

ANNUAL  
REPORT

1947



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**POWELL RIVER COMPANY LIMITED**

EXECUTIVE OFFICES: VANCOUVER



MILLS: POWELL RIVER

BRITISH COLUMBIA

APR 15 1948  
MCGILL UNIVERSITY



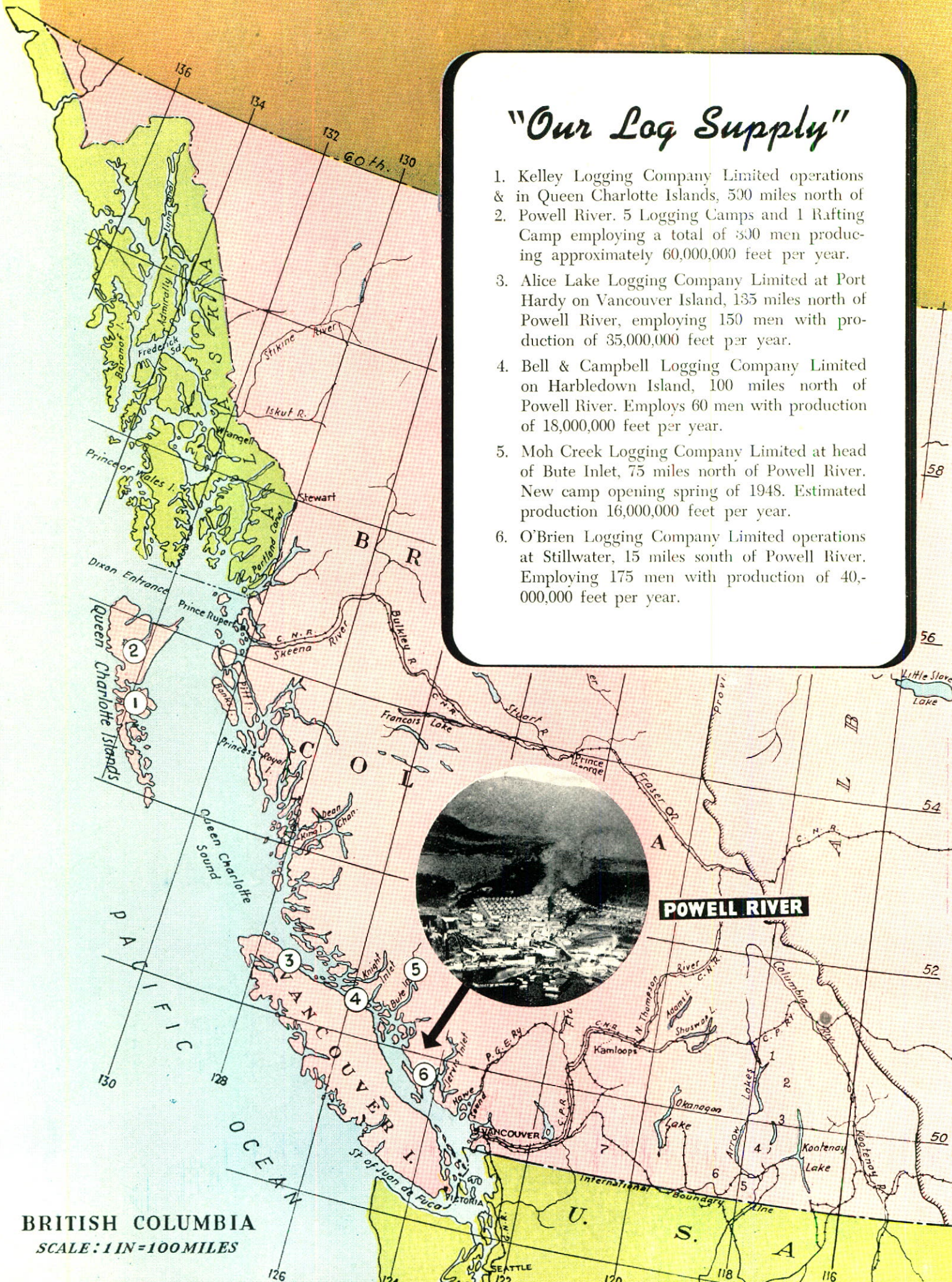
# "Our Log Supply"

