

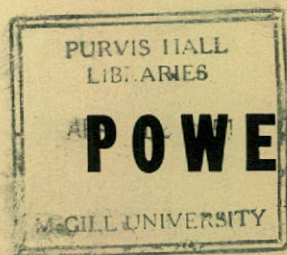
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40<sup>th</sup>

*Annual Report*

1950



**POWELL RIVER COMPANY LIMITED**



POWELL RIVER COMPANY LIMITED  
MANUFACTURERS OF PULP AND PAPER



HEAD OFFICE  
STANDARD BUILDING  
VANCOUVER, B. C.

MILLS AT  
POWELL RIVER  
BRITISH COLUMBIA

Vancouver, B. C.,  
April 3, 1951.

Dear Shareholder:

Each year our Annual Meeting presents an opportunity for us to meet our shareholders and discuss with them our past record, present position and the outlook for the future. Since management serves its shareholders in a stewardship capacity, these meetings, providing personal contacts, can contribute a great deal towards a complete understanding between management and shareholders, the owners of the business.

We hope you will be able to attend our Fortieth Annual Meeting which will be held on Tuesday, April 24th, at 2:00 p.m., in Salon "A" of the Hotel Vancouver, in Vancouver, B. C.

If it is not possible for you to attend we would greatly appreciate your signing and returning the enclosed proxy form.

We thank you for your past co-operation and the interest you have shown in the affairs of the Company.

On behalf of the Board,

President.





# POWELL RIVER COMPANY LIMITED

VANCOUVER AND POWELL RIVER, BRITISH COLUMBIA

## DIRECTORS

ANSON BROOKS  
EDWARD BROOKS  
W. S. BROOKS  
HAROLD S. FOLEY  
M. J. FOLEY

J. H. LAWSON  
G. W. O'BRIEN  
J. G. SAMPLE  
R. H. SCANLON  
A. H. WILLIAMSON

## OFFICERS

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*

## TRANSFER AGENT

THE ROYAL TRUST COMPANY, *Vancouver, Toronto, Montreal*

## REGISTRAR

BANKERS' TRUST COMPANY, *Vancouver, Toronto, Montreal*

EXECUTIVE OFFICES: STANDARD BUILDING, VANCOUVER, B. C.

## *1950 in Brief*

Sales of Pulp and Paper Products—Tons	348,648
Net Earnings	\$10,206,417
Earnings per Share	\$7.59
Dividends Paid Per Share	\$4.50
Number of Shareholders	7,500
Wages, Salaries and Employee Benefits	\$10,144,000
Number of Employees	2,848
Working Capital	\$12,473,169
Ratio of Current Assets to Current Liabilities	2.84
Income Taxes	\$7,436,000
Capital Expenditures	\$3,801,323





*Powell River Company Limited*

## TO OUR SHAREHOLDERS

We take pleasure in presenting the annual report for the year ended December 31, 1950, which marks the completion of the fortieth year of your Company's operations. 1950 was the most successful year in the history of the Company with production, sales and earnings reaching new high levels.

## EARNINGS

Net earnings for the year were \$10,206,417, or \$7.59 per share as compared with \$5.71 per share for 1949. From these earnings \$1,000,000 has been allocated to the Reserve for Contingencies.

The results for 1950 compared with 1949 are summarized below.

	1950	1949
Consolidated profit before the undernoted items.....	\$20,296,167	\$16,186,968
Profit on disposal of fixed assets .....	75,605	9,980
Income from sundry investments .....	—	10,350
	<u>20,371,772</u>	<u>16,207,298</u>
Depreciation and depletion .....	2,345,556	2,407,713
Provision for extension of pension plan .....	—	500,000
Reserve for bad debts.....	—	250,000
Provision for self-insurance .....	383,799	—
	<u>2,729,355</u>	<u>3,157,713</u>
Consolidated profit before taxes.....	17,642,417	13,049,585
Federal and Provincial income taxes.....	7,436,000	5,371,000
Consolidated net profit .....	10,206,417	7,678,585
Reserve for contingencies .....	1,000,000	550,000
Available for dividends and reinvestment.....	<u>\$ 9,206,417</u>	<u>\$ 7,128,585</u>

**DIVIDENDS**

Regular quarterly dividends of 50c per share were paid in March, June, September and December, with extras of \$1.50 in June and \$1.00 in December. The total distribution for the year was \$4.50 per share as compared with \$3.55 in 1949.

**WORKING CAPITAL**

The working capital at December 31, 1950 was \$12,473,169, an increase of \$481,749 over the previous year end. This increase is after providing funds for Contingencies and Self-Insurance Reserves in the amount of \$2,520,796. The ratio of Current Assets to Current Liabilities was 2.84.

