

(Patent in file)

C

ANGLO-NEWFOUNDLAND

DEVELOPMENT

COMPANY,

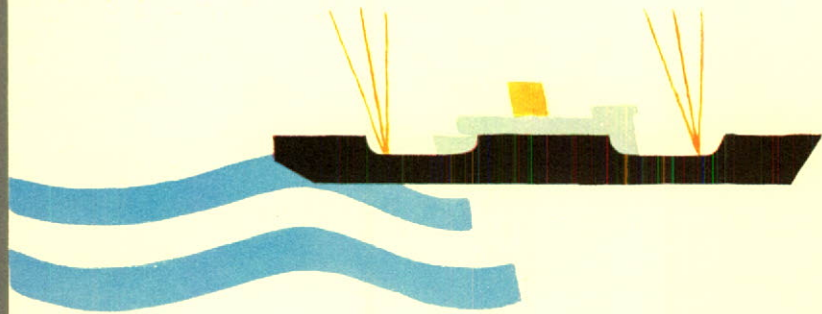
LIMITED



ANNUAL
REPORT
1957

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ANGLO-NEWFOUNDLAND



1957 ANNUAL REPORT

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY,
LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary General Meeting of ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED will be held at the Offices of the Company, Grand Falls, Province of Newfoundland, on Thursday, the Eighth day of May, 1958, at ten o'clock in the forenoon, for the following purposes, namely:—

1. To receive the Directors' and Auditors' Reports, the Balance Sheet and Profit and Loss Account to 31st December, 1957.
2. To elect Directors in the place of those retiring and to vote the remuneration of Directors for the year ending 31st December, 1958.
3. To appoint Auditors.
4. To transact any other ordinary business of the Company.

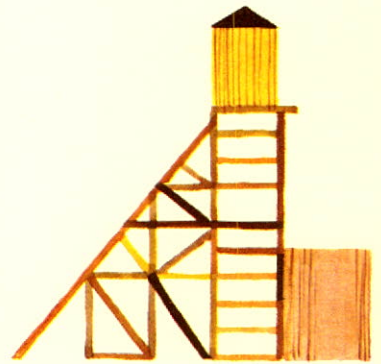
By Order of the Board,

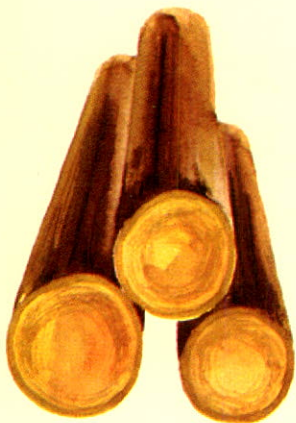
J. S. GOODYEAR,
Secretary.

Dated this 8th day of April, 1958.

Grand Falls,
Province of Newfoundland,
Canada.

DEVELOPMENT COMPANY, LIMITED





REPORT OF THE DIRECTORS

For the Year ended 31st December, 1957

The Directors submit herewith their twenty-fifth Annual Report and Statement of Accounts, together with the Consolidated Accounts of the Company and its subsidiaries.

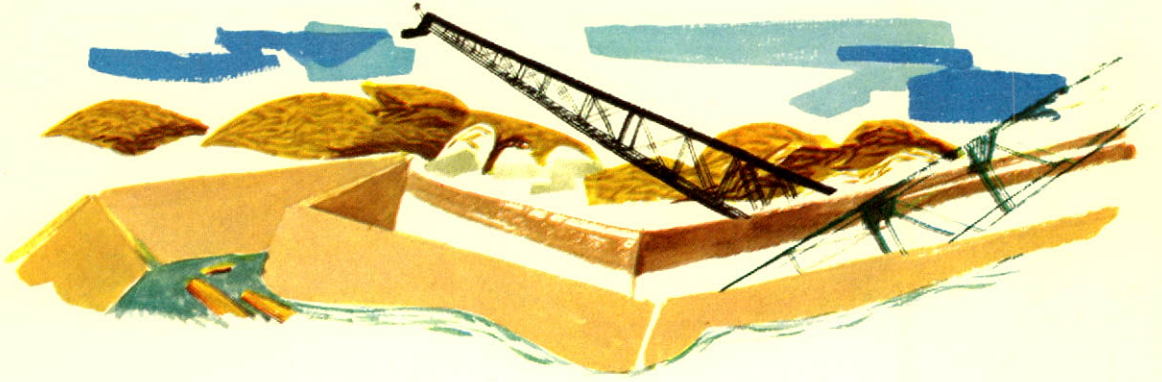
The Consolidated Profit, after providing for all expenses, depletion, depreciation and Canadian Income Tax, amounted to \$2,281,032 compared with \$5,425,707 for the year 1956. These amounts were derived from the following Companies and operations:

	1957	1956
Parent Company from newsprint and ancillary operations (including steamship and railway operations conducted by subsidiary companies) and from sundry investments	1,741,162	2,573,462
Gaspesia Sulphite Company, Ltd. from sulphite pulp operations	1,176	490,660
Terra Nova Properties, Limited from mining interests	538,694	2,361,585
	<u>\$2,281,032</u>	<u>\$5,425,707</u>

The Consolidated Surplus brought forward from last year was \$16,051,336. To this was added the net profit for the year, making a total of \$18,332,368. Four interim dividends — one of 15¢ and three of 7½¢ each — were declared in respect of the year and these absorbed \$2,061,906, leaving a surplus carried forward of \$16,270,462.

By Order of the Board,
J. S. GOODYEAR,
Secretary.

8th April, 1958.



STATEMENT BY THE PRESIDENT

MR. ELLIOTT M. LITTLE

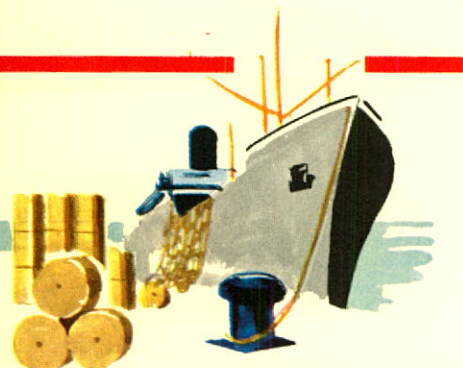
Consolidated earnings of the Company for 1957 were greatly reduced as compared to the previous year, due to the drastic fall in base metal prices, the high discount rate of the U.S. dollar and a decrease in demand for some of our products, particularly pulp.

In my last year's statement, I mentioned that the world supply-demand situation in newsprint would be about in balance for 1957, and that there would be an oversupply in 1958 and 1959. In view of this and due to the conditions mentioned above, it was considered advisable, in order to maintain the sound financial position of the Company, to reduce the quarterly dividend from 15¢ per stock unit to 7½¢ per stock unit. This action was taken, effective 4th September last.

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

Production of 233,341 tons of newsprint was 13,890 tons less than in 1956. Sunday operation was reduced and output was affected adversely by poorer trim on the paper machines, due to a reduction of roll sizes by the publishers and a lessened demand for small rolls. A general wage increase of 5%, which became effective on 1st June 1957, together with rising material prices, resulted in higher production costs. Our position was further aggravated by an adjustment in the zone prices by our principal competitors in the Southern United States market.

Capital expenditures during the year amounted to \$2,286,578. The principal items of expenditure were \$904,143 for a new steam



REPORT
OF THE
PRESIDENT
cont'd



generator and \$585,542 as part of the programme to speed up the paper machines.

The Company's newsprint order position for the immediate future is considered satisfactory in the light of prevailing market conditions.

GASPESIA SULPHITE COMPANY, LTD.

During the year, owing to increased world pulp producing capacity and a moderate drop in the demand for pulp, the operations of this mill had to be curtailed. The production in 1957 consisted of 12,205 tons of unbleached sulphite pulp and 60,092 tons of bleached pulp. This was 11% less than the tonnage produced in 1956.