1. Kelley Logging Company Limited operations & in Queen Charlotte Islands, 500 miles north of Powell River.
2. Powell River. 5 Logging Camps and 1 Rafting Camp employing a total of 300 men producing approximately 60,000,000 feet per year.
3. Alice Lake Logging Company Limited at Port Hardy on Vancouver Island, 135 miles north of Powell River, employing 150 men with production of 35,000,000 feet per year.
4. Bell & Campbell Logging Company Limited on Harbledown Island, 100 miles north of Powell River. Employs 60 men with production of 18,000,000 feet per year.
5. Moh Creek Logging Company Limited at head of Bute Inlet, 75 miles north of Powell River. New camp opening spring of 1948. Estimated production 16,000,000 feet per year.
6. O'Brien Logging Company Limited operations at Stillwater, 15 miles south of Powell River. Employing 175 men with production of 40,000,000 feet per year.



**POWELL RIVER**

BRITISH COLUMBIA  
SCALE: 1 IN = 100 MILES





# POWELL RIVER COMPANY LIMITED

## BOARD OF DIRECTORS

R. BELL-IRVING  
ANSON BROOKS  
EDWARD BROOKS  
W. S. BROOKS  
D. A. EVANS

HAROLD S. FOLEY  
G. F. LAING  
J. H. LAWSON  
J. G. SAMPLE  
R. H. SCANLON

A. H. WILLIAMSON

## OFFICERS

HAROLD S. FOLEY	.....	<i>President</i>
R. BELL-IRVING	.....	<i>1st Vice-President</i>
G. F. LAING	.....	<i>Vice-President</i>
G. W. O'BRIEN	.....	<i>Vice-President</i>
B. R. CANCELL	.....	<i>Vice-President</i>
D. A. EVANS	.....	<i>Vice-President</i>
J. H. LAWSON	.....	<i>Secretary</i>
R. M. COOPER	.....	<i>Resident Manager</i>
J. A. KYLES	.....	<i>Comptroller</i>

*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.)*

# POWELL RIVER COMPANY LIMITED

VANCOUVER AND POWELL RIVER, B.C.

Vancouver, B.C.,

April 5, 1948.

To the Shareholders:

The thirty-seventh annual report of your company, for the fiscal period ended December 31, 1947, is submitted herewith.

Net earnings for the year amounted to \$6,012,349, or \$4.47 per share.

Improved efficiency of operation due to expansion of plant and improvements to existing machinery and manufacturing processes, together with increased prices for the Company's products, were the main factors contributing to the successful record of the Company for the year 1947.

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

	1947	1946	Increase Decrease
Consolidated profit before the undernoted items.....	\$12,171,491	\$8,087,024	\$4,084,467
Income from sundry investments .....	15,350	—	15,350
Profit on disposal of fixed assets.....	1,408	4,102	2,694
	<u>12,188,249</u>	<u>8,091,126</u>	<u>4,097,123</u>
Depreciation and depletion .....	1,596,900	1,285,048	311,852
Consolidated profit before taxes .....	<u>10,591,349</u>	<u>6,806,078</u>	<u>3,785,271</u>
Dominion and Provincial income and excess profits taxes .....	4,579,000	3,365,700	1,213,300
Consolidated net profit .....	<u>\$ 6,012,349</u>	<u>\$3,440,378</u>	<u>\$2,571,971</u>

## EARNINGS AND DIVIDENDS

The following summary reflects the net earnings and dividend record for the year 1944 to 1947.

