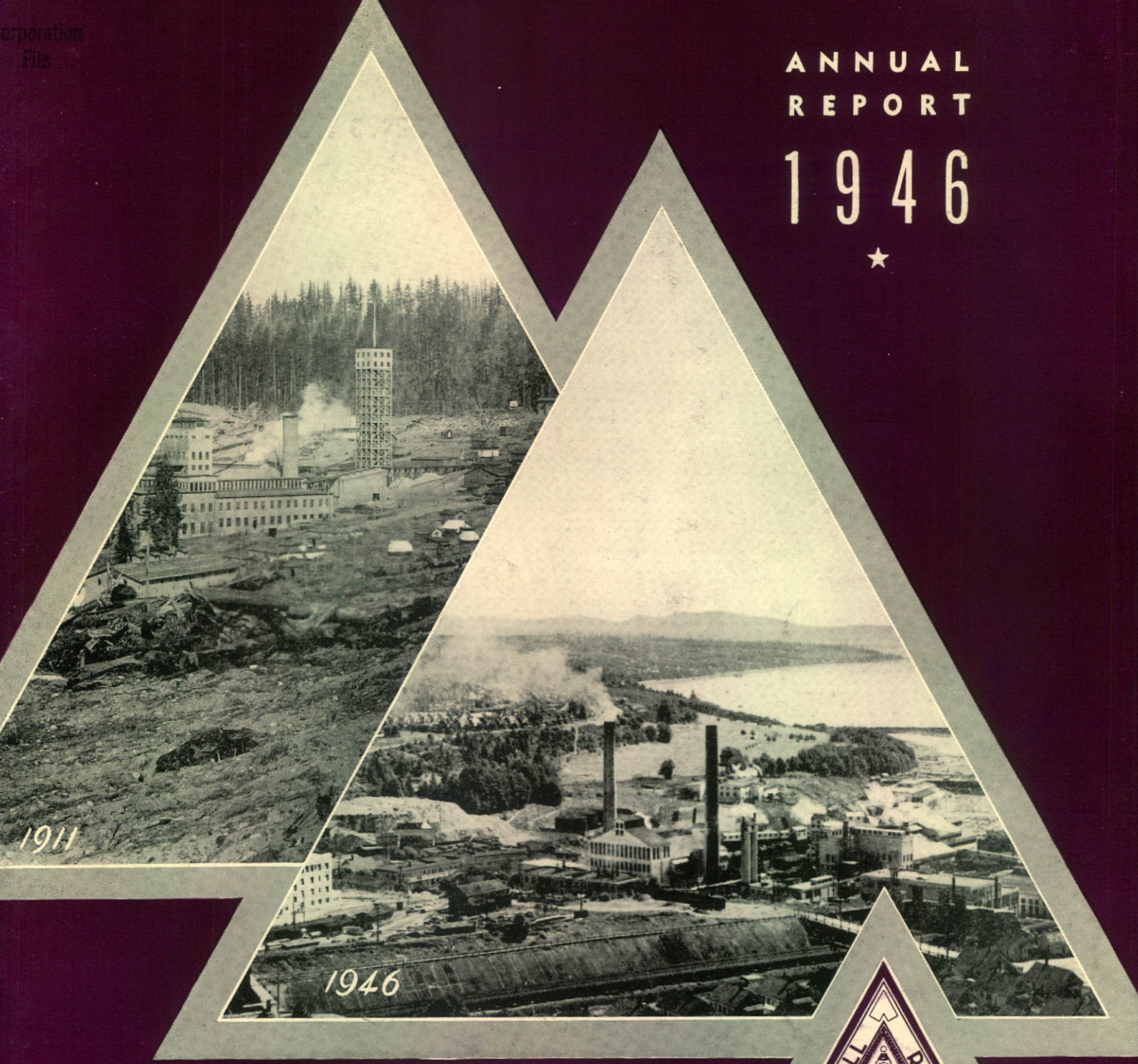


orporation  
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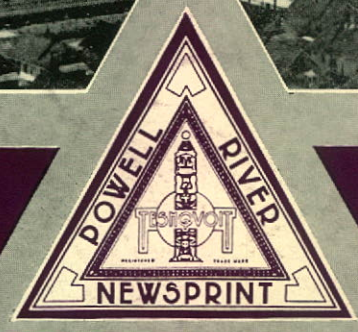
ANNUAL  
REPORT