The following summary reflects the changes in working capital.

Working Capital at January 1, 1950 .....		\$11,991,420
ADDITIONS:		
Net earnings year 1950 .....		10,206,417
Non-cash charges to operations:		
Depreciation and depletion .....	2,345,556	
Self-insurance .....	383,799	2,729,355
		<u>24,927,192</u>
DEDUCTIONS:		
Capital expenditures:		
Plant and townsite .....	1,609,917	
Logging equipment and development .....	373,506	
Timber holdings .....	1,798,043	
Boats and scows .....	19,857	
		<u>3,801,323</u>
Funds allocated for contingencies and self-insurance .....	2,520,796	
Dividends paid .....	6,051,127	
Other items—net .....	80,777	12,454,023
		<u>\$12,473,169</u>
Working Capital at December 31, 1950 .....		



## SALES

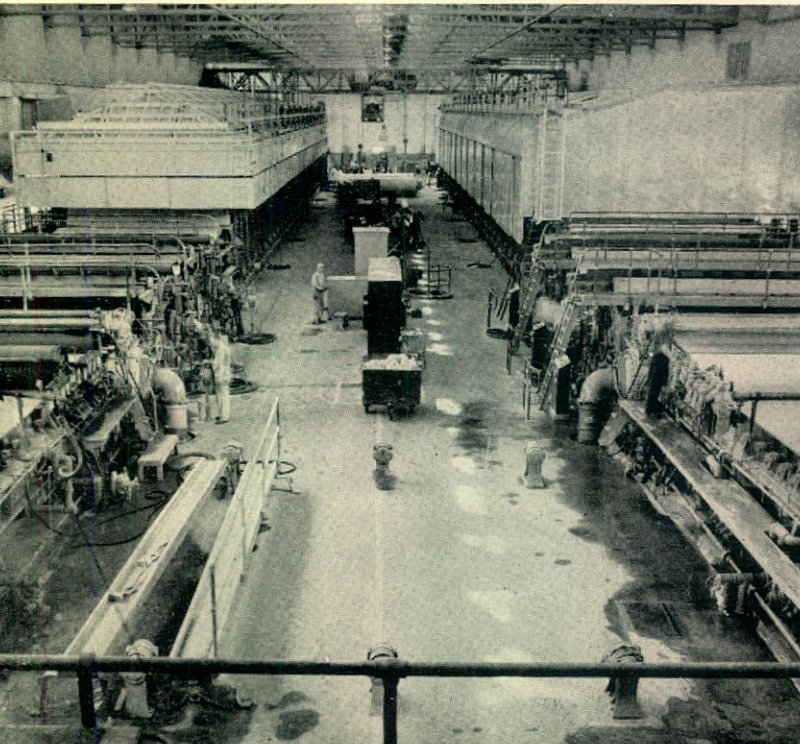
The world demand for newsprint continued to exceed the supply and our entire production was shipped to regular consumers. In October we increased the price of our newsprint, the first advance in price since August, 1948. Despite this increase and the fact that our sales of newsprint exceeded the previous year by some 18,000 tons, earnings from this source were actually less than those for 1949. All the anticipated newsprint production for 1951 has been sold under contract.

The demand for sulphite pulp became progressively stronger in 1950 and indications are that this condition will continue. Our entire 1950 production was sold and contracts have been made for the maximum tonnage which will be available in 1951.

### Sales—Tons

	1950	1949
Newsprint .....	301,030	283,347
Unbleached Sulphite Pulp ...	41,814	33,591
Laminated and Other Products .....	5,804	1,503

Numbers 7 and 8 Newsprint Machines



## PRODUCTION

With the mill operating at capacity our production of newsprint reached an all time high, exceeding last year's output by 9,363 tons. On September 30 we established a new production record, manufacturing 1,047.7 tons of newsprint in the 24 hour period.

To keep pace with the demand for sulphite pulp our Kamyr machine operated full time, producing 6,375 tons more than in 1949.

Production of all pulp and paper products for the year totalled 343,846 tons, an increase of 16,732 tons over the previous year.

### Production—Tons

	1950	1949
Newsprint .....	294,763	285,400
Unbleached Sulphite Pulp ...	40,656	34,281
Wrapper for Newsprint .....	4,599	4,856
Laminated and Other Products .....	3,828	2,577

Company Tug and 1,000 Ton Steel Barge Transporting Products to Vancouver







*Juskatla Logging Camp,  
Queen Charlotte  
Islands*

## **PROPERTIES**

In keeping with our established policy all properties of the Company are being maintained in good condition.