The greater exchange loss on the conversion of U.S. currency, reduced production and higher freight costs have adversely affected the earnings of this company. The net profit in 1957 after adequate provision for depreciation and Income Taxes amounted to \$1,176 compared to \$490,660 for the previous year.

A small increase in the prices of this company's products became effective on 1st October, 1957, but no substantial improvement in the demand for pulps is foreseen in the immediate future.

TERRA NOVA PROPERTIES, LIMITED

Operations at the Buchans Mine were continuous throughout the year and ore mined and milled was 371,000 short tons, an increase

of 5,000 tons over the tonnage treated in 1956. Depressed metal prices and increased costs account for the greatly reduced earnings.

Exploration and geological reconnaissance work was carried out throughout the summer within the Crown Lands concession.

Ore reserves as of 31st December, 1957 were estimated to contain 5,572,000 tons of assured and probable ore as compared with 5,900,000 tons at the end of 1956.

Mine development for the year consisted of 9,673 feet compared with 9,261 feet carried out during the preceding year. Work was started in 1956 on another operating shaft, to be known as the MacLean Shaft and was continued during the year.

Production for 1958 is expected to be approximately 370,000 short tons of the same grade as that obtained during 1957.

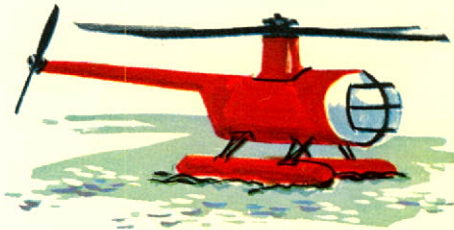
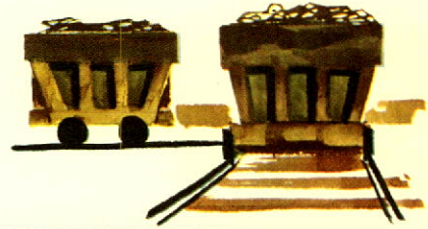
CONSOLIDATED POSITION

Consolidated Profit, after depreciation and taxes, of \$2,281,032 is equivalent to 41¢ per stock unit, compared with \$5,425,707 or 99¢ per stock unit for the previous year. Consolidated Working Capital amounted to \$25,182,022 compared with \$24,964,256 as at 31st December, 1956.

Once again I take pleasure in recording my appreciation of services loyally performed by officers, staff and employees throughout our organization.

8th April, 1958.

E. M. Little
President.



ANGLO-NEWFOUNDLAND
DEVELOPMENT COMPANY,
LIMITED

AND SUBSIDIARY COMPANIES

PARENT COMPANY

BALANCE

31st December, 1956		31st December, 1957	
40,235,495		41,539,986	
22,361,277		23,402,699	
	17,874,218		18,137,287
1,937,658		1,937,658	
—		26,536	
	1,937,658		1,964,194
1,848,052		2,023,052	
—		—	
125,000		—	
	1,973,052		2,023,052
	234,688		234,688
9,985,141		8,751,160	
818,019		671,554	
3,125,868		3,372,771	
5,200,893		4,412,719	
2,207,402		2,239,383	
2,607,234		4,510,180	
23,944,557		23,957,767	
1,954,220		1,402,200	
27,769		9,883	
1,082,467		861,279	
248,322		318,137	
824,763		412,381	
824,762		412,381	
4,962,303		3,416,261	
	18,982,254		20,541,506
	\$41,001,870		\$42,900,727
\$30,000,000		\$30,000,000	
	27,492,075		27,492,075
2,160,172		2,071,831	
419,463		419,463	
10,930,160		12,917,358	
	13,509,795		15,408,652
	\$41,001,870		\$42,900,727

FIXED ASSETS (Note 1)
At Cost
Less: Depletion and Depreciation

SUBSIDIARY COMPANIES
Shares at Cost
Current Account

INVESTMENTS
Trade Investments at Cost
Other Investments (not quoted) a
Loans to Associated Companies

GOVERNMENT OF CANADA BONDS
(Market Value: \$235,312).

