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*Annual*  
*Report*  
**1949**

BEAVIS HALL  
MAY 18 1949  
MILL UNIVERSITY

**POWELL RIVER COMPANY LIMITED**  
EXECUTIVE OFFICES: VANCOUVER, B. C. • MILLS. POWELL RIVER, B. C.

*Thirty-Ninth  
Annual Report*

# POWELL RIVER COMPANY LIMITED

ANSON BROOKS	M. J. FOLEY
EDWARD BROOKS	J. H. LAWSON
W. S. BROOKS	G. W. O'BRIEN
D. A. EVANS	J. G. SAMPLE
HAROLD S. FOLEY	R. H. SCANLON
A. H. WILLIAMSON	

*Board of  
Directors*

HAROLD S. FOLEY	- - - - -	President
M. J. FOLEY	- - - - -	Executive Vice-President
G. W. O'BRIEN	- - - - -	Vice-President
J. H. LAWSON	- - - - -	Secretary
R. M. COOPER	- - - - -	Resident Manager
J. A. KYLES	- - - - -	Comptroller

*Officers*

STANDARD BUILDING, VANCOUVER, B.C.

*Executive  
Offices*

THE ROYAL TRUST COMPANY — Vancouver, Toronto, Montreal

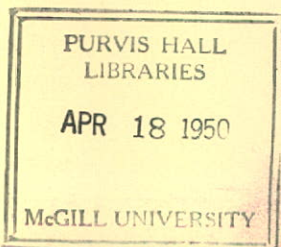
*Transfer  
Agent*

BANKERS' TRUST COMPANY — Vancouver, Toronto, Montreal

*Registrar*

LAST TUESDAY OF APRIL AT VANCOUVER, B.C.

*Annual  
Meeting*



# POWELL RIVER COMPANY LIMITED

VANCOUVER AND POWELL RIVER, B.C., CANADA

## TO OUR SHAREHOLDERS

We take pleasure in presenting the thirty-ninth annual report of your Company, for the year ended December 31, 1949.

Net earnings for the year amounted to \$7,678,585, or \$5.71 per share as compared with \$5.43 for 1948. From these earnings \$550,000 has been allocated to the Reserve for Contingencies, which now stands at \$1,000,000.

The following is a comparison of the 1949 results with those of the preceding year:

	1949	1948
Consolidated profit before the undernoted items.....	\$16,186,968	\$13,743,548
Profit on disposal of fixed assets.....	9,980	55,968
Income from sundry investments .....	10,350	—
	<hr/>	<hr/>
	16,207,298	13,799,516
	<hr/>	<hr/>
Depreciation and depletion .....	2,407,713	2,168,219
Provision for extension of pension plan .....	500,000	—
Reserve for bad debts .....	250,000	—
	<hr/>	<hr/>
	3,157,713	2,168,219
	<hr/>	<hr/>
Consolidated profit before taxes .....	13,049,585	11,631,297
Federal and Provincial income taxes .....	5,371,000	4,324,000
	<hr/>	<hr/>
Consolidated net profit .....	7,678,585	7,307,297
Reserve for contingencies .....	550,000	450,000
	<hr/>	<hr/>
Available for dividends and reinvestment .....	\$ 7,128,585	\$ 6,857,297
	<hr/>	<hr/>

*Earnings*

## Dividends

Dividends paid in 1949 amounted to \$3.55 per share, consisting of regular quarterly dividends of 50c in March, June, September and December, with extras of 30c in March, representing a final distribution of 1948 earnings, 40c in June and 85c in December.

During the year under review the Company's working capital was increased by \$4,106,250. The ratio of current assets to current liabilities at December 31st was 3.30 as compared with 2.71 at the previous year-end.

## Working Capital

The following summary reflects the changes in working capital:

Working Capital at January 1, 1949 .....	\$ 7,885,170
ADDITIONS:	
Net earnings year 1949 .....	7,678,585
Non-cash charges to operations:	
Depreciation and depletion .....	\$ 2,407,713
Self-insurance .....	20,077
	<hr/>
	2,427,790
Settlement of 1948 insurance claim—net .....	240,705
Other items—net .....	99,993
	<hr/>
	18,332,243
DEDUCTIONS:	
Capital Expenditures:	
Plant and townsite .....	406,411
Logging equipment and development .....	1,028,257
Timber holdings .....	108,060
Boats and scows .....	24,428
	<hr/>
	1,567,156
Dividends paid .....	4,773,667
	<hr/>
	6,340,823
Working Capital at December 31, 1949 .....	<hr/> <hr/> \$11,991,420

## Production

The overall production for the year was greater than the estimates by some 4,700 tons. This gain in production was entirely newsprint which exceeded the output of any previous year. On June 28th a 24-hour record was established when our eight paper machines produced a total of 1,012.3 tons.