	1947	1946	1945	1944
Net Earnings after taxes.....	\$6,012,349	\$3,440,378	\$2,920,012	\$3,004,025
Paid in Dividends.....	\$3,697,911	\$2,151,512	\$1,460,081	\$1,344,695
Percent of Net Earnings.....	61.50	62.54	50.00	44.76
Earned per Share.....	\$ 4.47	\$ 2.56	\$ 2.17	\$ 2.23
Paid per Share.....	\$ 2.75	\$ 1.60	\$ 1.05	\$ 1.00

## WORKING CAPITAL

From the Balance Sheet it will be noted that Current Assets of \$12,725,525 against Current Liabilities of \$5,457,837 gives the Company a Working Capital of \$7,267,688.

The following summarizes the changes in the Working Capital during 1947.

*Working Capital at January 1, 1947*..... \$9,354,837

*Additions:*

Net earnings year 1947.....	\$6,012,349	
Less: dividends paid.....	3,697,911	
Reinvested or retained in the business.....	2,314,438	
Non-cash charges to operations—		
Depreciation and depletion.....	1,596,900	3,911,338
		\$13,266,175

*Deductions:*

Capital expenditures—		
Plant extension and development.....	4,315,111	
Timber holdings.....	1,227,567	
Logging equipment and development.....	256,405	
Tugs and scows.....	153,790	
	\$5,952,873	
Other items, net.....	45,614	\$5,998,487
<i>Working Capital at December 31, 1947</i> .....		\$ 7,267,688



## PRODUCTION

A comparison of production with 1946 is as follows:

TONS	1947	1946	Increase
Newsprint .....	239,087	226,488	12,599
Unbleached Sulphite Pulp ...	43,919	33,233	10,686
Wrapper .....	5,210	4,551	659
Laminated Products .....	2,864	2,452	412

## SALES

The continued shortage of pulp and paper products throughout the world, and particularly on the west coast of the North American continent, where the major portion of our production is consumed, created an unprecedented demand for our products. The indications are that this demand will continue through 1948.

The following is a comparison of sales with the previous year.

TONS	1947	1946	Increase <i>Decrease</i>
Newsprint .....	244,974	221,282	23,692
Unbleached Sulphite Pulp ...	43,871	31,480	12,391
Miscellaneous Products .....	3,819	4,062	<i>243</i>

CANADIAN GULF LINES—M.V. "POWELL RIVER"

Carries exclusively our products from Powell River to California Ports.





## PROPERTIES

The Company maintained all of its properties in good operating condition throughout the year. In addition to the development programme, considerable expenditures were made for modification and improvements to existing plant and equipment.

### TIMBER HOLDINGS

In keeping with the established policy of maintaining adequate timber reserves for future use, the Company, during 1947 purchased additional tracts of standing timber estimated to contain one billion feet.

Following our years of pioneering and research, we have now completed installation of special machinery for the utilization of "forest waste" and small wood. It is now possible to harvest this material along with our normal larger timber, thereby contributing to the conservation of our forest reserves.

*Bundling small wood.*



*Company Tug "J. S. FOLEY" with Davis Raft of spruce logs from Queen Charlotte Islands.*





## PLANT EXTENSION AND DEVELOPMENT

Deliveries of material and equipment improved considerably during the year under review. Several projects were completed in 1947 and those still under construction are progressing satisfactorily. The major projects completed and underway are commented on in the following paragraphs.

### WOOD PREPARING MILL

The LARGE HYDRAULIC BARKER reviewed in last year's report came into full operation early in the year and was followed by the installation of the SMALL LOG BARKER.

In conjunction with the two barking units the WHOLE LOG CHIPPER came into production during the year. This machine reduces a 26" log 30' long to small uniform chips in less than half a minute.

These installations have effected savings in excess of ten per cent in pulpwood consumption.

Rounding out these changes in wood preparing was the installation of MECHANICAL BLOCK LOADERS for loading pulpwood blocks on to portable platforms for delivery to the grinding machines.



