

# FRASER COMPANIES, LIMITED

FRASER PAPER, LIMITED, FRASER REALTIES, LIMITED  
AND RESTIGOUCHE COMPANY, LIMITED

## *Twenty-Second Annual Report and Statement*

YEAR ENDED 31ST DECEMBER, 1938

TO THE SHAREHOLDERS,  
FRASER COMPANIES, LIMITED:

The Consolidated Balance Sheet of Fraser Companies, Limited, and its wholly owned subsidiaries at 31st December, 1938, and the Consolidated Profit and Loss and Surplus Accounts of these Companies for the year ended 31st December, 1938, are submitted herewith.

Earnings for the year before interest charges, depletion and depreciation amounted to \$1,986,528.49, and the Loss after all charges for the year, which has been debited to Surplus, was \$18,352.33.

The year's transactions resulted in a net improvement to current position amounting to \$641,864.32 after applying \$145,341.89 on improvements to plant and properties and reducing fixed liabilities by the sum of \$277,825.00. The reduction of fixed liabilities was accounted for by a payment amounting to \$200,000.00 in reduction of the Special Loan of Fraser Companies, Limited and \$72,825.00 of the Special Bank Loan of Fraser Realities, Limited, and by the purchase of \$5,000.00, principal amount of Fraser Companies, Limited Bonds.

The Lumber Division continues to operate at moderate and reduced capacity. A moderate recession in volume and price levels was experienced in the case of the Pulp and Paper Mills at Edmundston, New Brunswick and Madawaska, Maine. The demand for Rayon Pulp such as produced at the Restigouche Sulphite Pulp Mill was very weak during the year and as a result operations were at a substantially lower level than obtained during the last few years.

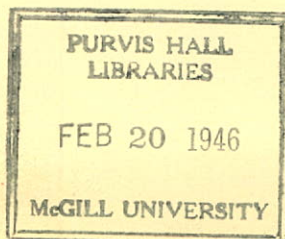
The Company sustained a great loss through the death of the late Mr. Edwin G. Long, K.C., who was a member of the Board of Directors and served the Company well.

The Operating, Sales and Administrative staffs continued to serve the Company capably during the year and their energetic attention to advancing the interest of the Company is greatly appreciated.

Submitted on behalf of the Board,

K. S. MACLACHLAN,  
President.

MONTREAL, P.Q.,  
FEBRUARY 24TH, 1939.



# FRASER COMPANIES

FRASER PAPER, LIMITED, FRASER REALTIES, LIMITED, AND RESTIGOUCHE COMPANY, LIMITED

At 31st December 1938

## ASSETS

### CURRENT:

Cash in Banks and on Hand.....	\$	663,222.15	
Accounts and Bills Receivable—Trade—less Reserve.....		1,088,489.10	
Accounts Receivable—Other—less Reserve.....		9,670.24	
Inventories, valued at or below cost but not in excess of Market Values, comprising Raw Materials, Goods in Process and Finished Products, and Logging and Pulpwood Advances Season 1938-1939, as certified by responsible officials of the Companies.....		4,027,160.82	
			\$ 5,788,542.31
DEFERRED CHARGES TO OPERATIONS.....			53,628.72
INVESTMENTS.....			11,007.00

### FIXED:

Fraser Companies, Limited, Fraser Paper, Limited, and Restigouche Company, Limited, Freehold and Leasehold Timber Limits, Buildings, Mills, Equipment, etc., as valued at 31st December, 1932 (such valuation being considerably less than cost or appraisal of the Canadian Appraisal Company at 31st December, 1928) with subsequent Additions and Deductions at Cost; and Fraser Realities, Limited, Freehold and Leasehold Timber Limits, Buildings, Mills, Equipment, etc., at Cost.....			\$28,441,818.24
Less:			
Reserves:			
Depletion.....	\$	3,717,432.53	
Depreciation.....		6,915,205.42	
			10,632,637.95
			17,809,180.29

### APPROVED ON BEHALF OF THE BOARD:

K. S. MACLACHLAN, *Director*.  
H. CRABTREE, *Director*.

\$23,662,358.32

### TO THE SHAREHOLDERS OF FRASER COMPANIES, LIMITED:

We have examined the books and accounts of Fraser Companies, Limited, Fraser Paper, Limited, Fraser Realities, Limited, and Restigouche Company, Limited, for the year ended 31st December, 1938, and in accordance with the Companies Act we report that we have obtained all the information and explanations we have required.

We further report 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 Fraser Companies, Limited, Fraser Paper, Limited, Fraser Realities, Limited, and Restigouche Company, Limited, at 31st December, 1938, according to the best of our information and the explanations given to us, and as shown by the books of the Companies as at that date.

