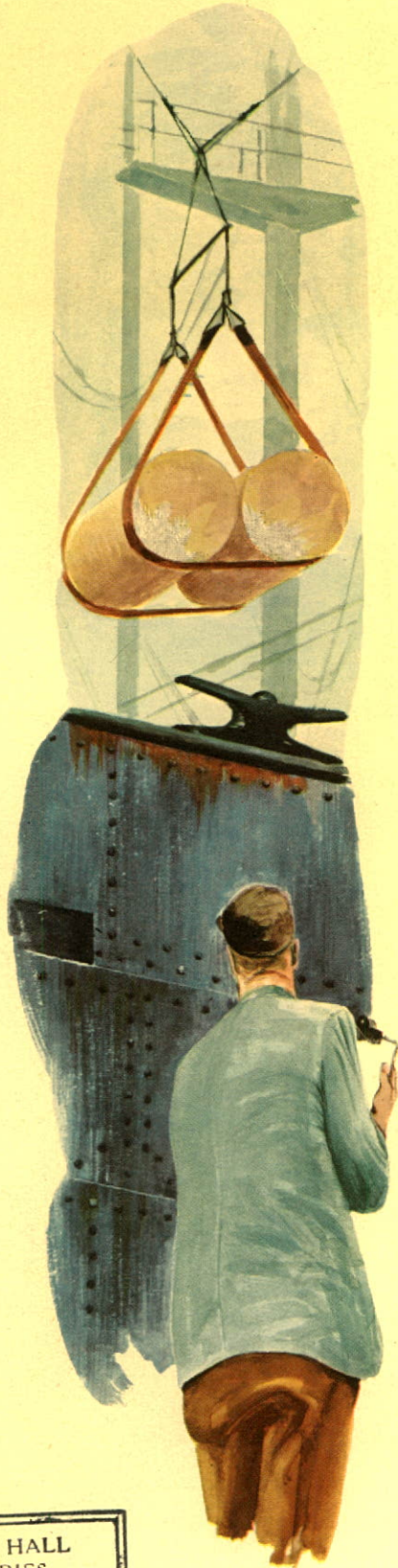


c  
Stack 1 9 5 6



Anglo-  
Newfoundland  
Development  
Company,  
Limited

PURVIS HALL  
LIBRARIES

APR 26 1957

McGILL UNIVERSITY

Annual Report

Anglo-  
Newfoundland  
Development  
Company,  
Limited

1 9 5 6



# Annual Report

# REPORT OF THE DIRECTORS

For the Year ended 31st December, 1956

The Directors submit herewith their twenty-fourth 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 \$5,425,707, compared with \$4,632,139 for the year 1955. These amounts were derived from the following Companies and operations:

	1956	1955
Parent Company from newsprint and ancillary operations and from sundry investments, other than subsidiaries . . . . .	2,401,972	2,357,543
Grand Falls Central Railway Company, Limited from railway operations . . . . .	83,264	—
Gaspesia Sulphite Company, Ltd. from sulphite pulp operations . . . . .	490,660	413,574
Terra Nova Properties, Limited from mining interests	2,361,585	1,847,758
Montmorency Shipping, Limited from steamship operations . . . . .	88,226	13,264
	\$5,425,707	\$4,632,139
	\$5,425,707	\$4,632,139

The Consolidated Surplus brought forward from last year was \$13,924,678. To this was added the net profit for the year, making a total of \$19,350,385. Four interim dividends of 15c each were declared in respect of the year and these absorbed \$3,299,049, leaving a surplus carried forward of \$16,051,336.

By Order of the Board,

24th April, 1957.

J. S. GOODYEAR, *Secretary.*



## *Statement by the President*

MR. ELLIOT M. LITTLE

CONSOLIDATED EARNINGS of the Company were 17% higher than last year. This increase arose largely from its mining interests. Income was adversely affected by further weakening of the United States dollar, particularly in the latter months of 1956.

### **ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED**

The mill produced 247,231 tons of newsprint or 15,495 tons more than the record established in 1955. The increase of \$4.00 per ton which came into effect at the beginning of 1956 was completely nullified by increased labour, material and transportation costs. A general wage increase of approximately 6½% was granted on 1st June 1956, with an agreement for a further increase in 1957 of 5% of the newly established rates.

Capital Expenditure during the year amounted to \$1,851,633 and consisted mainly of work to increase production.

World newsprint supply will be in balance with demand during 1957. New capacity expected to be in operation in 1958 and 1959 will likely result in a moderate oversupply situation in the industry. However, your Company's contract position is satisfactory and capacity operations are expected at least in 1957.

Rapidly rising costs of labour, materials and transportation, combined with the loss of income due to the discount on the U.S. dollar, give some cause for concern.

