
as at **December 31, 1934**

A s s e t s

FIXED:

Real Estate, Plant, Machinery and Equipment, at Cost	\$ 9,136,895.11	
Patents, Processes, Trade Marks and Contracts	1,598,242.00	\$10,735,137.11
Securities held for investment, valued at cost		274,480.77

CURRENT:

Cash on Hand and in Banks	672,234.47	
Government bonds and other securities at cost (not in excess of market value)	977,911.77	
Trade Debtors	513,897.91	
Other Accounts Receivable and accrued interest	22,708.31	
Inventories of Raw materials, Supplies, Work in Process and Finished Goods—Physical inventories, valued at cost	1,399,644.40	3,586,396.86

DEFERRED AND PREPAID CHARGES:

Unexpired Insurance, Taxes, etc.	21,699.60	
Inventories of Stationery and Advertising Materials, at cost	14,583.73	36,283.33
		<u>\$14,632,298.07</u>

Approved on behalf of the Board:

(Signed) C. L. AUGER, Director.
P. A. THOMSON, Director

Examined and Certified in accordance with our attached Certificate.

P. S. ROSS & SONS,

MONTREAL, February 19, 1935.

Chartered Accountants.

Balance Sheet
as at December 31, 1934

Liabilities

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—

90,000 Shares Preferred	\$ 9,000,000.00	
250,409 Shares Common	981,545.00	\$ 9,981,545.00

RESERVES:

For Depreciation of Buildings, Machinery and Equipment	1,358,541.09	
For Amortization of Patents and Processes	512,833.84	
For Contingencies, Unascertained Charges, etc.	102,090.30	
Special Reserve	450,000.00	2,423,465.23

CURRENT:

Accounts Payable and Accrued Liabilities	252,336.23	
Provision for Federal, Provincial and Municipal Taxes	255,951.61	508,287.84

Earned Surplus (subject to payment of participating dividend of 10% thereof, when declared) per statement attached		1,719,000.00
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\$14,632,298.07

NOTE: The Scheme of Arrangement of November 7, 1934 provides for the issue of 90,000 Income Funding Rights dated January 1, 1935, in accordance with the terms of such Scheme, under which the rights of the holders of preferred shares to have any part of the surplus or net profits or other assets of the Company applied to the payment of the \$7.00 per year dividend in respect of any period prior to October 1, 1934 on such preferred shares were cancelled and extinguished.

EARNED SURPLUS ACCOUNT

as at December 31, 1934

Balance at Credit, January 1, 1934		\$1,628,175.63
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DEDUCT:

Prior Year Adjustments:

Balance of Development and Financing Expenses, incurred in 1926/27, written off	\$289,740.03	
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LESS:

Adjustments of Income Tax, Sales Tax, etc.	8,355.89	281,384.14
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		1,346,791.49

ADD:

Net Profit for the year transferred from Statement of Income and Expenditure		1,504,708.51
		<hr/>
		2,851,500.00

DEDUCT:

Dividends paid on Preferred Shares:

7% for the year 1934	630,000.00	
2¼% on account of arrears	202,500.00	
	<hr/>	
	832,500.00	

Amount transferred to Special Reserve Account	300,000.00	1,132,500.00
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Balance at Credit December 31, 1934, subject to payment of Participating Dividend of 10% thereof, when declared		\$1,719,000.00
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STATEMENT OF INCOME and EXPENDITURE

For the Year Ended December 31, 1934

Net Operating Profit before taking up the items below		\$2,037,660.77
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ADD:

Income from Investments	\$ 77,460.81	
Profit from Sale of Investments	9,849.04	87,309.85
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		2,124,970.62

DEDUCT:

Directors' Fees and Salaries required to be shown separately under Section 113 of the Companies Act, 1934:

Directors' Fees	14,215.00	
Salaries	16,000.00	
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	30,215.00	
Depreciation	292,693.20	
Amortization of Development Expenses	60,353.91	
Income Tax Reserve	237,000.00	620,262.11
	<hr/>	<hr/>
Net Profit for the year transferred to Earned Surplus Account		<u>\$1,504,708.51</u>

AUDITORS' CERTIFICATE

February 19, 1935

CANADIAN CELANESE LIMITED,
MONTREAL.

We have examined the books of account and financial records of Canadian Celanese Limited for the year ended December 31, 1934 and have obtained all the information and explanations we have required.

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, 1934 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.

P. S. ROSS & SONS,

Chartered Accountants.

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