1946



1911

1946



**POWELL RIVER COMPANY LIMITED**

OFFICES - VANCOUVER CANADA ★ MILLS POWELL RIVER CANADA

POWELL RIVER  
L.C. FILES  
APR 22 1947  
MCGILL UNIVERSITY

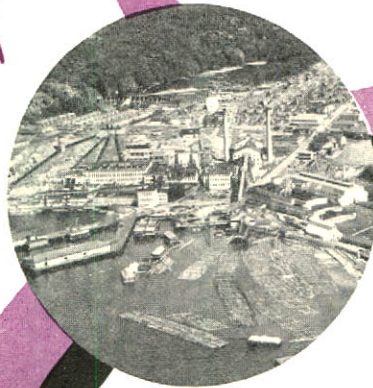


OUR PURPLE BAND TRAVELS FAR



BRITISH COLUMBIA

ALBERTA



POWELL RIVER—Located 80 miles North of Vancouver. Population of Powell River and district, 8,000. Company Employees, 1,650. Year round open port with facilities for berthing largest freighters. Temperate Climate.

# POWELL RIVER COMPANY LIMITED

## BOARD OF DIRECTORS

HAROLD S. FOLEY

EDWARD BROOKS

R. H. SCANLON

W. S. BROOKS

J. H. LAWSON

J. G. SAMPLE

R. BELL-IRVING

G. F. LAING

D. A. EVANS

ANSON BROOKS

A. H. WILLIAMSON

## OFFICERS

HAROLD S. FOLEY ..... *President*

R. BELL-IRVING ..... *1st Vice-President*

G. F. LAING ..... *Vice-President*

G. W. O'BRIEN ..... *Vice-President*

B. R. CANCELL ..... *Vice-President*

J. H. LAWSON ..... *Secretary*

D. A. EVANS ..... *Resident Manager*

R. M. COOPER ..... *Assistant Resident Manager*

J. A. KYLES ..... *Acting Comptroller*

*Executive Offices:*

STANDARD BUILDING

Vancouver, B.C.

*Transfer Agent:*

THE ROYAL TRUST  
COMPANY

Vancouver, Toronto, Montreal.

*Registrar:*

BANKERS' TRUST  
COMPANY

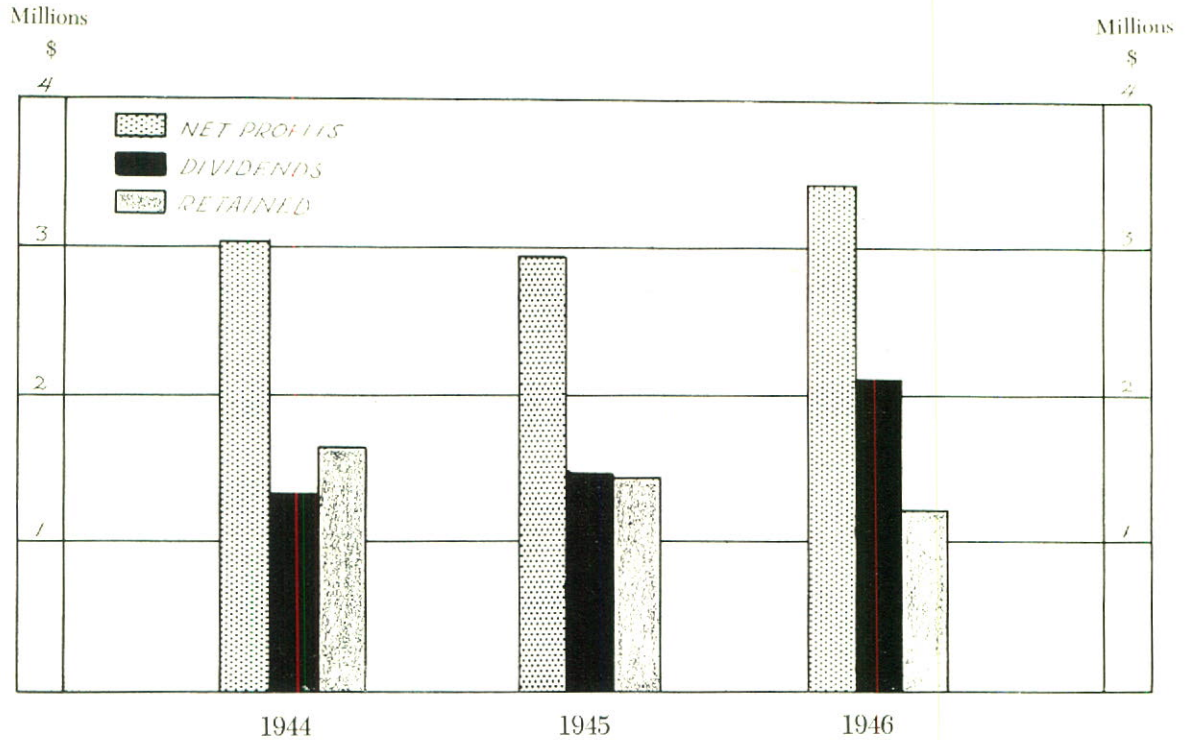
Vancouver, Toronto, Montreal.

