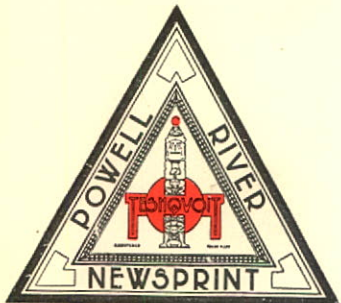


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POWELL RIVER COMPANY LIMITED



*Shareholders at last year's Annual General Meeting.*

## **ANNUAL MEETING**

We wish that all our shareholders could attend the Annual Meeting so that we could have the pleasure of meeting you and discussing the problems of our business. However, we know that this is not possible but we do hope that all who can attend will do so. If you cannot be present, we would greatly appreciate your completing the proxy form and returning it to us as soon as possible in the enclosed envelope.

We thank our shareholders for their past cooperation and the interest they have shown in the affairs of the Company.

**POWELL RIVER COMPANY LIMITED**





# POWELL RIVER COMPANY LIMITED

## DIRECTORS

ANSON BROOKS	H. F. G. LETSON
EDWARD BROOKS	G. W. O'BRIEN
W. S. BROOKS	J. G. SAMPLE
HAROLD S. FOLEY	R. H. SCANLON
M. J. FOLEY	C. WALLACE
A. H. WILLIAMSON	

## OFFICERS

HAROLD S. FOLEY	- - - -	<i>President</i>
M. J. FOLEY	- - - -	<i>Executive Vice-President</i>
G. W. O'BRIEN	- - - -	<i>Vice-President</i>
I. H. ANDREWS	- - - -	<i>Vice-President</i>
J. A. KYLES	- - - -	<i>Vice-President</i>
J. E. LIERSCH	- - - -	<i>Vice-President</i>
R. M. COOPER	- - - -	<i>Vice-President &amp; Resident Manager</i>
J. H. LAWSON	- - - -	<i>Secretary</i>
H. J. BURNS	- - - -	<i>Comptroller</i>

## TRANSFER AGENT

The Royal Trust Company, Vancouver, Toronto, Montreal

## REGISTRAR

Bankers' Trust Company, Vancouver, Toronto, Montreal

## EXECUTIVE OFFICES

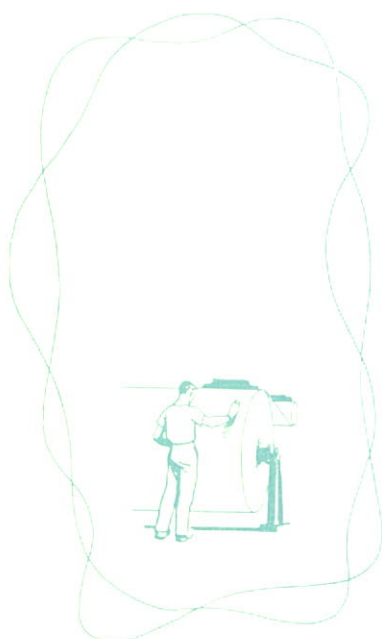
Standard Building, Vancouver, British Columbia

# HIGHLIGHTS

P O W E L L   R I V E R   C O M P A N Y   L I M I T E D

	<u>1951</u>	<u>1950</u>
Sales of Pulp and Paper Products—Tons .....	346,993	348,648
Net Earnings .....	\$ 9,680,479	\$10,206,417
Earnings per share.....	\$6.90*	\$7.59
Dividends paid per share.....	\$4.55*	\$4.50
Number of shareholders .....	8,500	7,500
Wages, Salaries and Employee Benefits .....	\$14,548,000	\$10,144,000
Number of employees .....	3,789	2,848
Working Capital .....	\$ 9,407,167	\$12,473,169
Ratio of Current Assets to Current Liabilities .....	1.94	2.84
Income Taxes .....	\$10,030,000	\$ 7,436,000
Capital Expenditures .....	\$18,097,096	\$ 3,801,323

\* For comparative purposes, 1951 is stated on the share basis prior to the three-for-one subdivision.