CURRENT ASSETS
Pulpwood and Logging Supplies, a
Deferred Logging Expenditure
Stocks of Paper and Pulp, Mill an
Debtors and Prepaid Expenses
Government of Canada Bonds (M
Cash at Banks and on Deposit an

Deduct:
CURRENT LIABILITIES
Trade and Other Creditors
Subsidiary Company Current Acc
Income Tax — estimated
Provisions
Dividend declared payable 3rd Ja
Dividend declared payable 3rd Ap

WORKING CAPITAL

TOTAL NET ASSETS

CAPITAL
Authorized 6,000,000 Ordinary SH
Issued and Converted into Stock

RESERVES AND SURPLUS
Capital Reserve (Note 5)
Revenue Reserve (Note 5)
Profit and Loss Surplus

On behalf of

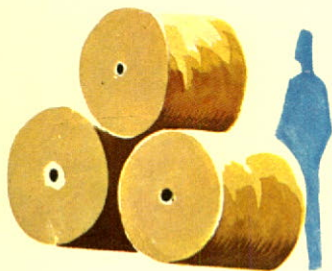
SHEETS

31st DECEMBER, 1957

CONSOLIDATED

	<u>31st December, 1957</u>	<u>31st December, 1956</u>
.....	51,298,032	49,873,804
.....	28,649,954	27,159,674
	<u>22,648,078</u>	<u>22,714,130</u>
.....	—	—
.....	—	—
.....	2,025,552	1,850,552
.....	55,742	105,925
.....	—	125,000
.....	<u>2,081,294</u>	<u>2,081,477</u>
.....	234,688	234,688
.....	10,549,959	11,856,795
.....	734,739	914,404
.....	5,039,843	4,674,938
.....	5,842,139	8,235,541
.....	2,239,383	2,207,402
.....	5,722,862	4,802,211
.....	<u>30,128,925</u>	<u>32,691,291</u>
.....	2,617,902	3,569,395
.....	1,086,102	2,159,793
.....	418,137	348,322
.....	412,381	824,763
.....	412,381	824,762
.....	<u>4,946,903</u>	<u>7,727,035</u>
.....	<u>25,182,022</u>	<u>24,964,256</u>
.....	<u>\$50,146,082</u>	<u>\$49,994,551</u>
.....	\$30,000,000	\$30,000,000
.....	<u>27,492,075</u>	<u>27,492,075</u>
.....	5,964,082	6,031,677
.....	419,463	419,463
.....	16,270,462	16,051,336
.....	<u>22,654,007</u>	<u>22,502,476</u>
.....	<u>\$50,146,082</u>	<u>\$49,994,551</u>

the Board: W. H. HOWARD } Directors
 J. S. GOODYEAR }



A U D I T O R S ' R E P O R T

To the Members of

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED:

We have audited the books and accounts of the Company for the year to 31st December, 1957, and report that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for that purpose. In our opinion proper books of account have been kept by the Company so far as appears from our examination of those books. We have examined the accompanying Balance Sheet and the related Profit and Loss Account of the Company which are in agreement with the books of account. In our opinion and to the best of our information and according to the explanations given to us, the said accounts with the notes annexed thereto give a true and fair view, in the case of the Balance Sheet, of the state of the Company's affairs at 31st December, 1957, and, in the case of the Profit and Loss Account, of the profit of the year to that date.

We have also examined the accompanying Consolidated Balance Sheet and related Consolidated Profit and Loss Account of the Company and its Subsidiaries with the audited accounts of those Companies. In our opinion such Consolidated Balance Sheet and Consolidated Profit and Loss Account have been properly prepared so as to give, with the notes annexed thereto, a true and fair view respectively of the state of affairs and of the profits of the Company and its Subsidiaries so far as concerns the members of the Company.

LEVER, HONEYMAN & CO., } *Auditors.*
Chartered Accountants }

9, Basinghall Street,
London, E.C. 2,
8th April, 1958.