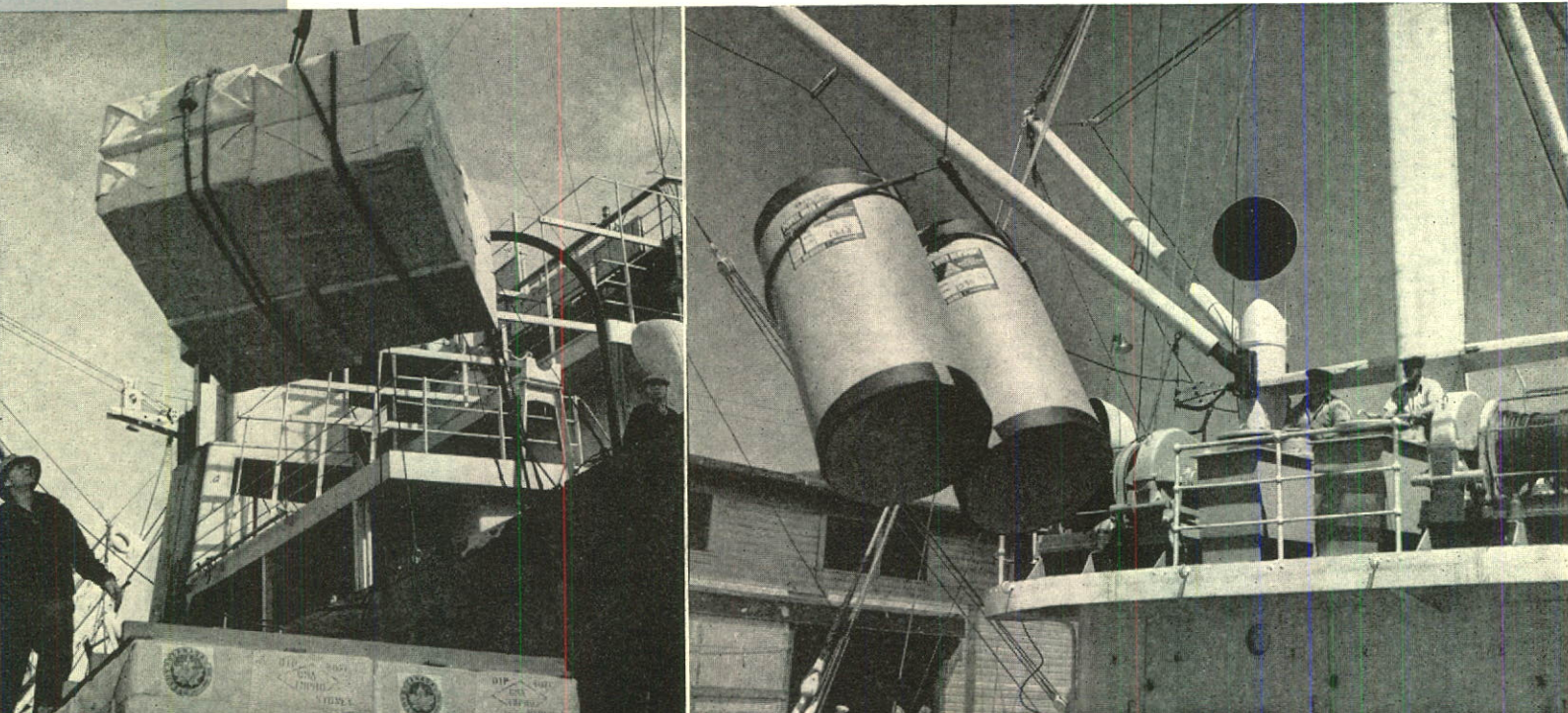
PRODUCTION — TONS		
	1949	1948
Newsprint .....	285,400	247,235
Unbleached Sulphite Pulp .....	34,281	48,125
Wrapper for newsprint .....	4,856	5,409
Laminated Products .....	2,577	2,962

## Sales

During 1949 the demand for our newsprint continued to be strong and the entire estimated tonnage for 1950 has been sold under long-term contracts. The sulphite pulp sales in 1949 were curtailed due to market conditions but the outlook for 1950 is that our full production will be sold.