# 1951 ANNUAL REPORT TO SHAREHOLDERS

We are pleased to present the forty-first annual report of your Company for the year ended December 31, 1951.

## EARNINGS

While production and income from sales reached all-time highs, the impact of higher income taxes resulted in a lower net profit than in our record year of 1950.

Net earnings for the year were \$9,680,479 as compared with \$10,206,417 for 1950. This is the equivalent of \$2.30 per share, or \$6.90 on the share basis prior to the three-for-one subdivision, against \$7.59 for last year. From these earnings \$500,000 has been transferred to the Reserve for Contingencies.

The following summary shows a comparison of the results for 1951 and 1950:

	<u>1951</u>	<u>1950</u>
Consolidated profit before the undernoted items .....	\$23,266,887	\$20,296,167
Profit on disposal of fixed assets.....	16,169	75,605
Income from sundry investments.....	22,956	-----
	<u>23,306,012</u>	<u>20,371,772</u>
Depreciation and depletion.....	3,497,126	2,345,556
Provision for self-insurance.....	98,407	383,799
	<u>3,595,533</u>	<u>2,729,355</u>
Consolidated profit before income taxes .....	19,710,479	17,642,417
Federal and Provincial income taxes.....	10,030,000	7,436,000
Consolidated net profit.....	9,680,479	10,206,417
Reserve for contingencies.....	500,000	1,000,000
Available for dividends and reinvestment .....	<u>\$ 9,180,479</u>	<u>\$ 9,206,417</u>

## DIVIDENDS

For comparative purposes the dividend payments are stated below on the old share basis before the three-for-one subdivision which became effective on October 1, 1951.

The regular quarterly dividend of 50c per share was paid in March and was increased to 75c for June, September and December, with extras of 75c in June and \$1.05 in December. The total distribution was \$4.55 per share compared with \$4.50 in 1950.

The December dividend shown above as 75c and \$1.05 extra was actually paid on the new share basis and was 25c, with an extra of 35c.

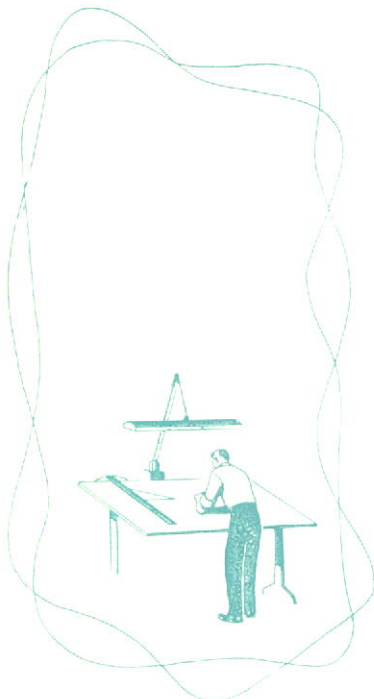
**WORKING CAPITAL**

The working capital at December 31, 1951, was \$9,407,167, a decrease of \$3,066,002 from the previous year-end. This decrease was directly attributable to the substantial expenditures on the plant modernization and development program together with the acquisition of additional properties. The ratio of Current Assets to Current Liabilities was 1.94.

The inclusion of the assets of properties acquired during the year is the main reason for the substantial increase in accounts receivable and inventories as stated in the balance sheet.

Details of the changes in working capital during the year are summarized below:

Working Capital at January 1, 1951 .....		\$12,473,169	
Additions:			
Net earnings year 1951 .....		9,680,479	
Non-cash charges to operations:			
Depreciation and depletion .....	\$3,497,126		
Self-insurance .....	98,407	3,595,533	
Issue of 165,915 new shares .....		4,363,975	
Loans from banks—due June 30, 1953 .....		2,500,000	
Funds previously allocated for contingencies now returned to current assets .....		2,000,000	
Other items, net .....		79,339	
			\$34,692,495
Deductions:			
Capital expenditures:			
Manufacturing plants, hydro-electric development and townsite .....	\$ 9,093,665		
Boats and scows .....	274,505		
Logging equipment and development .....	2,492,398		
		11,860,568	
Timber holdings .....		6,236,528	
			18,097,096
Loss on sale of Government of Canada bonds .....	453,439		
Funds allocated for self-insurance .....	98,407		
Increase in sundry investments and long-term receivables .....	418,475		
Dividends paid .....	6,217,911	25,285,328	
Working Capital at December 31, 1951 .....			\$ 9,407,167







