

REPORT OF THE BOARD OF DIRECTORS
OF THE
DRYDEN PAPER COMPANY LIMITED,

To be submitted to the Shareholders at the Annual Meeting,
January 14th, 1937.

The Board of Directors of your Company submits herewith a Statement of the results of operations for the fiscal year ended September 30th, 1936, and Balance Sheet as of that date.

The results are materially better than last year, or than any year since 1930.

The betterment has been mainly during the second half of the year, and the profits for the month of October were relatively even higher than those of the closing months of the year under review.

The market value of the Company's investments is substantially above the book value.

The Kraft pulp market has continued to improve in volume, and prices are now somewhat higher than last year, or the earlier part of this year.

Within recent months a battery of machines for the manufacture of grocery bags has been installed, the results of which are proving very encouraging.

The Company's properties have been maintained in thoroughly good condition.

Full depletion has been written off for pulp wood cut on the timber limits.

Respectfully submitted,

J. H. A. ACER,
President.

Montreal, November 24th, 1936.

DRYDEN PAPER COMPANY LIMITED.

BALANCE SHEET—SEPTEMBER 30, 1936

ASSETS

CURRENT AND WORKING ASSETS:

Inventories of stocks on hand as determined and certified to by responsible officers of the Company and valued at approximate cost, and below market values—

Logs and Pulpwood	\$ 88,973.32	
Fuelwood, Coal, Chemicals, etc.	21,304.85	
Slush Pulp	3,250.00	
Finished Product	97,442.56	
Stores and repair parts	116,369.93	
		\$ 327,340.66
Accounts and Notes Receivable		138,946.62
Investments in bonds and stocks at book cost and accrued interest, less discount on Company's bonds repurchased. (Market value September 30, 1936, \$95,877.47)		79,668.46
Cash in Banks		33,245.37

\$ 579,201.11

UNEXPIRED INSURANCE, TAXES, ETC. 7,477.30

PROPERTIES:

Land, water power developments, plant, buildings, machinery and equipment, per appraisal of Canadian Appraisal Company Limited, October 14, 1920 (as adjusted), plus additions to September 30, 1928, at cost

\$ 4,635,418.46

Net additions October 1, 1928, to September 30, 1936, at cost

408,030.00

\$ 5,043,448.52

Timber Limits at book value

2,248,587.95

Miscellaneous Equipment at cost

21,917.29

7,313,953.76

\$7,900,632.17

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Dryden Paper Company Limited for the year ending September 30, 1936, and have obtained all the information and explanations which we have required. The sinking fund requirements to September 30, 1936, have been charged against profits, but no further provision for depreciation of plant and equipment has been made since September 30, 1930, subject to which we report that the above Balance Sheet at September 30, 1936, is properly drawn up so as to exhibit the true financial position of the Company at September 30, 1936, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, November 19, 1936.

DRYDEN PAPER COMPANY LIMITED.

BALANCE SHEET—SEPTEMBER 30, 1936

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$	43,370.86	
Interest accrued on First Mortgage Bonds.....		14,000.00	
Accrued Charges.....		1,480.61	
Dominion and Other Taxes.....		1,896.48	
			\$ 60,747.95

6% FIRST MORTGAGE SINKING FUND GOLD BONDS:

Due February 1, 1949—Issued.....	\$	1,500,000.00	
Less: Redeemed through Sinking Fund and cancelled.....		100,000.00	
Bonds purchased and held by Company.....		58,000.00	
			1,342,000.00

RESERVES FOR DEPRECIATION, DEPLETION AND SINKING FUND..... 1,132,178.55

CAPITAL AND SURPLUS:

Capital paid in.....	\$	4,420,414.86	
Capital Surplus.....		979,585.14	
Deficit arising from operations as per statement attached.....		34,294.33	
			5,365,705.67
(Represented by 150,000 shares of No Par Value)			\$ 7,900,632.17

Approved on behalf of the Board:

J. H. A. ACER, Director.
P. A. THOMSON, Director.

STATEMENT OF PROFIT AND LOSS AND DEFICIT ACCOUNT FOR THE YEAR ENDING SEPTEMBER 30, 1936.

Profit from operations for the year ending September 30, 1936, before executive salaries, directors' fees, depreciation, depletion, bond interest and income tax....	\$	175,308.68	
ADD: Income from Investments including \$2,067.86 interest on Company Bonds held in the Treasury.....		6,953.93	
			\$ 182,262.61
DEDUCT:			
Interest on First Mortgage Bonds.....	\$	84,680.00	
Directors' Fees.....		240.00	
Salaries of Executive Officers.....		19,786.30	
			104,706.30
Net Profit for the year before providing for Depreciation, Depletion and Income Tax.....	\$	77,556.31	
DEDUCT:			
Provision for depletion at rate of \$1.00 per cord of wood cut during the year.....	\$	9,353.00	
Appropriation for sinking fund.....		33,960.00	
			43,313.00
			\$ 34,243.31
Deficit, Balance at September 30, 1935.....			68,537.64
Deficit, Balance at September 30, 1936.....	\$	34,294.33	

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Dryden Paper Company
LIMITED.

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ANNUAL REPORT

for the

Year Ended September 30th, 1936.

DIRECTORS

J. H. A. ACER	P. A. THOMSON
J. B. WOODYATT	E. R. PARKINS, K.C.
GEORGE CHAHOON	F. A. SABBATON
DAN McLACHLAN	E. S. PINCOTT

OFFICERS

J. H. A. ACER, *President*
F. A. SABBATON, *Vice-President*
H. HUMPHREYS, *Treasurer*
E. S. PINCOTT, *Secretary*
W. F. ROBINSON, *Assistant Secretary*

Executive Office
1002 CANADA CEMENT BUILDING
MONTREAL