SALES — TONS		
	1949	1948
Newsprint .....	283,347	244,834
Unbleached Sulphite Pulp .....	33,591	48,937
Laminated Products .....	1,503	2,018

*Loading Pulp and Newsprint at Powell River*



## *Properties*

The high standard of maintenance of all Company properties has been continued throughout the year.

As a result of the expansion and development program in recent years, some obsolete parts of the plant were demolished.

A major new logging operation has been opened up in the Queen Charlotte Islands which will produce approximately 50 million feet of logs annually. The expenditures on this development, together with capital expenditures in our other logging operations, amounted to approximately \$1,028,000 for the year.

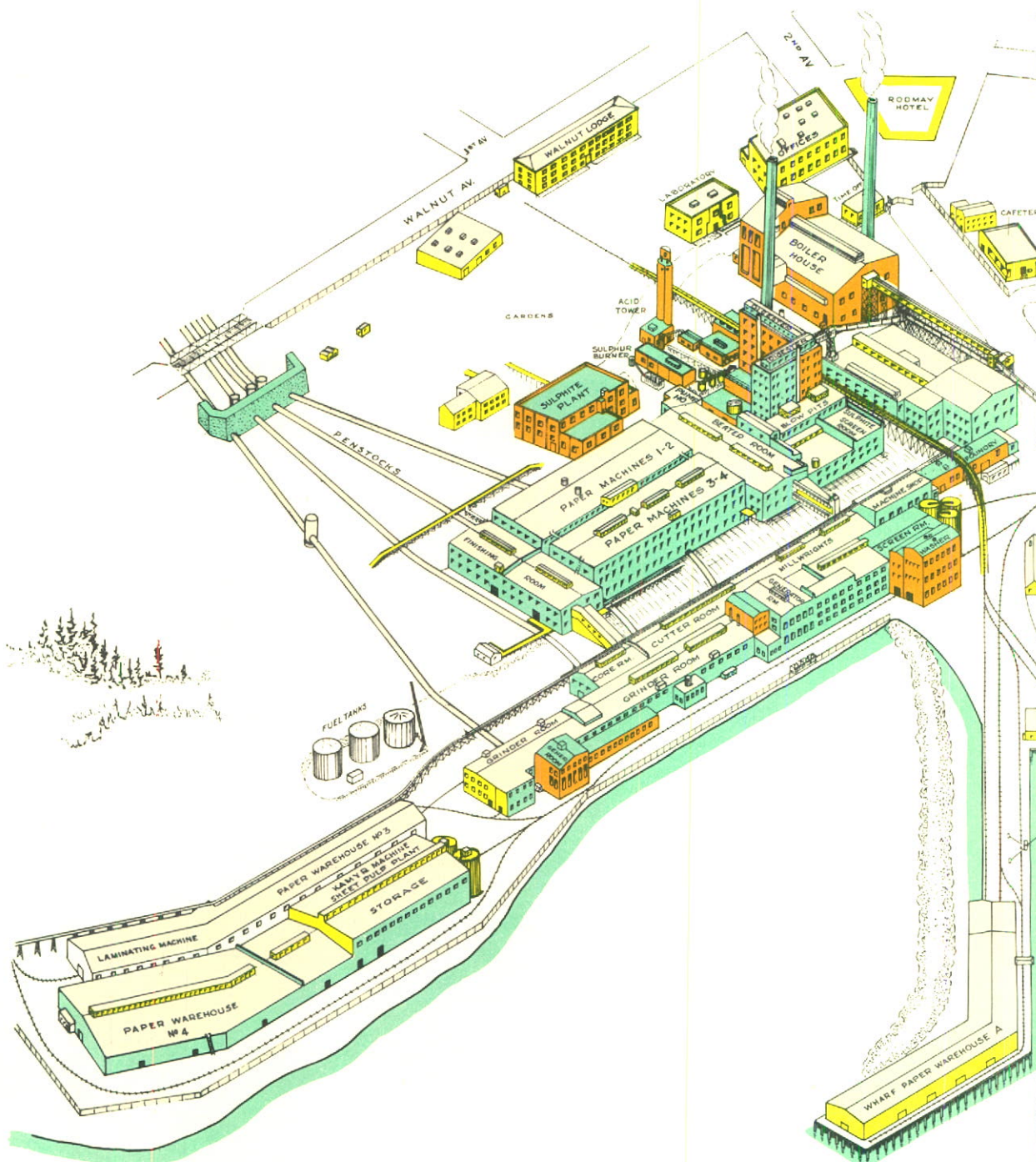
The efforts of our operating and technical staffs were successfully directed towards increased production, improved quality, and greater efficiency of operation.