▲ S/S "HOEGH CLAIR" passing under Lions Gate Bridge, Vancouver Harbour. This ship makes two trips a month to California carrying Powell River newsprint.

**PRODUCTION**

The mill operated without serious interruption throughout the year and production of newsprint reached 298,388 tons, exceeding the record high of 1950 by 3,625 tons.

Production will be further increased when the planned speed-up of five of our paper machines is completed in 1952.

The Kamyr machine production of sulphite pulp was 4,936 tons over the previous year and maximum operation is planned for 1952.

Total production of pulp and paper products at Powell River for the year was 352,267 tons, an increase of 8,421 tons over 1950.

PRODUCTION — TONS		
	1951	1950
Newsprint .....	298,388	294,763
Unbleached Sulphite Pulp	45,592	40,656
Wrapper for Newsprint....	3,436	4,599
Laminated and Other Products .....	4,851	3,828

**SALES**

The entire mill production was sold to regular customers throughout 1951.

On July 1st the price of newsprint was increased but the additional revenue was not sufficient to offset the rising cost of production and the loss of exchange premium on U.S. funds. Production of newsprint in North America has increased to a greater extent than consumption, which would indicate that supply and demand are approaching a balance. All of our anticipated newsprint production in 1952 has been sold under contract.

Throughout most of the year the demand for pulp was strong but in the latter months there was evidence of a general weakening in all markets. However, sales contracts have been arranged for the estimated maximum tonnage that can be produced at Powell River in 1952.

SALES — TONS		
	1951	1950
Newsprint .....	295,113	301,030
Unbleached Sulphite Pulp .....	45,139	41,814
Laminated and Other Products ..	6,741	5,804

**SHARE CAPITAL**

At the Special General Meeting of shareholders held in Vancouver on July 24, the subdivision of the ordinary shares on a basis of three-for-one was approved to become effective October 1, 1951.

In order to assist in financing the heavy capital expenditure program, an additional 165,915 shares on the new basis were issued for the sum of \$4,363,975. This brings the total number of issued shares to 4,200,000.

**PROPERTIES**

The program of replacement and modernization of plant properties, which was started last year and described in detail in our 1950 Annual Report, is progressing satisfactorily. Expenditures in 1951 amounted to approximately \$8,000,000, and it is estimated that \$6,000,000 will be expended in 1952 to complete the program.

The high standard of maintenance of all properties was continued throughout the year.

As a further step toward integration of our operations to provide diversification of products and more complete utilization of our forest resources, we purchased the following companies referred to as the B.C. Manufacturing Group.

British Columbia Manufacturing Co. Ltd., New Westminster, B.C.  
Westminster Shook Mills Limited, New Westminster, B.C.  
Maple Ridge Lumber Company Limited, Haney, B.C.  
Salmon River Logging Company Limited, Vancouver Island, B.C.

The first three companies are lumber manufacturers and the fourth a large logging operation. The acquisition of these companies enables us to extend our operations into the lumber manufacturing field on an extensive scale.

We have a new steel tugboat under construction at Yarrows of Victoria, B.C., which will be completed in the Spring of 1952 at a cost of approximately \$400,000.

**TIMBER HOLDINGS**

During the year the Company acquired additional timber holdings and cutting rights through the acquisition of the B.C. Manufacturing Group, and purchased outright timber previously held under a cutting contract. These purchases have substantially increased our reserves of standing timber.