*(Annual Meeting held on the last Tuesday of April at Vancouver, B. C.)*



## NET PROFITS, DIVIDENDS & RETAINED

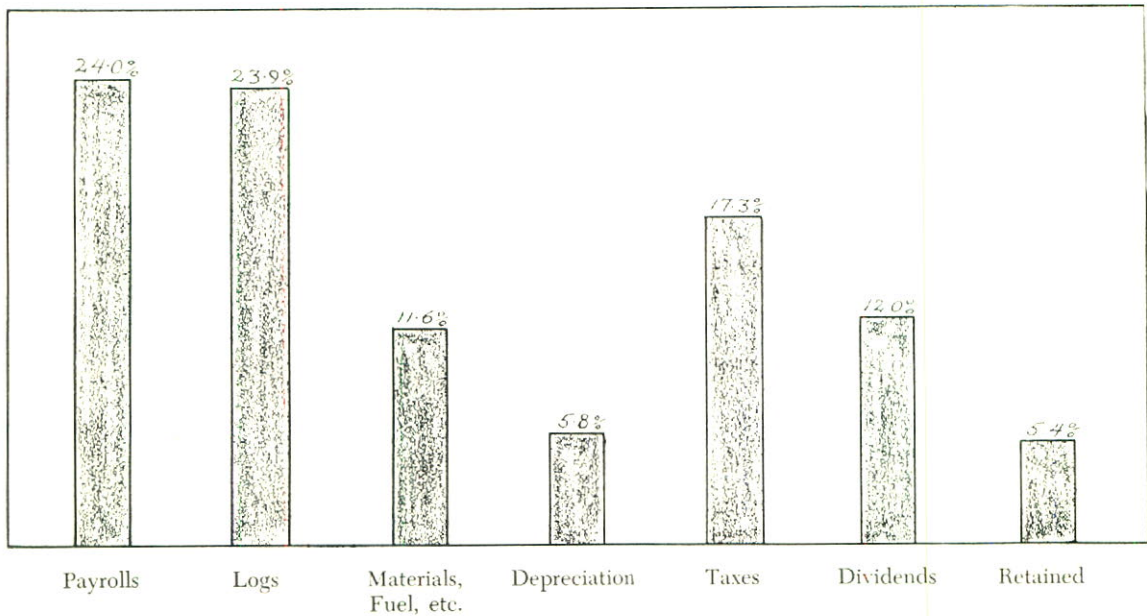
1944 - 1946  
(Amended)



Earned per share	.....\$2.23	\$2.17	\$2.56
Paid per share	.....\$1.00	\$1.05	\$1.60

## DISTRIBUTION OF TOTAL DOLLAR RECEIPTS

1946



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# POWELL RIVER COMPANY LIMITED

VANCOUVER AND POWELL RIVER, B.C., CANADA.

Vancouver, B.C.,

April 10, 1947.

To the Shareholders:

The thirty-sixth annual report of your company, for the fiscal period ended December 31, 1946, is submitted herewith.

Net earnings for the year amounted to \$3,440,377.92 or \$2.56 per share.

The Surplus Account reflects an appreciable credit arising out of our reverting to the recognized industry wide basis of providing depreciation; adjustment of depletion allowance; amendment of charges for Dominion income and excess profits taxes; and other items, all in respect of the years 1940 to 1945 inclusive. °

Results for the year, compared with the previous year, are summarized as follows:

	1946	1945 (Amended) °	Increase Decrease
Consolidated profit before the undernoted items .....	\$ 8,087,024	\$ 6,075,372	\$ 2,011,652
Profit on disposal of fixed assets .....	4,102	72,537	68,435
	<hr/>	<hr/>	<hr/>
	8,091,126	6,147,909	1,943,217
Depreciation and Depletion .....	1,285,048	1,166,043	119,005
	<hr/>	<hr/>	<hr/>
Consolidated profit before taxes .....	6,806,078	4,981,866	1,824,212
Provision for Dominion income and excess profits taxes ...	3,365,700	2,061,854	1,303,846
	<hr/>	<hr/>	<hr/>
Consolidated net profit .....	\$ 3,440,378	\$ 2,920,012	\$ 520,366