PROFIT AND LOSS AND SURPLUS ACCOUNTS

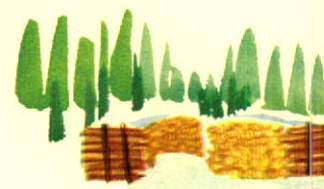
ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED
AND SUBSIDIARY COMPANIES

Year ended 31st December, 1957

PARENT COMPANY			CONSOLIDATED	
1956	1957		1957	1956
6,155,256	4,510,933	TRADING INCOME (See Footnote)	6,194,641	11,283,674
		OTHER INCOME		
53,193	76,522	Bond Interest	76,522	53,193
130,182	130,232	Trade Investments	130,232	130,182
—	—	Other Investments	4,494	14,182
—	—	Loan Interest	—	1,031
<u>6,338,631</u>	<u>4,717,687</u>		<u>6,405,889</u>	<u>11,482,262</u>
1,786,659	1,818,583	DEPLETION AND DEPRECIATION	2,314,857	2,275,555
<u>4,551,972</u>	<u>2,899,104</u>		<u>4,091,032</u>	<u>9,206,707</u>
2,150,000	1,400,000	INCOME TAX — estimated	1,810,000	3,781,000
<u>2,401,972</u>	<u>1,499,104</u>	NET PROFIT before inter-company dividends	2,281,032	5,425,707
2,500,000	2,550,000	Dividends from Subsidiary Companies	—	—
<u>4,901,972</u>	<u>4,049,104</u>		<u>2,281,032</u>	<u>5,425,707</u>
9,327,237	10,930,160	BALANCE FROM LAST ACCOUNT	16,051,336	13,924,678
<u>14,229,209</u>	<u>14,979,264</u>		<u>18,332,368</u>	<u>19,350,385</u>
		DIVIDENDS		
3,299,049	2,061,906	Four interim dividends (one of 15¢ per stock unit and three of 7½¢ each per stock unit) paid or payable in respect of the year 1957	2,061,906	3,299,049
<u>\$10,930,160</u>	<u>\$12,917,358</u>	BALANCE CARRIED FORWARD	<u>\$16,270,462</u>	<u>\$16,051,336</u>
		NOTE		
		TRADING INCOME is arrived at after charging the following:—		
		Payments to Directors of Parent Company:—		
\$ 15,000	\$ 16,500	Fees	\$ 17,000	\$ 15,500
157,766	150,646	Other Emoluments	165,881	172,670
12,000	12,000	Pension to former Director of Parent Company	12,000	12,000
10,645	10,952	Auditors' Remuneration and Expenses	17,288	16,887

ANGLO-NEWFOUNDLAND
DEVELOPMENT COMPANY,
LIMITED

AND SUBSIDIARY COMPANIES



NOTE 1. FIXED ASSETS

The Fixed Asset figures on the Balance Sheets are arrived at as follows:—

31st DECEMBER, 1956			31st DECEMBER, 1957			
<u>Cost</u>	<u>Depletion and Depreciation</u>	<u>Balance</u>		<u>Cost</u>	<u>Depletion and Depreciation</u>	<u>Balance</u>
CONSOLIDATED						
4,356,528	2,556,136	1,800,392	Timber Limits, Water Powers and Freehold Land.....	4,352,291	2,680,390	1,671,901
39,418,425	20,797,499	18,620,926	Mills, Buildings, Plant, Machinery, etc....	41,162,346	22,340,537	18,821,809
2,481,374	1,362,618	1,118,756	Town Properties and Utilities.....	2,471,930	1,393,355	1,078,575
3,339,496	2,443,421	896,075	Railways and Equipment, Wharves and Storage Facilities.....	3,024,492	2,235,672	788,820
277,981	—	277,981	Mining Rights and Mining Developments	286,973	—	286,973
<u>\$49,873,804</u>	<u>\$27,159,674</u>	<u>\$22,714,130</u>		<u>\$51,298,032</u>	<u>\$28,649,954</u>	<u>\$22,648,078</u>
PARENT COMPANY						
3,708,194	2,209,805	1,498,389	Timber Limits, Water Powers and Freehold Land.....	3,708,194	2,324,582	1,383,612
31,139,150	16,583,816	14,555,334	Mill, Buildings, Plant, Machinery, etc....	32,769,355	17,708,180	15,061,175
2,048,655	1,124,234	924,421	Town Properties and Utilities.....	2,037,944	1,134,265	903,679
3,339,496	2,443,422	896,074	Railways and Equipment, Wharves and Storage Facilities.....	3,024,493	2,235,672	788,821
<u>\$40,235,495</u>	<u>\$22,361,277</u>	<u>\$17,874,218</u>		<u>\$41,539,986</u>	<u>\$23,402,699</u>	<u>\$18,137,287</u>