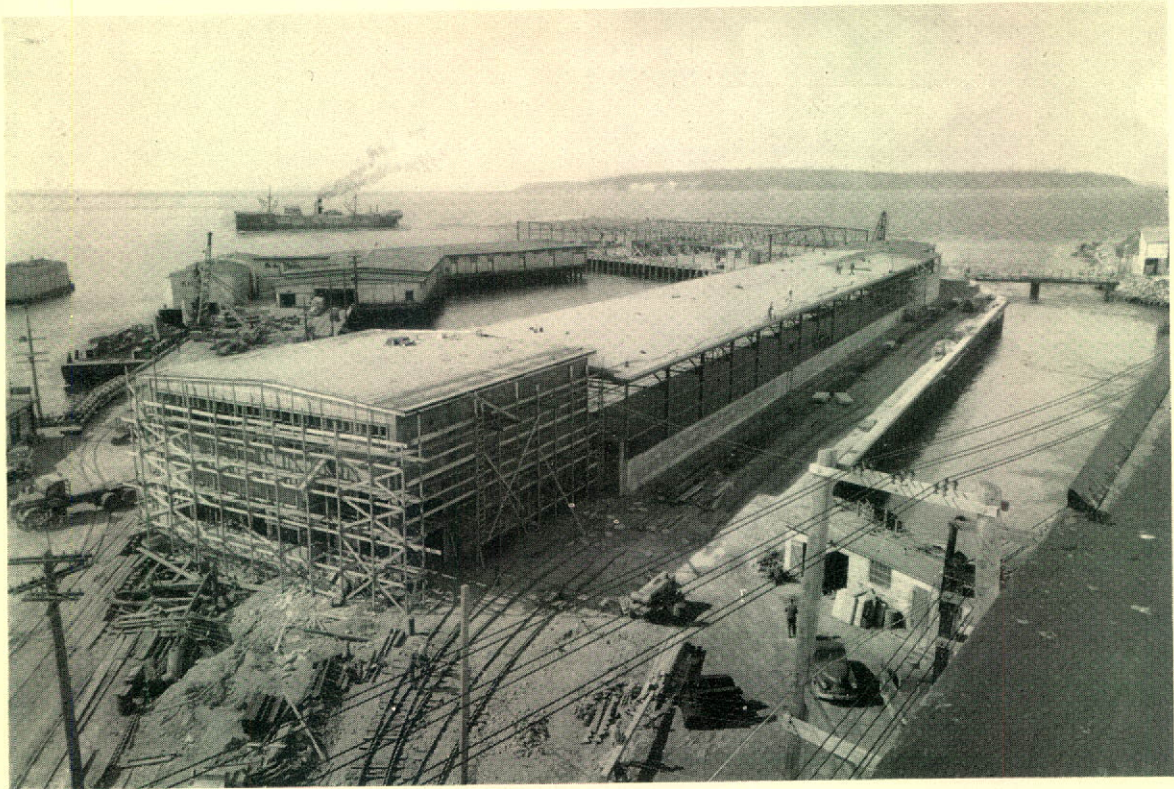
Approximately 10,000 acres of Crown-granted forest land were purchased for the purpose of developing "Tree Farms" as further assurance of wood supply for the future.

**FOREST SALVAGE  
AND SMALLWOOD**

We have continued to expand the use of smallwood, both in the form of salvage from re-logging operations and second-growth timber from land clearing projects.

With the long woods closure on the Coast last summer due to the hazardous fire situation, we investigated the possibility of augmenting our log supply from interior areas of the Province. As a result, an operation has been developed in the Quesnel area from which we are now obtaining a supplementary supply of logs.





▲ *New wharf nears completion. Old wharf in background will be demolished.*

## RESEARCH

Our technical staffs, along with engineering and operating groups, are continuing research toward greater efficiency and improved quality. The study of further utilization of forest resources and the development of new products is also being continued. We have joined with the Industry in co-operative research at the Pulp & Paper Research Institute, Montreal, on some major projects which appear to offer economic advantages to us.