**PRESIDENT'S  
REPORT—  
Cont'd**



**SIoux LOOKOUT**

The Company has been granted a timber licence in the vicinity of Sioux Lookout, Ontario, on the condition that the construction of a pulp or pulp and paper mill, with an initial capacity to consume at least 150,000 cords of pulpwood per annum, will be commenced by 1st May 1959.

The Company has deposited with the Treasurer of Ontario, Bonds of the Government of Canada of the par value of \$250,000 as security for the fulfillment of the condition in respect of the construction of such a mill. Under the terms of the Agreement, these bonds will be forfeited if the Company does not commence the construction of a mill before 1st May, 1959.

**GRAND FALLS CENTRAL RAILWAY COMPANY, LIMITED**

This company was incorporated by a special Act of the Parliament of Canada, under the provisions of the Railway Act of Canada, on 12th June, 1956, with an authorized share capital of \$100,000 divided into 1,000 shares of \$100 each. Only 250 of these shares have been issued and they were all subscribed for and issued to Anglo-Newfoundland Development Company, Limited. The purpose of this company is to operate the existing railway located between the mills at Grand Falls and the shipping port at Botwood, Newfoundland. The net profit of \$83,264 shown is the result of 3½ months' operation of this railway.

**GASPESIA SULPHITE COMPANY, LTD.**

This company's mill operated at capacity throughout the year and produced a total of 81,491 tons or 1,717 tons more than in 1955. Of this total, the tonnage of unbleached sulphite pulp was 19,361 and bleached pulp was 62,130.

There was no change during the year in the basic prices of our products and the demand for sulphite pulp remains firm. In spite of higher transportation costs and higher exchange discount in 1956, the net sales proceeds per ton were somewhat higher than in 1955 due to the fact that full advantage was obtained from the pulp price increase that became effective in 1955.

The Directors have appropriated the sum of \$505,000 for the acquisition of a modern high pressure boiler to replace old units of low efficiency, and also to provide additional steam capacity. This new boiler is expected to be in operation in the autumn of 1958.



#### **TERRA NOVA PROPERTIES, LIMITED**

Operations at the Buchans Mine were continuous throughout the year and ore mined and milled was 366,000 short tons, an increase of 75,000 tons over the tonnage treated in 1955. Base metal prices, with the exception of copper, were firm throughout the year.

Exploration and geological reconnaissance work was carried out throughout the summer within the Crown Lands concession without any definite results.

Ore reserves as of 31st December, 1956 were estimated to contain approximately 5,900,000 tons of assured and probable ore as compared with 6,000,000 tons at the end of 1955.

Mine development for the year consisted of 9,261 feet of diamond drilling, compared with approximately 16,000 feet carried out during the preceding year.

Production for 1957 is expected to be approximately 360,000 short tons of the same grade as that obtained during 1956.

#### **MONTMORENCY SHIPPING, LIMITED**

The operation of a fleet of time chartered vessels to effect the delivery of the parent Company's product resulted in a net profit of \$88,226 for the year 1956 against a profit of \$13,264 for the previous year. Due to the policy of time chartering, newsprint freight rates were maintained without increase, in spite of rapid and substantial increases in general shipping rates.

The financial results, while satisfactory, were adversely affected by the loss of a vessel through requisitioning by the U.K. Government during the Suez crisis, and by labour difficulties in United States Atlantic and Gulf Ports.

#### **CONSOLIDATED POSITION**

Consolidated Profit, after depreciation and taxes, of \$5,425,707 is equivalent to 99¢ per stock unit, compared with \$4,632,139 or 84¢ per stock unit for the previous year. Consolidated Working Capital amounted to \$24,964,256 compared with \$22,028,640 as at 31st December, 1955.

I wish to express my appreciation of the loyal and efficient services rendered by the officers and employees of the Company and its subsidiaries throughout the year.

A handwritten signature in cursive script that reads "E. M. Little".

*President.*

24th April, 1957.

# Balance

31st Decem

## ANGLO-NEWFOUNDLAND DEVELOPMENT

and subsidi

### PARENT COMPANY

31st December, 1955		31st December, 1956	
38,631,506		40,235,495	
20,732,533		22,361,277	
<hr/>	17,898,973	<hr/>	17,874,218
	1,912,658		1,937,658
1,796,152		1,848,052	
<hr/>		<hr/>	
125,000		125,000	
<hr/>	1,921,152	<hr/>	1,973,052
	—		234,688
9,191,387		9,985,141	
621,630		818,019	
2,589,353		3,125,868	
4,972,646		5,200,893	
2,247,000		2,207,402	
2,281,513		2,607,234	
<hr/>		<hr/>	
21,903,529		23,944,557	
1,742,584		1,954,220	
13,556		27,769	
1,104,796		1,082,467	
194,035		248,322	
824,763		824,763	
824,762		824,762	
<hr/>		<hr/>	
4,704,496		4,962,303	
<hr/>	17,199,033	<hr/>	18,982,254
	<hr/>		<hr/>
	\$38,931,816		\$41,001,870
\$30,000,000		\$30,000,000	
<hr/>		<hr/>	
	27,492,075		27,492,075
1,693,041		2,160,172	
419,463		419,463	
9,327,237		10,930,160	
<hr/>	11,439,741	<hr/>	13,509,795
	<hr/>		<hr/>
	\$38,931,816		\$41,001,870

#### FIXED ASSETS (Note 1)

At Cost.....  
Less: Depletion and Depreciation..