*Whole Log Chipper in operation. Inset: Small Log Barker.*



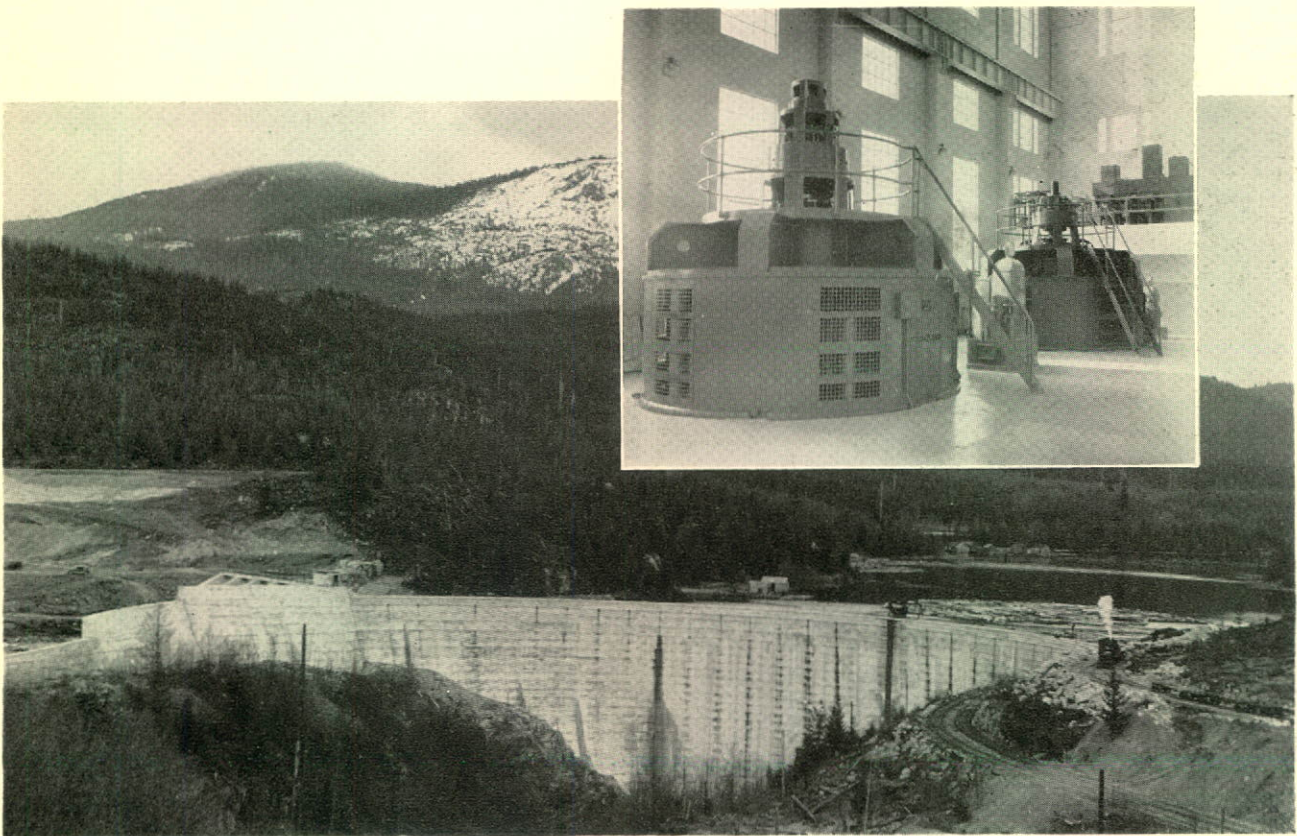
## PULP MILLS

A seventh SULPHITE DIGESTER was installed during 1947 and is now in operation. Work is progressing on the installation of a HIGH YIELD SULPHITE PULP PROCESS. When completed this process will reduce further the quantity of wood required in the manufacture of our products and will be another phase of timber conservation.