## ORGANIZATION

The Labour Contracts, covering plant employees at Powell River, were renewed for the period ending June 30, 1952, and included the following main provisions:— a general increase of 16½%, with a minimum of 22c per hour, bringing the base rate to \$1.40 per hour; a cost-of-living bonus formula which resulted in a further increase of 4c per hour on November 1st; and a basic 40-hour work week to be introduced in all departments by June 30, 1952.

During the year 83 employees became eligible for membership in the Company's "25-Year Club." This was the largest entry for any one year since the inception of the Club and brings the total active membership to 226, or over 11% of our plant employees.

We have continued the policy of making cash awards to employees for valuable suggestions. Among the 1951 awards was a payment of \$1,000 to one of our Mechanical Staff for his suggestion of a new stock proportioner which maintains a balance between groundwood and sulphite pulp in correct proportions at all times. This is the largest single payment since commencement of the plan.

In closing we wish to pay tribute to our employees throughout the entire organization for their fine spirit and loyal co-operation which is greatly appreciated by management.

On behalf of the Board,

*President.*

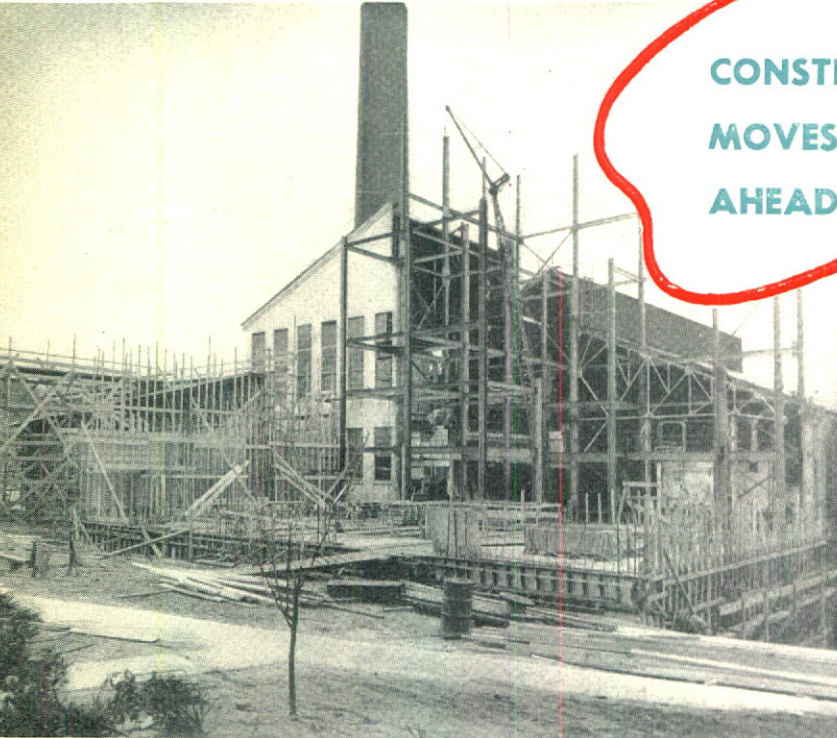
Vancouver, B. C.  
April 8, 1952





*Top Left: Chip silos completed and in operation.*

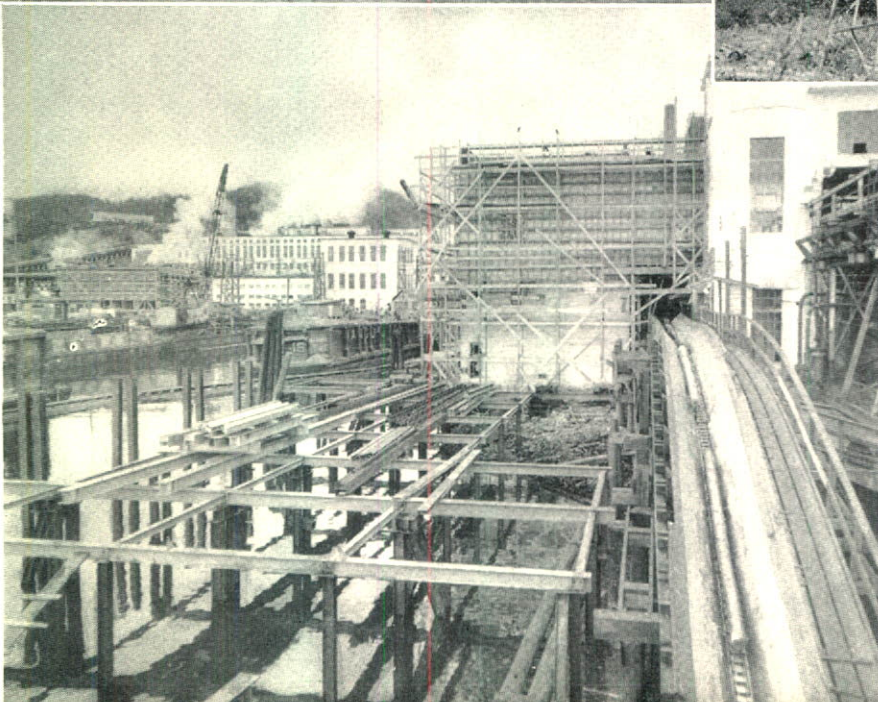
*Left Centre: Steam plant addition takes shape.*



**CONSTRUCTION  
MOVES  
AHEAD**