During the year we embarked on a program of replacement and modernization of plant properties involving an expenditure of some \$12,000,000, to be completed in 1952. Some of the major items included in the program are:—

### **Waterfront Development**

The waterfront development entails dredging of the harbour, the building of a rock diversion wall, and construction of new wharfage facilities to replace existing structures which have become inadequate to efficiently handle our increased volume of shipments.

### **Speed-up of Paper Machines**

The speed-up of paper machines is designed to provide additional tonnage to meet the growing demand for our products.

### **Sawmill Modernization**

To further modernize our sawmill, during 1950 we replaced one of our saw carriages with a new

high-speed carriage of the latest design with double the capacity. A new log haul was constructed and major improvements were made to the entire sawmill structure.

### **Barker Mill**

A third hydraulic barker and improved facilities for handling small logs and forest waste are to be installed in our barker mill. This will give us sufficient capacity to meet our future wood requirements.

*New High Speed Saw Carriage*





### **Steam Plant**

An extension to the Steam Plant is planned which will house a new boiler being installed to meet additional steam requirements for increased production. The boiler will have a capacity of 200,000 lbs. of high pressure steam per hour.

### **Groundwood Mill**

To provide groundwood pulp for the additional tonnage, an extension to our groundwood mill will be built in which additional grinders of a new type will be used.

### **Electric Power**

A new turbo-generator will be installed to provide additional power requirements. The old transmission line from Lois River to Powell River is being replaced with a steel towered double circuit line. The double circuit will provide a safeguard against power interruption. In addition modernization of our entire electrical distribution system will be undertaken.

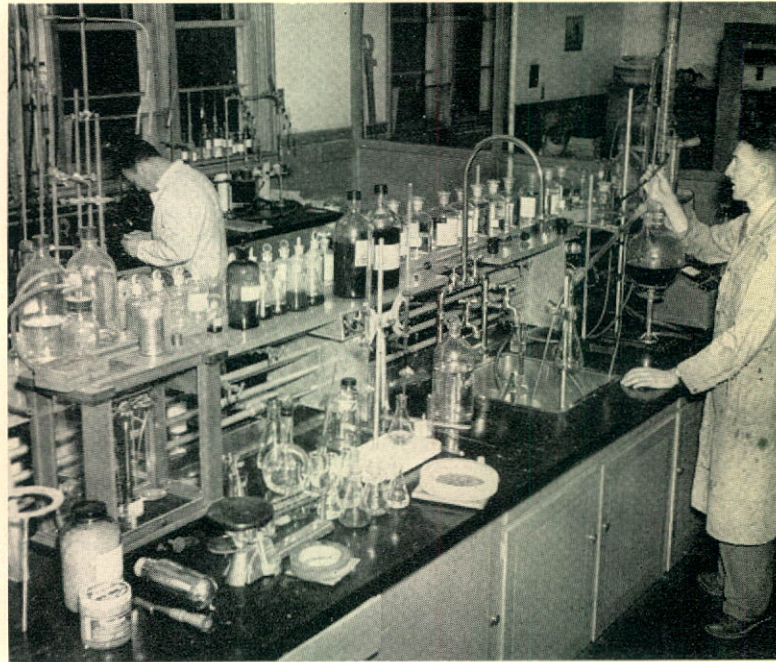
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### **Juskatla Camp**

Our new logging operation in the Queen Charlotte Islands which was opened up in 1949 produced 35,000,000 feet of logs during 1950 and is expected to reach full production of 50,000,000 feet in 1951. The most modern logging equipment for maximum efficiency is used throughout the operation.

### **RESEARCH**

The technical staffs, in co-operation with the operating groups, are continuously engaged in research work towards more complete utilization of wood, improved operating techniques, efficiency and quality of products.