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## DIVIDENDS

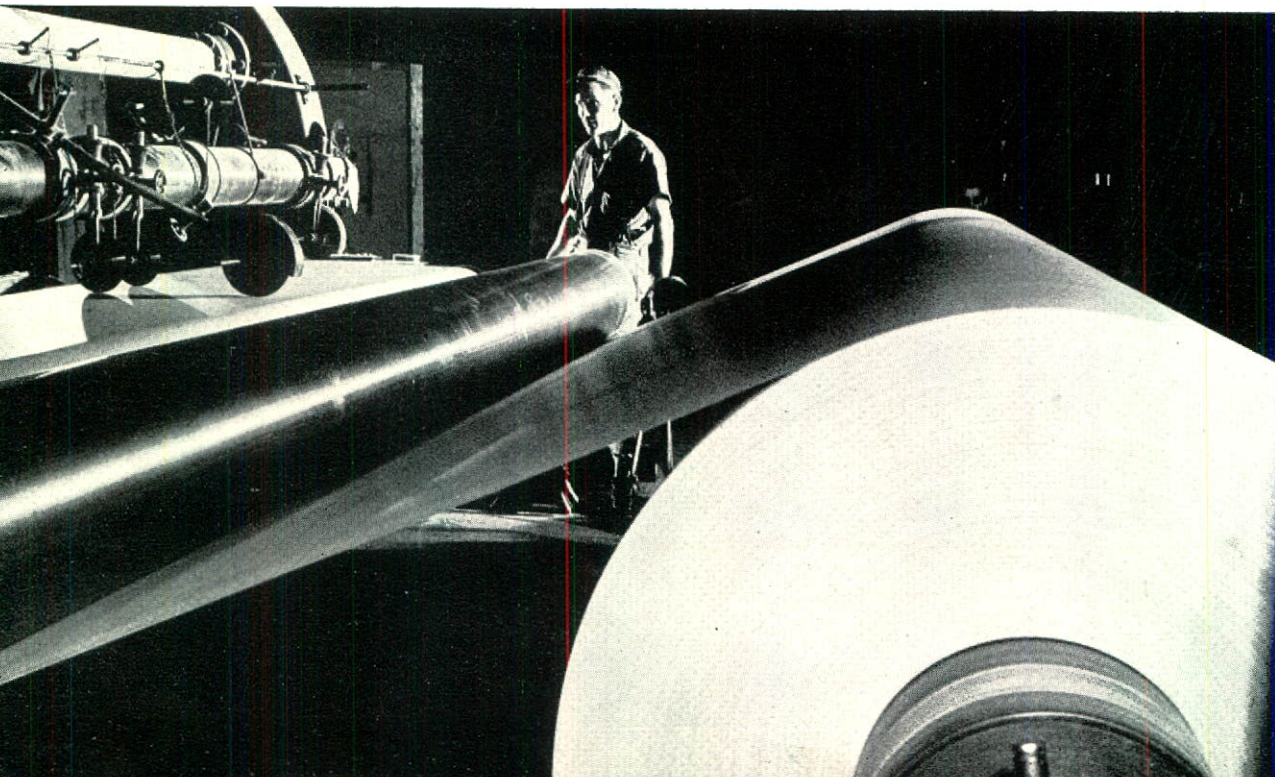
Dividends paid in 1946 amounted to \$2,151,512. This resulted in retention in the business from the year's operation of \$1,288,866 as compared with \$1,459,931 in 1945. Dividend record for the years 1944 to 1946 is shown below:

	1946	1945	1944
Paid in Dividends .....	\$2,151,512	\$1,460,081	\$1,344,695
Percent of Net Profits .....	62.54	50.00	44.76
Paid per Share .....	\$ 1.60	\$ 1.05	\$ 1.00

## WORKING CAPITAL

By referring to the Balance Sheet it will be noted that the working capital at December 31, 1946, amounted to \$9,354,837. In view of the planned development programme with its attendant heavy expenditure in 1947 and 1948, this working capital places the finances of the Company in a sound position and will enable these capital expenditures to be made without recourse to borrowing. It is the policy of the Company to maintain the working capital position at this level insofar as possible.

Current Assets of \$11,186,529 against Current Liabilities of \$1,831,692 reflect a favourable current ratio of 6.1-1.