*Right Centre: Placing top section on one of the new transmission line towers.*



*Bottom Left: New hydraulic barker building construction.*



**POWELL RIVER COMPANY LIMITED**  
AND ITS SUBSIDIARIES

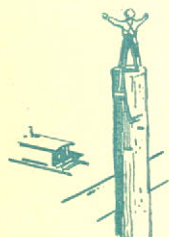
**1951**

**Statement of Consolidated Profit  
and  
Accumulated Profits Reinvested or Retained in the Business**  
*(excluding Reserve for Contingencies)*

**Year Ended December 31, 1951**

*(With Comparable Figures for the Year Ended December 31, 1950)*

	<u>1951</u>	<u>1950</u>
Consolidated profit before the undernoted items .....	\$23,266,887	\$20,296,167
Profit on disposal of fixed assets .....	16,169	75,605
Income from sundry investments .....	22,956	-----
	23,306,012	20,371,772
Depreciation and depletion .....	3,497,126	2,345,556
Provision for self-insurance .....	98,407	383,799
	3,595,533	2,729,355
Consolidated profit before income taxes	19,710,479	17,642,417
Federal and Provincial income taxes .....	10,030,000	7,436,000
Consolidated net profit for the year .....	9,680,479	10,206,417
Reserve for contingencies .....	500,000	1,000,000
	9,180,479	9,206,417
Dividends paid .....	6,217,911	6,051,127
	2,962,568	3,155,290
Net credit from reduction of prior years' depreciation and other charges to agree with allowances for income tax purposes \$955,016, less loss on sale of Government of Canada bonds \$453,439 .....	501,577	-----
Profits reinvested or retained in the business January 1 .....	24,777,408	21,622,118
Profits reinvested or retained in the business, December 31, as per consolidated balance sheet .....	\$28,241,553	\$24,777,408