#### SUBSIDIARY COMPANIES

Shares at Cost.....

#### INVESTMENTS AND LOANS

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

#### GOVERNMENT OF CANADA BONDS

Value: \$225,312).....

#### CURRENT ASSETS

Pulpwood and Logging Supplies, at.....  
Deferred Logging Expenditure.....  
Stocks of Paper and Pulp, Mill and.....  
Debtors and Prepaid Expenses.....  
Government of Canada Bonds (Ma.....  
Cash at Banks and on Deposit and.....

*Deduct:*

#### CURRENT LIABILITIES

Trade and Other Creditors.....  
Subsidiary Companies' Current Ac.....  
Income Tax—estimated.....  
Provisions.....  
Dividend declared payable 4th Jan.....  
Dividend declared payable 5th Apr.....

#### WORKING CAPITAL.....

#### TOTAL NET ASSETS

#### CAPITAL

Authorized 6,000,000 Ordinary Sha.....  
Issued and Converted into Stock (.....

#### RESERVES AND SURPLUS

Capital Reserves (Note 5).....  
Revenue Reserves (Note 5).....  
Profit and Loss Surplus.....

On behalf of



# Sheets

ber, 1956

## DEVELOPMENT COMPANY, LIMITED

y companies

### CONSOLIDATED

	<u>31st December, 1956</u>		<u>31st December, 1955</u>
.....	49,873,804		48,142,382
.....	27,159,674		25,042,756
	<u>22,714,130</u>		<u>23,099,626</u>
.....	—		—
.....	1,850,552		1,798,652
.....	105,925		309,129
.....	125,000		179,000
.....	<u>2,081,477</u>		<u>2,286,781</u>
.....	234,688		—
.....	11,856,795		10,506,111
.....	914,404		655,086
.....	4,674,938		3,990,751
.....	8,235,541		8,001,515
.....	2,207,402		2,247,000
.....	4,802,211		4,805,133
.....	<u>32,691,291</u>		<u>30,205,596</u>
.....	3,569,395		4,087,448
.....	2,159,793		2,127,948
.....	348,322		312,035
.....	824,763		824,763
.....	824,762		824,762
.....	<u>7,727,035</u>		<u>8,176,956</u>
.....	<u>24,964,256</u>		<u>22,028,640</u>
.....	<u>\$49,994,551</u>		<u>\$47,415,047</u>
.....	\$30,000,000		\$30,000,000
.....	<u>27,492,075</u>		<u>27,492,075</u>
.....	6,031,677		5,578,831
.....	419,463		419,463
.....	16,051,336		13,924,678
.....	<u>22,502,476</u>		<u>19,922,972</u>
.....	<u>\$49,994,551</u>		<u>\$47,415,047</u>

Board: E. M. LITTLE } Directors  
 J. S. GOODYEAR }

# AUDITORS' REPORT

*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, 1956, 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, 1956 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. }  
Chartered Accountants } *Auditors.*

9, Basinghall Street,  
London, E.C.2.  
24th April, 1957.