*Section of Powell River Laboratory*

### **TIMBER HOLDINGS**

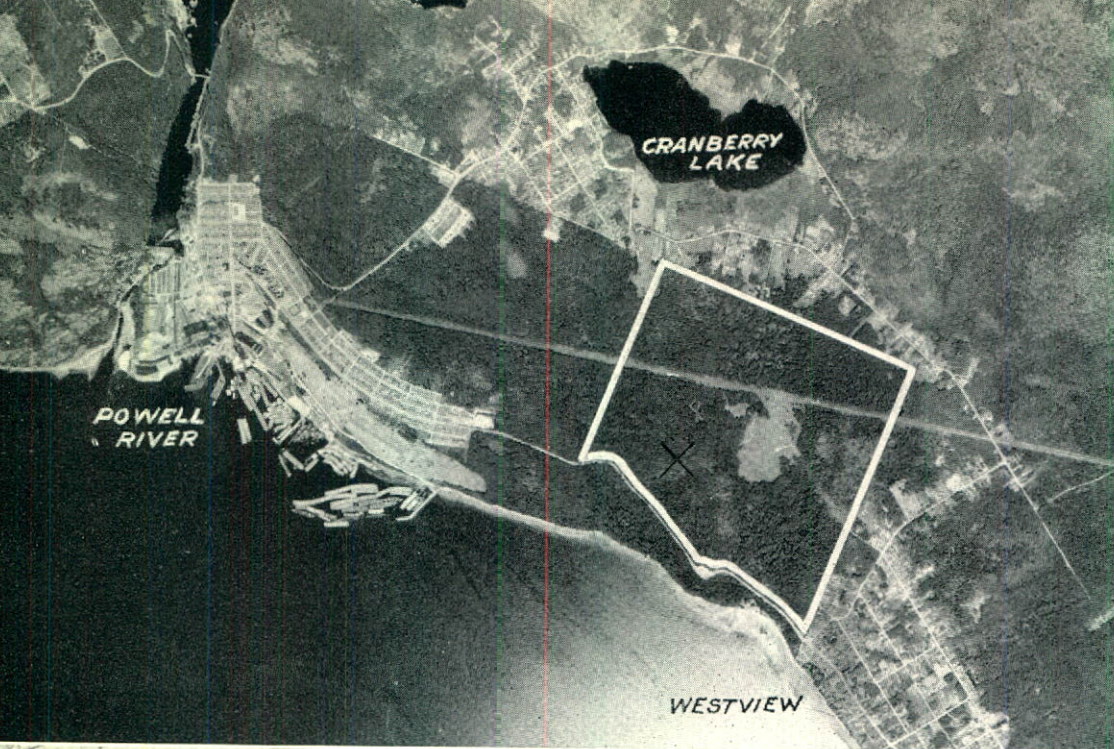
Continuing our established policy of maintaining adequate timber reserves, we purchased additional timber licences containing in excess of 500 million board feet.

The Company's experimental forest at Powell River has proven its value in the fund of information gained on reforestation problems. A second experimental area is now being developed, where logging and other extraction problems will be thoroughly studied.

### **USE OF SALVAGE WOOD**

Our Company pioneered the use of forest salvage wood in the manufacture of its products. In the early 20's some of this salvage was used at Powell River in the form of cordwood but this proved uneconomical. In 1947 we installed an hydraulic small wood barker, the first in British Columbia, and since then have processed sufficient salvage wood to produce 60,000 tons of newsprint.





450 Acre Experimental Forest  
Near the Plant.  
(Outlined in White)



Typical Logged-Off Land  
From Which Salvage Wood  
Is Being Extracted



Salvage Wood Passing Through  
Small Hydraulic Barker



## **ORGANIZATION**

Satisfactory relationships with the International Unions were maintained throughout the year.

The Labour Contracts covering plant employees were renewed for the year ending April 30, 1951, providing for an increase in the base wage rate from \$1.06 to \$1.12 per hour. On November 1, a voluntary increase of 5% (with a 6c minimum and 10c maximum) was granted, which brought the base rate to \$1.18 per hour.

The revision to the Pension Plan announced last year was well received by the employees and 90% of those eligible have now enrolled.

In 1947 we inaugurated a program of summer work for university undergraduates. Concrete benefits from this program materialized this year when the first graduates were hired on a permanent basis for our technical and engineering divisions. We believe that this program, providing trained men

familiar with our operations, will prove very beneficial.

The Company's Fortieth Year has been the most successful in its history and the management gratefully acknowledges the co-operation and loyal support of the personnel throughout the entire organization.

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We record with deep regret the passing of Mr. D. A. Evans, one of our Directors, on December 16, 1950. He joined the Company in 1936, and as Resident Manager, and later Vice-President and Director, he established a reputation for fairness, integrity and sound judgment.



President.

Vancouver, B.C.

April 3, 1951.