**POWELL RIVER C**  
AND ITS SU

**CONSOLIDATED BALANCE SHEET**  
*(With Comparable Figures)*

	<u>1951</u>	<u>1950</u>
CURRENT:		
Cash	\$ 1,648,889	\$ 1,267,240
Government of Canada bonds at cost (Market value, 1951—\$1,673,000; 1950—\$9,943,007)	1,717,984	10,139,252
General Motors Acceptance Corporation notes at cost (Face value \$1,500,000)	1,474,948	—
Accounts receivable, less reserve, 1951—\$295,227; 1950—\$288,175	5,039,476	3,106,689
Inventories of paper, pulp, lumber, logs and supplies, as determined and certified by officials of the com- panies and valued at the lower of cost or market value, less reserve in 1951 and 1950 of \$541,446	9,481,469	4,729,139
	<u>19,362,766</u>	<u>19,242,320</u>
FUNDS ALLOCATED—GOVERNMENT OF CANADA		
BONDS AT COST:		
For self-insurance	619,203	520,796
For contingencies	—	2,000,000
	<u>619,203</u>	<u>2,520,796</u>
FIXED:		
Manufacturing plants and equipment, hydro-electric development, and townsite at cost	50,065,281	39,384,268
Boats and scows at cost	1,165,381	886,855
Logging equipment at cost and logging development at cost less amortization	6,816,339	4,331,478
	<u>58,047,001</u>	<u>44,602,601</u>
Timber holdings at cost on a consolidated basis less depletion	11,871,360	5,789,309
	<u>69,918,361</u>	<u>50,391,910</u>
OTHER:		
Deferred charges and prepaid expenses	277,843	305,346
Sundry investments and long-term receivables	676,523	258,048
	<u>954,366</u>	<u>563,394</u>
	<u>\$90,854,696</u>	<u>\$72,718,420</u>

# COMPANY LIMITED

## SUBSIDIARIES

AS AT DECEMBER 31, 1951

(as at December 31, 1950)

LIABILITIES

	<u>1951</u>	<u>1950</u>
CURRENT:		
Accounts payable .....	\$ 3,949,595	\$ 2,266,244
Share warrant dividend coupons outstanding .....	426,861	308,089
Federal and Provincial income taxes payable .....	5,579,143	4,194,818
	<u>9,955,599</u>	<u>6,769,151</u>
 NOTES PAYABLE TO BANKS DUE JUNE 30, 1953 .....	 2,500,000	 -----
 RESERVE FOR DEPRECIATION OF FIXED ASSETS .....	 35,278,341	 31,255,040
 RESERVE FOR SELF-INSURANCE .....	 619,203	 520,796
 RESERVE FOR CONTINGENCIES .....	 2,500,000	 2,000,000
 CAPITAL:		
Share Capital — ordinary shares without par value:		
Authorized 1951 — 4,836,975 new shares		
1950 — 1,612,325 old shares		
Issued 1951 — 4,200,000 new shares		
1950 — 1,344,695 old shares .....	11,760,000	7,396,025
Profits reinvested or retained in the business, excluding reserve for contingencies .....	28,241,553	24,777,408
	<u>40,001,553</u>	<u>32,173,433</u>
 On Behalf of the Board:		
HAROLD S. FOLEY, Director.		
G. W. O'BRIEN, Director.		
	 <u>\$90,854,696</u>	 <u>\$72,718,420</u>

HELLIWELL, MACLACHLAN & CO.

*Chartered Accountants*

TELEPHONE MARINE 1277  
CABLE ADDRESS "HELLIWELL, VANCOUVER"

MARINE BUILDING,  
VANCOUVER I.

BRITISH COLUMBIA

To the Shareholders of  
Powell River Company Limited

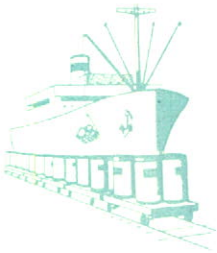
We have examined the books and accounts of Powell River Company Limited and of certain of its subsidiary companies for the year ended December 31, 1951. In addition, we have referred to the balance sheets and income statements of the remaining subsidiary companies together with the reports of their auditors.

We report that we have obtained all the information and explanations we have required and that, in our opinion, the accompanying 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, 1951, 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.

*Helliwell, MacLachlan & Co.*

VANCOUVER, B. C.  
March 10, 1952.

Chartered Accountants.







*British Columbia Manufacturing  
Co. Ltd. plant, lower foreground,  
with City of New Westminster  
across the Fraser River.*



*Salmon River Logging Co. Ltd.  
camp at Kelsey Bay, Vancouver  
Island.*

*Westminster Shook Mills  
Limited plant.*