*Cutting newsprint  
to required roll  
sizes.*



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## PRODUCTION

Logs were in short supply during the whole year. The loggers' strike in May and June, coupled with the difficulty in maintaining adequate crews for the balance of the year, were the main factors contributing to the log shortage. While the mill had to curtail certain aspects of its operations in order to conserve wood supply, yet the overall production for the year reached an all time high.

Production results are summarized below.

TONS	1946	1945	Increase
			Decrease
Newsprint .....	226,488	187,789	38,699
Wrapper .....	4,551	4,143	408
Corrugating Board .....	.....	7,563	7,563
Laminated Products .....	2,452	1,806	646
Pulp .....	33,233	38,758	5,525
FEET			
Logs .....	74,369,000	79,074,000	4,705,000

## SALES

Demand for all products of the Company continued to be in excess of production, and volume of sales was limited only by the Company's ability to produce.

Sales of the parent company were as follows: Newsprint—221,282 tons; Unbleached Sulphite Pulp—31,480 tons; and miscellaneous pulp and paper products—4,062 tons; all of which was produced at Powell River.



*Loading newsprint at Powell River for shipment to world ports.*

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## PROPERTIES

All properties of the Company were maintained in good condition throughout the year.

### TIMBER HOLDINGS

It is a policy of the Company to maintain adequate timber reserves and to this end 378 million feet of standing timber were purchased during the year under review. There were also additional stands of timber under option to purchase at the close of the year and these options were taken up early in 1947.

Conservation of our timber reserves is of prime importance, and experiments have been carried out over the past few years to utilize "forest waste". These experiments have now reached the stage where practical use of this waste can be made, which will be a major factor in the conservation of wood.



*Typical Pulp Wood Stand.*

## DIVERSIFICATION AND DEVELOPMENT

Progress on the diversification and development programme was retarded due to the difficulties in obtaining deliveries of materials and new equipment. However, at the close of the year conditions were considerably improved and work is progressing satisfactorily. The major projects under way are commented on in the following paragraphs.

### HYDRAULIC BARKER

The large Hydraulic Barker which was under construction during the year came into partial operation in December. This installation strips the bark from the logs by means of high pressure water jets and when the unit is brought into full operation with supporting whole log chipper and other equipment it will effect a considerable saving in wood consumption.