The policy of replacing or modernizing the older sections of the mill was, and will be, continued.

## *Research and Development*

*Night Scene at Powell River Mill*



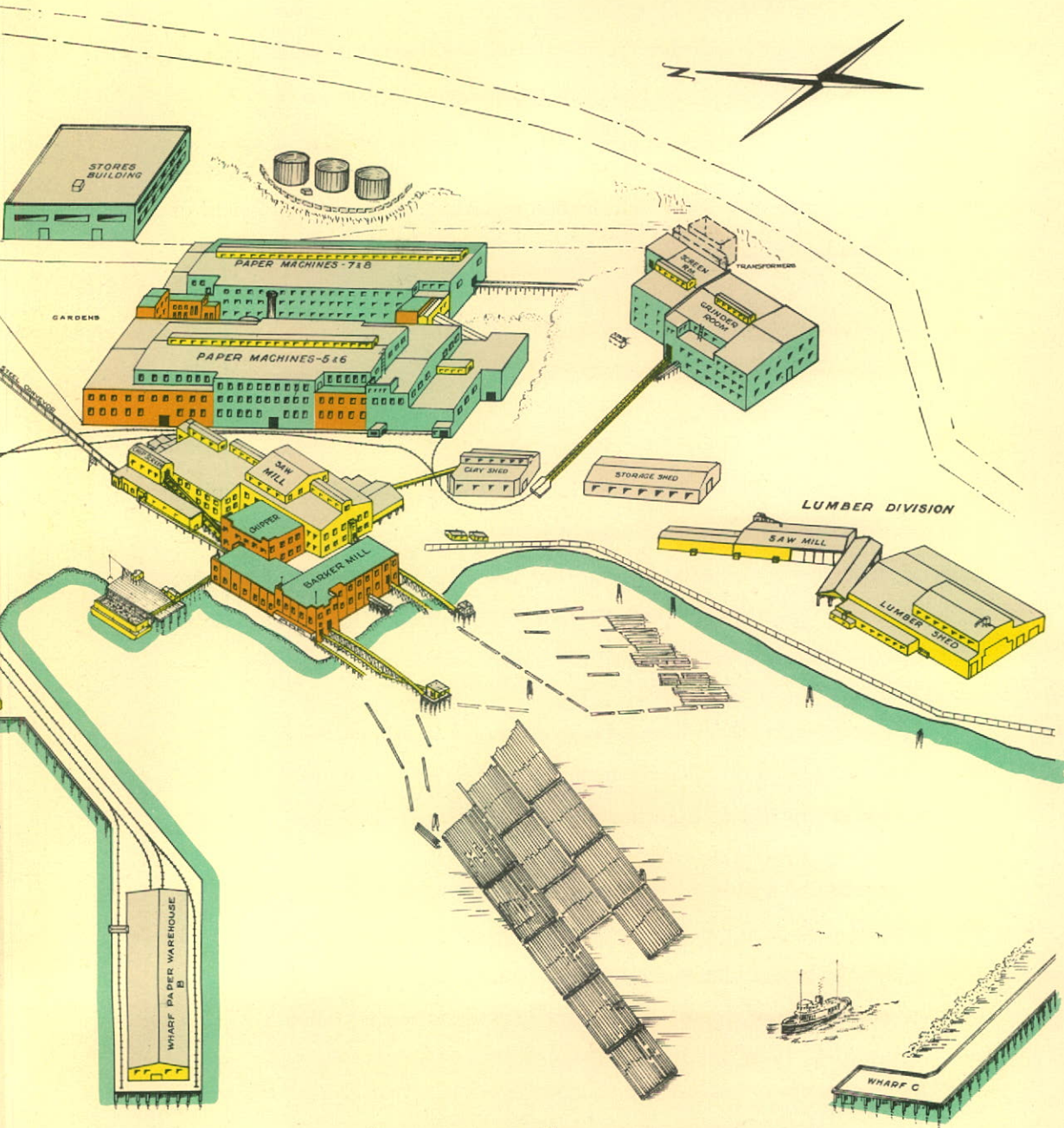


**LEGEND**

	FIRE RESISTIVE BUILDING
	CONCRETE
	FRAME
	CONCRETE ROOF - BLUE
	METAL & PATENT ROOF - GREY

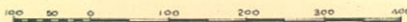
*Malaspina*





*Isometric View from the West*  
**POWELL RIVER COMPANY LIMITED**

POWELL RIVER, B.C.



SCALE OF FEET

ENGINEERING DEPARTMENT,  
 MARSH & McLENNAN LIMITED  
 INSURANCE

DRAWN BY L.M. Clement  
 November 1945

strait

## *Timber Holdings*

The policy of maintaining adequate timber reserves has been continued through the acquisition of several small tracts and the outright purchase of timber on which we formerly had only cutting rights.

The re-logging of areas where practical was continued and resulted in providing approximately 4% of the total mill requirements for the year.

The Powell River Experimental Forest, started last year, has already contributed a great deal of valuable information regarding the growth and yield of immature stands of timber.

## *Organization*

Labour agreements with the International Unions throughout our operations for 1949-1950 were renewed without change in the basic wage structures. Early in 1950 the agreements covering our employees at Powell River were finalized for the year ending April 30, 1951, which provide for an increase in the base wage rate from \$1.06 to \$1.12 per hour.

The Employees' Pension Plan is being revised at an estimated cost of \$500,000 to provide more generous retirement allowances. There are also 108 retired employees who will benefit from this revision.

At the year-end 8% of our employees at Powell River had served the Company 25 years or more, and the active membership of the "25-Year Club" was 203. This, and the fact that almost 40% of our employees have been with us over 10 years, and 60% over 5 years, is a source of pride to management.