**ANGLO-NEWFOUNDLAND DEVELOPMENT  
COMPANY, LIMITED** and subsidiary companies

**PROFIT AND LOSS AND SURPLUS ACCOUNTS**

Year ended 31st December, 1956

PARENT COMPANY			CONSOLIDATED	
1955	1956		1956	1955
5,770,493	6,155,256	<b>TRADING INCOME</b> (See footnote) . . . . .	11,283,674	9,796,050
		<b>OTHER INCOME</b>		
50,377	53,193	Bond Interest . . . . .	53,193	50,377
130,162	130,182	Trade Investments . . . . .	130,182	130,162
—	—	Other Investments . . . . .	14,182	16,489
—	—	Loan Interest . . . . .	1,031	1,798
5,951,032	6,338,631		11,482,262	9,994,876
1,768,489	1,786,659	<b>DEPLETION AND DEPRECIATION</b> . . . . .	2,275,555	2,305,937
4,182,543	4,551,972		9,206,707	7,688,939
1,825,000	2,150,000	<b>INCOME TAX</b> —estimated . . . . .	3,781,000	3,056,800
2,357,543	2,401,972	<b>NET PROFIT</b> before inter-company divi- dends . . . . .	5,425,707	4,632,139
1,000,000	2,500,000	Dividends from a Subsidiary Company . . . . .	—	—
3,357,543	4,901,972		5,425,707	4,632,139
9,268,743	9,327,237	<b>BALANCE FROM LAST ACCOUNT</b> . . . . .	13,924,678	12,591,588
12,626,286	14,229,209	<b>DIVIDENDS</b>	19,350,385	17,223,727
		Four interim dividends of 15c per stock unit paid or payable in respect of the year 1956 . . . . .	3,299,049	3,299,049
3,299,049	3,299,049	<b>BALANCE CARRIED FORWARD</b> . . . . .	\$16,051,336	\$13,924,678
\$ 9,327,237	\$10,930,160			
<b>NOTE</b>				
<b>TRADING INCOME</b> is arrived at after charging the following:—				
Payments to Directors of Parent Com- pany:—				
\$ 7,500	\$ 15,000	Fees . . . . .	\$ 15,500	\$ 8,000
115,761	157,766	Other Emoluments . . . . .	172,670	129,952
12,000	12,000	Pension to former Director of Parent Com- pany . . . . .	12,000	12,000
10,357	10,645	Auditors' Remuneration and Expenses . . . . .	16,887	16,268

**NOTES** — explanatory notes on accounts

**NOTE 1. FIXED ASSETS**

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

31st DECEMBER, 1955			31st DECEMBER, 1956		
Cost	Depletion and Depreciation	Balance	Cost	Depletion and Depreciation	Balance
<b>CONSOLIDATED</b>					
4,348,244	2,418,262	1,929,982	4,356,528	2,556,136	1,800,392
37,506,124	18,828,977	18,677,147	39,418,425	20,797,499	18,620,926
2,590,949	1,360,028	1,230,921	2,481,374	1,362,618	1,118,756
3,427,770	2,435,489	992,281	3,339,496	2,443,421	896,075
269,295	—	269,295	277,981	—	277,981
<u>\$48,142,382</u>	<u>\$25,042,756</u>	<u>\$23,099,626</u>	<u>\$49,873,804</u>	<u>\$27,159,674</u>	<u>\$22,714,130</u>
<b>PARENT COMPANY</b>					
3,708,194	2,081,259	1,626,935	3,708,194	2,209,805	1,498,389
29,290,499	15,069,188	14,221,311	31,139,150	16,583,816	14,555,334
2,205,043	1,146,597	1,058,446	2,048,655	1,124,234	924,421
3,427,770	2,435,489	992,281	3,339,496	2,443,422	896,074
<u>\$38,631,506</u>	<u>\$20,732,533</u>	<u>\$17,898,973</u>	<u>\$40,235,495</u>	<u>\$22,361,277</u>	<u>\$17,874,218</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 \$4,608,971 so that the original cost of existing Fixed Assets of the Parent Company is \$44,844,466.



**NOTE 2. OTHER INVESTMENTS (Not Quoted)**

	31st December, 1955	31st December, 1956
Investments at Cost . . . . .	362,451	126,027
Deduct:		
Provision for Depletion . . . . .	53,322	20,102
Per Consolidated Balance Sheet . . . . .	<u>\$309,129</u>	<u>\$105,925</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, 1956 were as follows:—**

	PARENT COMPANY	CONSOLIDATED
Estimated amount required to complete Capital Construction in Progress	\$1,868,289	\$1,868,289
Estimated Cost of Other Construction Work approved by the Directors but not commenced by 31st December, 1956 . . . . .	\$ 438,175	\$ 943,175

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

PARENT COMPANY			CONSOLIDATED	
Capital Reserves	Revenue Reserves		Capital Reserves	Revenue Reserves
1,693,041	419,463	Balance at 31st December, 1955 . . . . .	5,578,831	419,463
467,131	—	Surplus on Disposal of Property and Equipment . . . . .	489,556	—
<hr/>	<hr/>		<hr/>	<hr/>
2,160,172	419,463	Loss on Liquidation of Mining Investment . . . . .	6,068,387	419,463
—	—		36,710	—
<hr/>	<hr/>		<hr/>	<hr/>
\$2,160,172	\$ 419,463	Balance at 31st December, 1956 . . . . .	<u>\$6,031,677</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*  
P. GRUCHY, C.B.E. . . . . *First Vice-President*  
J. S. GOODYEAR . . . . . *Vice-President*  
T. R. MOORE . . . . . *Vice-President and General Manager*  
THE VISCOUNT ROTHERMERE . . . . . A. S. FULLER  
E. A. SURSHAM . . . . . G. BECKETT  
THE EARL OF CROMER, M.B.E. . . . . B. C. GARDNER, M.C.  
W. E. SOLES

**BANKERS**

BANK OF MONTREAL

**SOLICITORS**

COMMON, HOWARD, CATE, OGLIVY, 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