*Hydraulic Barker Building during Construction.*



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## *REFINING*

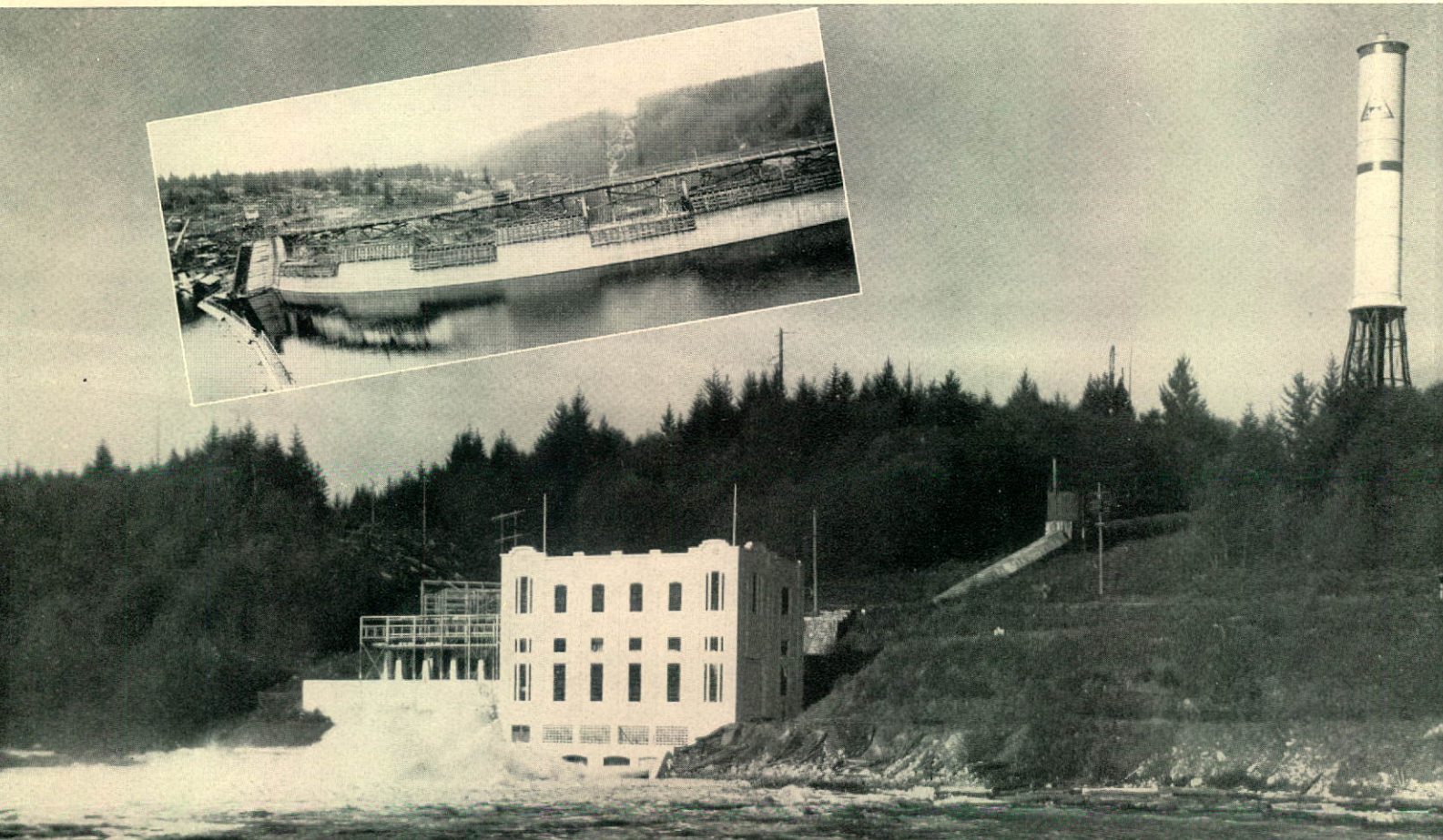
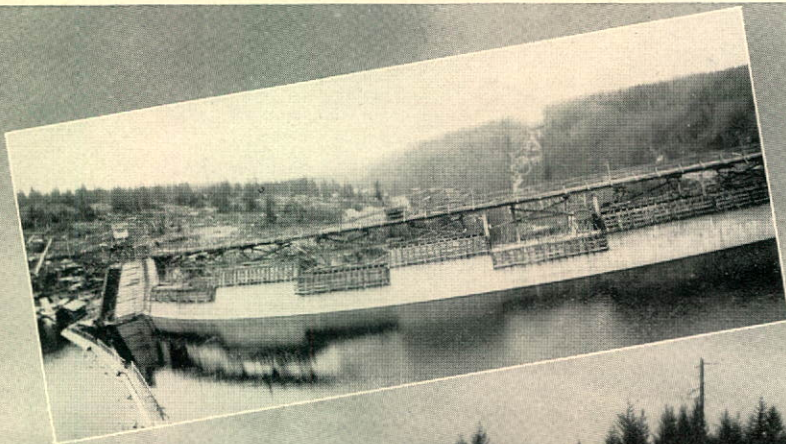
Work was commenced on the installation of additional refining equipment in the ground-wood and sulphite pulp mills. When these refiners are put into operation in 1947, coarse wood particles, previously rejected from the process, will be utilized to produce a further saving in our wood consumption.

## *HYDRO-DEVELOPMENT*

The raising of the Scanlon Dam on the Lois River to its final elevation, also the installation of the second 18,000 K.V.A. generator and waterwheel at the Lois River powerhouse, were started during the year. With the completion of this work in 1947, the full capacity of both the Powell River and Lois River hydro-electric developments will be attained. This will provide sufficient power for plant requirements on completion of our development programme.