The "work safely" incentive plan announced last year under which low rental houses are provided for retired employees has proven very successful and four houses have already been built. As outlined in our 1948 report, funds for this purpose are derived from Company contributions for each accident-free day of plant operation.



*New Members of 25 Year Club in 1949*

We have had a successful year and the conscientious efforts of our employees have, to a great extent, been responsible. The management takes this opportunity to acknowledge the fine co-operation and loyalty displayed by our personnel throughout the entire organization.



It is with regret that we record the passing in July of Mr. R. Bell-Irving, one of our Directors. In various capacities over the past 29 years he rendered valuable service to the Company through his sound judgment and capable direction.

*Harold S. Selby*

*President.*

Vancouver, B.C.

April 6, 1950.

# POWELL RIVER C

## AND ITS SU

### CONSOLIDATED BALANCE S

#### *Assets*

**CURRENT:**

Cash on hand and in banks .....	\$ 1,082,044
Government of Canada bonds at cost (market value \$8,511,075) .....	8,517,803
Accounts receivable, less reserve of \$288,287 (receivables in U.S. funds stated at par) .....	2,919,614
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 .....	4,696,076
	<u>\$17,215,537</u>

**FIXED:**

Pulp and paper mill, hydro-electric development, and townsite at cost .....	38,355,829
Boats and scows at cost .....	933,910
Logging equipment at cost and logging development at cost less amortization .....	3,796,619
	<u>43,086,358</u>
Timber holdings at cost less depletion .....	4,146,595
	<u>47,232,953</u>

**OTHER:**

Deferred charges and prepaid expenses .....	188,624
Sundry investments and long-term receivables .....	259,656
	<u>448,280</u>
	<u>\$64,896,770</u>

On Behalf of the Board:

*Norwood S. Young*

Director

*James Lawson*

Director

# OMPANY LIMITED

## BSIDIARIES

HEET AS AT DECEMBER 31, 1949

### *Liabilities*

#### CURRENT:

Accounts payable .....	\$ 1,190,338
Share warrant dividend coupons outstanding .....	297,934
Provision for extension of pension plan .....	500,000
Federal and Provincial income taxes payable .....	3,235,845
	<u>\$ 5,224,117</u>