The installation of a GROUNDWOOD PULP REFINING SYSTEM, commenced in 1946, was completed and put into operation. An addition to the GROUNDWOOD PULP MILL involving extra grinders, washers, screens, etc., is now under construction to meet requirements for the No. 8 paper machine.

## PAPER MILLS

The structures have been completed for No. 8 PAPER MACHINE, the installation of which was announced in last year's report. Manufacture of the equipment is well advanced and it is expected this machine will come into production late this summer. This unit is 226' wide, embodying all the latest improvements in design, and is capable of speeds up to 2000 feet per minute. It will be the fastest and most modern paper machine in the entire newsprint industry.



*Scanlon Dam on Lois River.*

*Inset: Generators—Lois River Powerhouse.*



## **POWER AND HEAT**

In the hydro-electric system the SCANLON DAM on the Lois River was completed. The second 18,000 K.V.A. GENERATOR has been installed and is now in operation at the Lois River powerhouse. This brings the total power produced by the Company to approximately 95,000 H.P. and is sufficient for our requirements when the expansion programme is completed.

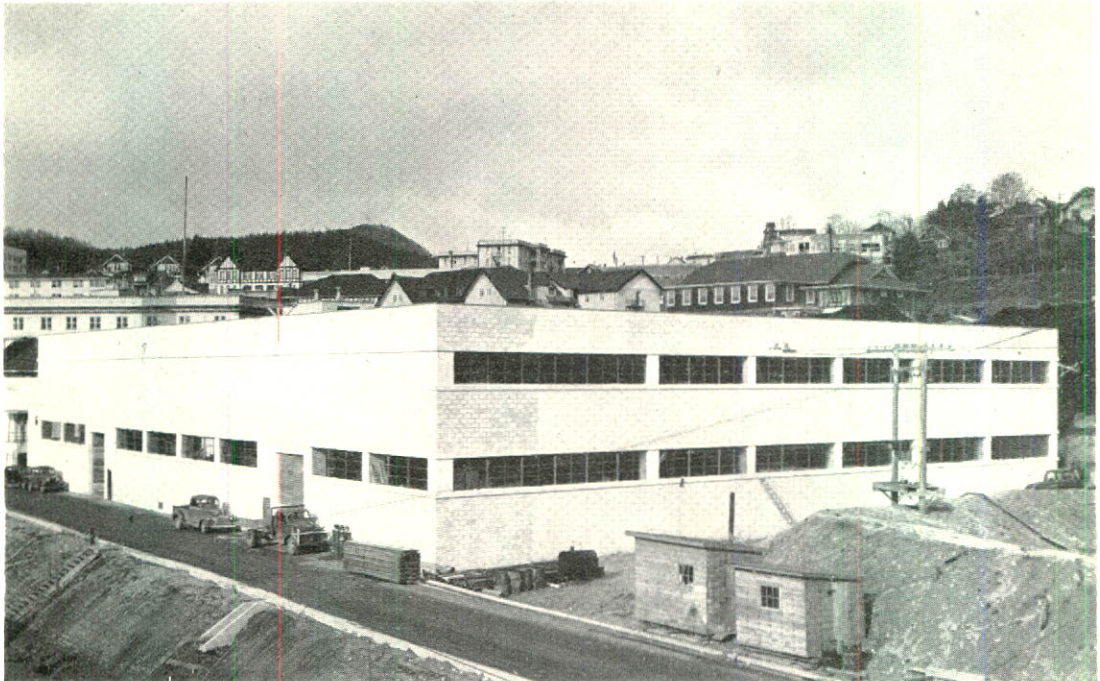
Improvements to the steam plant were completed early in 1947, resulting in important savings in the consumption of fuel oil. Other improvements now in hand will reduce the consumption of heat in various parts of the process, and result in further savings in oil consumption.

## **PLANT GENERAL**

During the year a new CONSOLIDATED MILL STORES BUILDING was completed, also a modern LODGE to house single male employees.