GEORGE A. TOUCHE & CO.,  
Chartered Accountants.

DATED AT MONTREAL,  
16TH FEBRUARY, 1939



## BALANCE SHEET OF

## FRASER COMPANIES, LIMITED

AND RESTIGOUCHE COMPANY, LIMITED

December, 1938

## LIABILITIES AND CAPITAL

## CURRENT:

Accounts Payable—Trade.....	\$ 1,070,464.09
Payrolls and Other Charges Accrued.....	389,988.44
Bank Loan—Secured.....	77,000.00
Special Loan Interest Accrued.....	46,104.67
Bond Interest Accrued.....	338,527.50
Provision for Taxes Payable.....	24,000.00
Reserve for Contingencies.....	190,000.00

\$2,136,084.70

SPECIAL BANK LOAN—FRASER REALTIES, LIMITED.....  
 (Secured by \$651,000.00 6% Fraser Realities, Limited, First Mortgage  
 Bonds due 1st February, 1940, being the Authorized and Outstanding  
 Bonds of this Issue)

439,425.00

SPECIAL LOAN.....  
 (Secured by \$2,102,000.00 6% Fraser Companies, Limited, First Mortgage  
 Bonds)

1,901,957.00

## FRASER COMPANIES, LIMITED, FIRST MORTGAGE BONDS:

Authorized.....	\$15,000,000.00
Less: To be taken into account for Sinking Fund but not issuable.....	\$ 798,000.00
Unissuable portion of \$2,800,000.00 originally re- served for issue as security for Special Loan.....	28,000.00
Redeemed and Cancelled.....	397,500.00
	1,223,500.00
	<u>\$13,776,500.00</u>

## Outstanding:

Six Per Cent First Mortgage Bonds, Series of 1936, due 1st January, 1950.....	\$10,576,500.00
Less: Held by Bank as Security for Special Loan.....	\$ 2,102,000.00
Held by Trustee.....	200,000.00
Redeemed and Cancelled.....	566,500.00
	2,868,500.00

7,708,000.00

## RESTIGOUCHE COMPANY, LIMITED, BONDS:

Prior Lien Ten Year 6% Bonds due 1st July, 1942: Authorized.....	\$ 500,000.00
Six Per Cent Sinking Fund Mortgage Bonds due 1st February, 1948: Authorized and Issued.....	\$ 4,846,000.00
Less: Held by Trustee.....	\$ 208,000.00
Redeemed and Cancelled through the Sinking Fund.....	346,500.00
	554,500.00

4,291,500.00

## CAPITAL AND SURPLUS:

Represented by 371,016 Shares of No Par Value out of a Total Authorized  
Issue of 500,000 Shares:

Amount Attributed to Capital.....	\$ 3,984,458.91
Surplus per Schedule "A".....	3,200,932.71

7,185,391.62

\$23,662,358.32

# FRASER COMPANIES, LIMITED

FRASER PAPER, LIMITED, FRASER REALTIES, LIMITED  
AND RESTIGOUCHE COMPANY, LIMITED

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

*For the year ended 31st December, 1938*

Earnings for twelve months ended 31st December, 1938, after Operating Expenses (including Executive Officers' Salaries and Legal Fees of \$79,473.64 and Directors' Remuneration of \$5,659.60), Taxes, etc., but before providing for the undernoted items:—		\$ 1,986,528.49
<i>Deduct:</i>		
Bank and Other Interest.....	\$ 64,716.30	
Special Loan Interest.....	93,009.98	
Bond Interest and Exchange thereon.....	732,350.30	
		890,076.58
		\$ 1,096,451.91
<i>Deduct:</i>		
Provision for Depletion.....	\$ 207,804.24	
Provision for Depreciation.....	907,000.00	
		1,114,804.24
NET LOSS FOR YEAR TO DATE.....		\$ 18,352.33

### SCHEDULE "A"

#### CONSOLIDATED SURPLUS ACCOUNT

*At 31st December, 1938*

Balance at 31st December, 1937.....	\$3,212,450.63
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#### CONSOLIDATED INCOME DEFICIT ACCOUNT

*At 31st December, 1938*

Net Loss for year ended 31st December, 1938.....	\$18,352.33	
<i>Deduct:</i>		
Surplus at 31st December, 1937.....	\$ 6,288.77	
Net Adjustment affecting prior years and General and Pulpwood Reserves transferred.....	190,545.64	
	\$ 196,834.41	
<i>Less:</i>		
Transferred to Reserve for Contingencies.....	190,000.00	
		6,834.41
		11,517.92
		\$3,200,932.71