*Scanlon Dam at Lois River.*

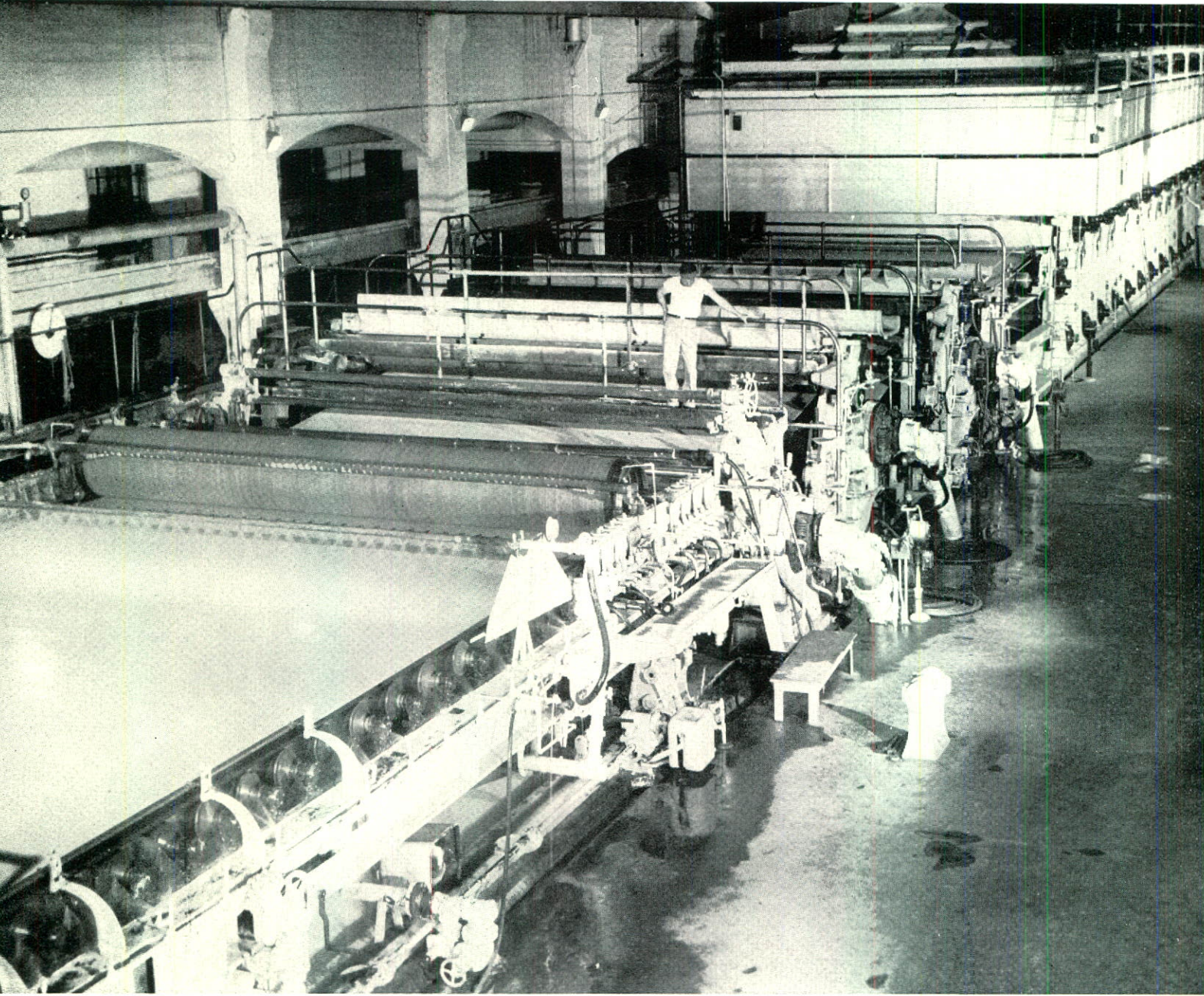
*Lois River Powerhouse.*





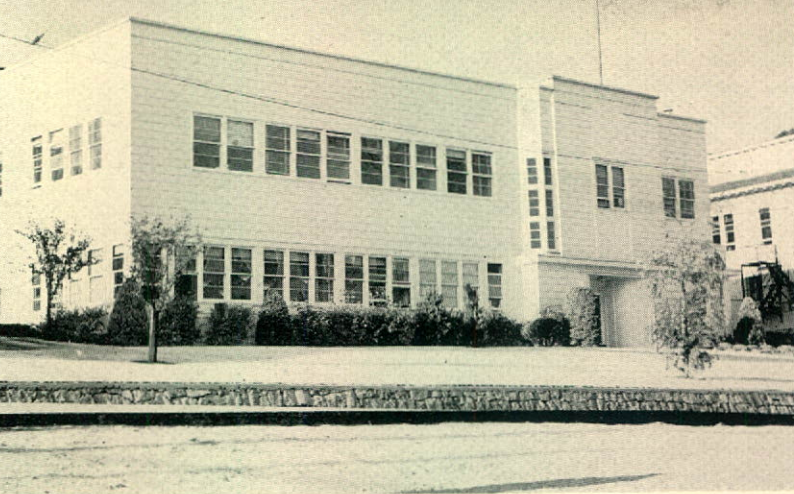
## *NEWSPRINT MACHINE*

A contract has been awarded for the installation of another newsprint machine which will be of the most modern type designed for high-speed operation. This machine is scheduled to come into production in the summer of 1948.