RESERVE FOR DEPRECIATION OF FIXED ASSETS .....	29,517,513
RESERVE FOR SELF-INSURANCE .....	136,997
RESERVE FOR CONTINGENCIES .....	1,000,000

#### CAPITAL:

##### Share Capital:

Authorized—1,612,325 ordinary shares without par value	
Issued —1,344,695 ordinary shares without par value .....	7,396,025
Profits reinvested or retained in the business .....	21,622,118
	<u>29,018,143</u>

\$64,896,770

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Powell River Company Limited and of certain of its subsidiary companies for the year ended December 31, 1949. In addition, we have referred to the balance sheets and income statements of the remaining subsidiary companies, together with the reports of their auditors. We report that we have obtained all the information and explanations we have required and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies as at December 31, 1949, according to the best of our information and the explanations given to us and as shown by the books of the companies examined by us and the accounts of the remaining subsidiaries as reported upon by their auditors.

Vancouver, B.C.,  
March 30, 1950.

HELLIWELL, MACLACHLAN & Co.,  
Chartered Accountants.

**POWELL RIVER COMPANY LIMITED  
AND ITS SUBSIDIARIES**

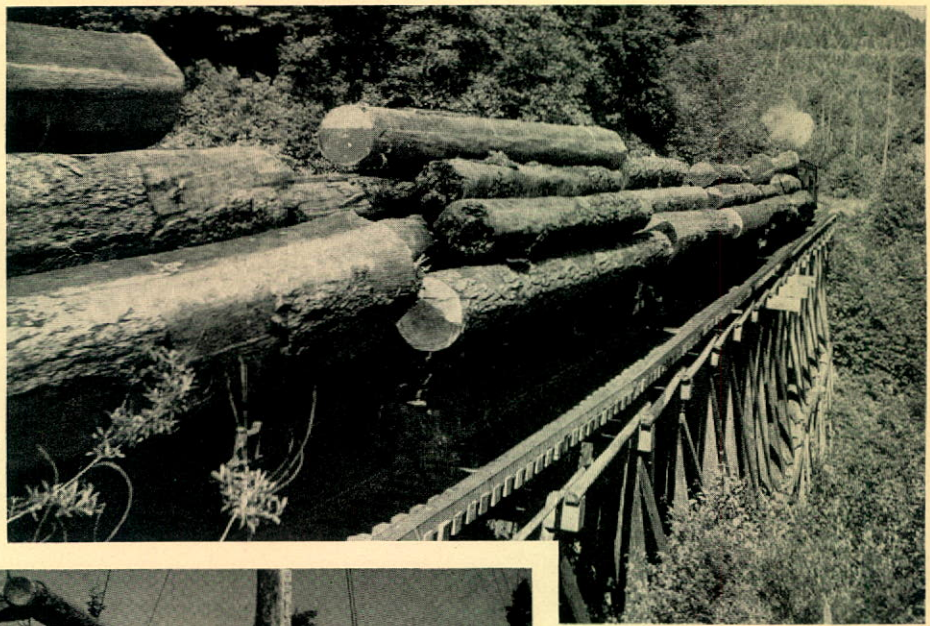
**STATEMENT OF CONSOLIDATED PROFIT**

and

**ACCUMULATED PROFITS REINVESTED OR RETAINED IN THE BUSINESS  
YEAR ENDED DECEMBER 31, 1949**

Consolidated profit before the undernoted items .....		\$16,186,968
Income from sundry investments .....		10,350
Profit on disposal of fixed assets .....		9,980
		16,207,298
Depreciation and depletion .....	\$ 2,407,713	
Provision for extension of pension plan .....	500,000	
Reserve for bad debts .....	250,000	
		3,157,713
Consolidated profit before taxes .....		13,049,585
Federal and Provincial income taxes .....		5,371,000
		7,678,585
Consolidated net profit for the year .....		7,678,585
Reserve for contingencies .....		550,000
		7,128,585
Dividends paid .....		4,773,667
		2,354,918
Net credit from 1948 insurance claim after income taxes .....		240,705
Profits reinvested or retained in the business, December 31, 1948.....		19,026,495
		21,377,413
Profits reinvested or retained in the business, December 31, 1949, as per consolidated balance sheet .....		\$21,622,118

*Hauling by rail-  
road to booming  
grounds.*



*Truck hauling.*

*Small logs from  
the Company's  
experimental  
forest.*