## **PLANT EXTENSION AND DEVELOPMENT COSTS**

Our experience now is that actual expenditures on the extension and development programme are running substantially higher than originally estimated. This situation seems to be general in all construction work today.



*Consolidated Mill Stores Building.*





*Employees' Hospital at Powell River.*

## RESEARCH

Progress is to a great extent dependent on research and the Company's skilled technical and chemical staffs operating in a modern laboratory fully equipped with the latest in scientific equipment contributed a great deal to the fine results in 1947.

Practically all of the improvements in our manufacturing processes and improvements in design, which are being incorporated into our new No. 8 newsprint machine, have been developed by our own engineering and research staffs.

## ORGANIZATION

In May and June new agreements were signed with the International Unions providing for increases in wages throughout our operations which brought the base wage rate in our plant to 94c per hour, the highest in the Canadian Industry.

During 1947 forty-one employees completed 25 years of service and became eligible for enrolment in the Company's "25 Year Club," now bringing total membership to 138.

The Company enjoyed excellent relations with its employees throughout the year and the entire personnel functioned in a most loyal and co-operative manner. This is evidenced by the excellent results achieved and the management acknowledges and appreciates the fine spirit demonstrated by the men and women of our organization.

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During January, 1948, Mr. R. Bell-Irving and Mr. G. F. Laing retired from active service for reasons of health and Mr. D. A. Evans relinquished his regular duties and is on sick leave. These executives have contributed immensely to the success of our Company and their active participation in operations is greatly missed. They however remained on the Board of Directors and we have the benefit of their advice.

We have pleasure in announcing the appointment, as of January 1, 1948, of Mr. M. J. Foley to the position of Executive Vice-President.

*President.*



**POWELL RIVER**

(Incorporated under the

AND ITS

**CONSOLIDATED BALANCE SHEET**

ASSETS

CURRENT:

Cash on hand and in banks .....	\$ 831,757	
Dominion of Canada bonds at cost (market value \$5,136,200) .....	5,113,715	
Accounts receivable, less reserve of \$33,225 .....	2,779,671	
Refundable portion of excess profits tax due March 31, 1948 .....	20,418	
Inventories of paper, pulp, 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 .....	3,979,964	\$12,725,525

FIXED:

Pulp and paper mill, hydro-electric development, and townsite at cost .....	34,596,969	
Tugs and scows at cost .....	721,904	
Logging equipment and logging development at cost .....	2,287,397	
	<u>37,606,270</u>	

Timber holdings at cost less depletion .....	4,096,981	\$41,703,251
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OTHER:

Estimated refundable portion of excess profits tax due March 31, 1949, and subsequently .....	103,070	
Deferred charges and prepaid expenses .....	146,233	
Sundry investments and long term receivables .....	429,257	678,560
		<u>\$55,107,336</u>

On behalf of the Board



Director.



Director.







# POWELL RIVER COMPANY LIMITED

(Incorporated under the Companies Act of British Columbia)

AND ITS SUBSIDIARIES

## STATEMENT OF CONSOLIDATED PROFIT

and

## ACCUMULATED PROFITS REINVESTED OR RETAINED IN THE BUSINESS

Year Ended December 31, 1947

Consolidated profit before the undernoted items .....	\$12,171,491
Income from sundry investments .....	15,350
Profit on disposal of fixed assets .....	1,408
	<hr/>
	12,188,249
Depreciation and depletion .....	1,596,900
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Consolidated profit before taxes .....	10,591,349
Dominion and Provincial income and excess profits taxes .....	4,579,000
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Consolidated profit for the year .....	6,012,349
Dividends paid .....	3,697,911
	<hr/>
	2,314,438
Profits reinvested or retained in the business, December 31, 1946 .....	13,552,671
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Profits reinvested or retained in the business, December 31, 1947, as per consolidated balance sheet .....	\$15,867,109
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PHOTO BY JACK CASH - VANCOUVER

THE HIGH-RIGGER "TOPS ONE"