*Modern Newsprint Machine.*





*Laboratory at Powell River.*



*Employees and Management "Talk it over".*

## RESEARCH

Research plays a very important part in the manufacture of pulp and paper. Through it the high quality newsprint and pulp produced by the company has been made possible. With full realization of this fact the company maintains a modern laboratory fully equipped with the latest scientific equipment and operated by highly skilled technical and chemical staffs. Research and experimentation is constantly in progress, searching for improved methods of manufacture and more economical and efficient operation of the plant.

## ORGANIZATION

Relations during the year with our employees' unions have been most satisfactory. Union-Management Committees, set up to iron out problems which might arise, functioned successfully to produce harmonious relations between the employees and management.

Our programme of re-establishing personnel returning from the Armed Services has proven very successful and is now nearing completion, there remaining only 11 former employees yet to be discharged from the services and reinstated. At the year end we had 562 veterans of World War II employed at Powell River.

The entire personnel throughout the organization has been both loyal and co-operative and it is with satisfaction that acknowledgement is made of the excellent results produced.



It is with regret that we announce the loss of our Chairman of the Board, Mr. S. D. Brooks, who passed away in September. Mr. Brooks had been with the Company since inception and we will miss his counsel, advice and guidance.

*President.*





**POWELL RIVER***(Incorporated under the*

AND ITS

**CONSOLIDATED BALANCE SHEET**

## A S S E T S

## CURRENT:

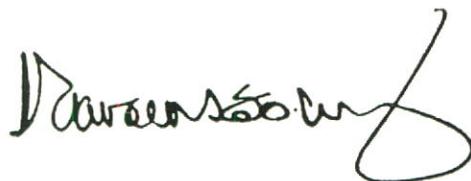
Cash on hand and in banks .....	\$ 824,896.75
Dominion of Canada bonds at cost (par value \$3,143,250; market value \$3,177,600) .....	3,162,282.18
Payments on Dominion of Canada income and excess profits taxes in excess of estimated taxes accrued .....	2,515,206.68
Accounts receivable, less reserve of \$37,385.82 .....	2,255,508.28
Inventories of paper, lumber, logs and supplies, as determined and certified by officials of the companies and valued at the lower of cost or market value, less reserve of \$541,446.13 .....	2,428,635.33
	<hr/>
	\$11,186,529.22

## FIXED:

Paper mill, hydro-electric development, and townsite at cost ...	30,282,809.26
Tugs and scows at cost .....	546,357.88
Logging equipment and logging development at cost .....	2,063,252.10
	<hr/>
	32,892,419.24
Timber holdings at cost less depletion .....	2,944,409.15
	<hr/>
	35,836,828.39

## OTHER:

Estimated post-war refund under the Excess Profits Tax Act ...	123,488.10
Deferred charges and prepaid expenses .....	124,051.92
Sundry investments and long term receivables .....	361,136.89
	<hr/>
	608,676.91
	<hr/>
	\$47,632,034.52



Director.



Director.







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# POWELL RIVER COMPANY LIMITED

*(Incorporated under the Companies Act of British Columbia)*

AND ITS SUBSIDIARIES

## CONSOLIDATED PROFIT AND LOSS AND EARNED SURPLUS ACCOUNT

### FOR THE YEAR ENDED DECEMBER 31, 1946

Consolidated profit before the undernoted items .....	\$ 8,087,024.04
Profit on disposals of fixed assets .....	4,101.87
	<hr/>
	8,091,125.91
Depreciation and depletion .....	1,285,047.99
	<hr/>
Consolidated profit before taxes .....	\$ 6,806,077.92
Provision for Dominion income and excess profits taxes .....	3,365,700.00
	<hr/>
Consolidated profit for the year .....	\$ 3,440,377.92
Consolidated earned surplus at December 31, 1945 .....	8,502,013.28
Net credit arising from amendment of charges for Dominion income and excess profits taxes, depreciation, depletion, and other items in respect of the years 1940 to 1945, inclusive (resulting in reduction of \$850,600.00 in refundable portion of excess profits tax) .....	3,677,607.21
	<hr/>
	15,619,998.41
Dividends paid .....	2,151,512.00
	<hr/>
Consolidated earned surplus at December 31, 1946, as per consolidated balance sheet .....	\$13,468,486.41

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*Company tug "S. D. Brooks" with Davis Raft of Spruce logs from the Queen Charlotte Islands.*