# POWELL RIVER C AND ITS SU

## CONSOLIDATED BALANCE SHEET *(With Comparable Balances)*

### ASSETS

	<u>1950</u>	<u>1949</u>
<b>CURRENT:</b>		
Cash .....	\$ 1,267,240	\$ 1,082,044
Government of Canada bonds at cost (market value, 1950— \$9,943,007; 1949—\$8,511,075) .....	10,139,252	8,517,803
Accounts receivable, less reserve, 1950—\$288,175; 1949—\$288,287 (receivables in U.S. funds stated at par) .....	3,106,689	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 in 1950 and 1949 of \$541,446 .....	4,729,139	4,696,076
	19,242,320	17,215,537
 <b>FUNDS ALLOCATED FOR CONTINGENCIES AND SELF-INSURANCE:</b>		
Government of Canada Bonds at cost (market value \$2,472,006) .....	2,520,796	—
<b>FIXED:</b>		
Pulp and paper mill, hydro-electric development, and townsite at cost .....	39,384,268	38,355,829
Boats and scows at cost .....	886,855	933,910
Logging equipment at cost and logging development at cost less amortization .....	4,331,478	3,796,619
	44,602,601	43,086,358
Timber holdings at cost less depletion .....	5,789,309	4,146,595
	50,391,910	47,232,953
 <b>OTHER:</b>		
Deferred charges and prepaid expenses .....	305,346	188,624
Sundry investments and long-term receivables .....	258,048	259,656
	563,394	448,280
	\$72,718,420	\$64,896,770

On Behalf of the Board:



Director



Director



# OMPANY LIMITED

## BSIDIARIES

ET AS AT DECEMBER 31, 1950

as at December 31, 1949)

	<b>LIABILITIES</b>	
	1950	1949
<b>CURRENT:</b>		
Accounts payable.....	\$ 2,266,244	\$ 1,190,338
Share warrant dividend coupons outstanding.....	308,089	297,934
Provision for extension of pension plan.....	—	500,000
Federal and Provincial income taxes payable.....	4,194,818	3,235,845
	<u>6,769,151</u>	<u>5,224,117</u>
RESERVE FOR DEPRECIATION OF FIXED ASSETS .....	31,255,040	29,517,513
RESERVE FOR SELF-INSURANCE .....	520,796	136,997
RESERVE FOR CONTINGENCIES .....	2,000,000	1,000,000
<b>CAPITAL:</b>		
Share capital:		
Authorized—1,612,325 ordinary shares without par value		
Issued —1,344,695 ordinary shares without par value .....	7,396,025	7,396,025
Profits reinvested or retained in the business.....	24,777,408	21,622,118
	<u>32,173,433</u>	<u>29,018,143</u>
	<u>\$72,718,420</u>	<u>\$64,896,770</u>

### **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, 1950. 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, 1950, 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 10, 1951.

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, 1950

*(With Comparable Figures For The Year Ended December 31, 1949)*

	1950	1949
Consolidated profit before the undernoted items .....	\$20,296,167	\$16,186,968
Income from sundry investments.....	—	10,350
Profit on disposal of fixed assets.....	75,605	9,980
	20,371,772	16,207,298
Depreciation and depletion .....	2,345,556	2,407,713
Provision for extension of pension plan.....	—	500,000
Provision for bad debts.....	—	250,000
Provision for self-insurance.....	383,799	—
	2,729,355	3,157,713
Consolidated profit before taxes.....	17,642,417	13,049,585
Federal and Provincial income taxes.....	7,436,000	5,371,000
Consolidated net profit for the year.....	10,206,417	7,678,585
Reserve for contingencies .....	1,000,000	550,000
	9,206,417	7,128,585
Dividends paid.....	6,051,127	4,773,667
	3,155,290	2,354,918
Net credit from 1948 insurance claim after income taxes .....	—	240,705
Profits reinvested or retained in the business, January 1 .....	21,622,118	19,026,495
Profits reinvested or retained in the business, December 31, as per consolidated balance sheet.....	\$24,777,408	\$21,622,118





Mainline road at Juskatla, 32 feet wide. Over 9 miles of main road and 6 miles of branch roads have been opened up to date. Roadbed constructed to carry 100 ton loads.

Trucking logs at Juskatla Camp. The front truck is carrying over 20,000 feet of timber weighing approximately 90 tons.



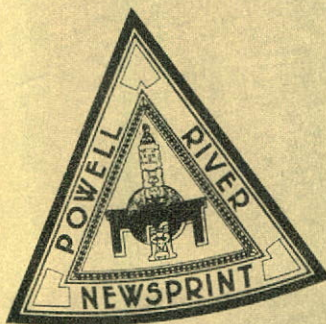
View of single men's quarters at Juskatla accommodating 250 men. There are also dwellings for 30 families at the camp. Central heating, air conditioning, hot and cold water and electric light are features of the buildings.





# POWELL RIVER

BRITISH COLUMBIA



**Powell River Company Ltd.**

MANUFACTURERS OF NEWSPRINT, PULP AND PAPER PRODUCTS

Executive Offices  
STANDARD BUILDING  
VANCOUVER, B.C.

Mills at  
POWELL RIVER  
BRITISH COLUMBIA