The costs shown above include the cost of assets acquired from the Predecessor Company as at 1st January, 1933 at their then Net Book Values. The Depreciation provided by the Predecessor Company to that date on assets which are still in use amounts to \$4,417,403 so that the original cost of existing Fixed Assets of the Parent Company is \$45,957,389.



NOTE 2. OTHER INVESTMENTS (Not Quoted)

	31st December, 1956	31st December, 1957
Investments at Cost.....	126,027	126,027
Deduct:		
Provision for Depletion.....	20,102	70,285
Per Consolidated Balance Sheet.....	<u>\$105,925</u>	<u>\$ 55,742</u>

NOTE 3.

The Company has been granted a timber licence by the Government of Ontario on condition that the construction of a mill will be commenced by 1st May, 1959 and as security for the due performance of that condition has deposited with the Treasurer of Ontario, Government of Canada Bonds of the par value of \$250,000 which will be forfeited by the Company if it does not fulfil that condition.

NOTE 4. CAPITAL COMMITMENTS at 31st December, 1957 were as follows:—

	PARENT COMPANY	CONSOLIDATED
Estimated amount required to complete Capital Construction in progress	\$688,645	\$1,128,645
Estimated Cost of Other Construction Work approved by the Directors but not commenced by 31st December, 1957.....	\$779,000	\$ 779,000

NOTE 5. RESERVES — Movements during year were as follows:—

PARENT COMPANY			CONSOLIDATED	
Capital Reserves	Revenue Reserves		Capital Reserves	Revenue Reserves
2,160,172	419,463	Balance at 31st December, 1956.....	6,031,677	419,463
64,351	—	Surplus on Disposal of Property and Equipment.....	85,097	—
<u>2,224,523</u>	<u>419,463</u>		<u>6,116,774</u>	<u>419,463</u>
152,692	—	Residual balances of Fixed Assets scrapped or obsolete.....	152,692	—
<u>\$2,071,831</u>	<u>\$ 419,463</u>	Balance at 31st December, 1957.....	<u>\$5,964,082</u>	<u>\$ 419,463</u>



ANGLO-
NEWFOUNDLAND
DEVELOPMENT
COMPANY,
LIMITED

(Incorporated
in Newfoundland)

DIRECTORS

W. H. HOWARD, C.B.E., Q.C. *Chairman of the Board*
ELLIOTT M. LITTLE *President*
T. R. MOORE *Vice-President and General Manager*
J. S. GOODYEAR *Vice-President*
THE VISCOUNT ROTHERMERE A. S. FULLER
E. A. SURSHAM P. GRUCHY, C.B.E.
THE EARL OF CROMER, M.B.E. G. BECKETT
B. C. GARDNER, M.C. W. E. SOLES

BANKERS

BANK OF MONTREAL

SOLICITORS

COMMON, HOWARD, CATE, OGILVY, BISHOP & COPE
The Royal Bank Building
Montreal, P.Q.

AUDITORS

LEVER, HONEYMAN & Co., 9, Basinghall Street
London, E.C.2, England

SECRETARY-TREASURER AND REGISTERED OFFICE

J. S. GOODYEAR, F.C.I.S., Grand Falls, Newfoundland

BRANCH TRANSFER OFFICES

LEVER, HONEYMAN & Co., 9, Basinghall Street, London, E.C.2, England
MONTREAL TRUST COMPANY, 511 Place d'Armes, Montreal, P.Q.
MONTREAL TRUST COMPANY, 15 King Street West, Toronto, Ontario

