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# 1955 Annual Report

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Anglo-Newfoundland Development  
Company, Limited





Company Townsite, Grand Falls, Nfld.

# Fifty years -

*The year 1955 marks the 50th anniversary of the incorporation of the original Company which was succeeded in 1933 by the present Company of the same name.*

*Its history has been one of progressive development and its strength and stability are a tribute to the vision and enterprise of its Founders.*

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 Monday, the Twenty-first day of May, 1956, 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, 1955.
2. To elect Directors in the place of those retiring and to vote the remuneration of Directors for the year ending 31st December, 1956.
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 17th day of April, 1956.  
Grand Falls,  
Province of Newfoundland,  
Canada.



# ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

(INCORPORATED IN NEWFOUNDLAND)

## DIRECTORS

W. H. HOWARD, C.B.E., Q.C. . . . .	<i>Chairman of the Board</i>
ELLIOTT M. LITTLE . . . . .	<i>President</i>
P. GRUCHY, C.B.E. . . . .	<i>First Vice-President</i>
J. S. GOODYEAR . . . . .	<i>Vice-President</i>
T. R. MOORE . . . . .	<i>General Manager</i>
THE VISCOUNT ROTHERMERE	A. S. FULLER
R. C. McMICHAEL, Q.C.	G. BECKETT
E. A. SURSHAM	B. C. GARDNER, M.C.

THE EARL OF CROMER, M.B.E.

## BANKERS

BANK OF MONTREAL

## SOLICITORS

McMICHAEL, COMMON, HOWARD, CATE, OGILVY & BISHOP  
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

# Report

## OF THE DIRECTORS

For the Year ended 31st December, 1955

The Directors submit herewith their Twenty-third 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 \$4,632,139, compared with \$3,631,516 for the year 1954. These amounts were derived from the following Companies and operations:

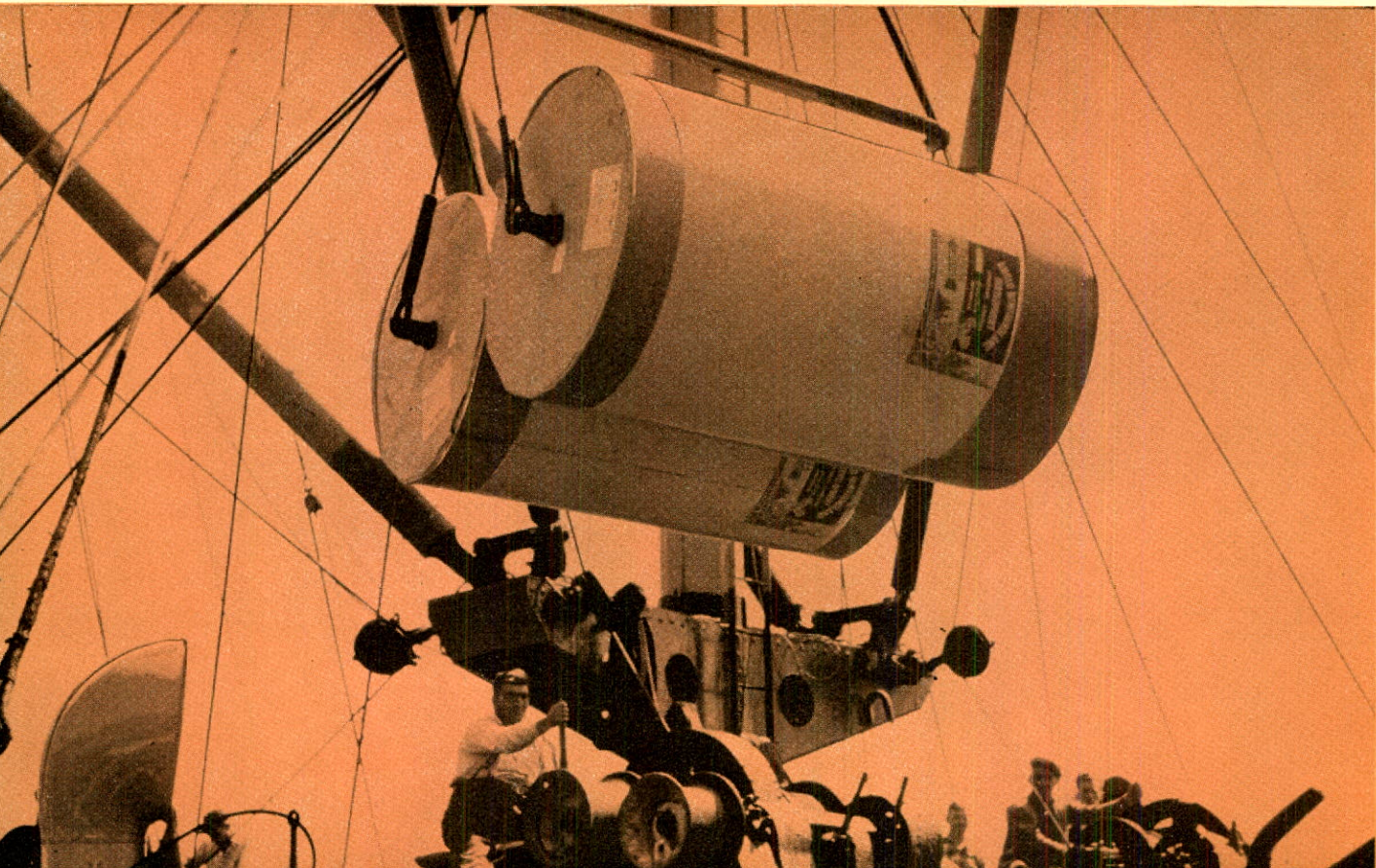
	1955	1954
Parent Company from newsprint and ancillary operations and from sundry investments, other than subsidiaries . . . . .	2,357,543	2,148,625
Gaspesia Sulphite Company Ltd. from sulphite pulp operations . . . . .	413,574	258,480
Terra Nova Properties Limited from mining interests . . . . .	1,847,758	1,222,076
Montmorency Shipping Limited from steamship operations . . . . .	13,264	2,335
	<u>\$4,632,139</u>	<u>\$3,631,516</u>

The Consolidated Surplus brought forward from last year was \$12,591,588. To this was added the net profit for the year, making a total of \$17,223,727. 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 \$13,924,678.

By Order of the Board,

J. S. GOODYEAR, *Secretary.*

17th April, 1956.



Newsprint  
Loading  
Operation,  
Botwood, Nfld.

# ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

AND SUBSIDIARY COMPANIES

## PROFIT AND LOSS AND SURPLUS ACCOUNTS

Year ended 31st December, 1955

PARENT COMPANY			CONSOLIDATED	
1954	1955		1955	1954
5,255,321	5,770,493	<b>TRADING INCOME</b> (See footnote) . . . . .	9,796,050	8,075,166
		<b>OTHER INCOME</b>		
46,476	50,377	Bond Interest . . . . .	50,377	46,476
130,132	130,162	Trade Investments . . . . .	130,162	130,132
—	—	Other Investments . . . . .	16,489	10,744
—	—	Loan Interest . . . . .	1,798	2,092
5,431,929	5,951,032		9,994,876	8,264,610
1,783,304	1,768,489	<b>DEPLETION AND DEPRECIATION</b>	2,305,937	2,373,694
3,648,625	4,182,543		7,688,939	5,890,916
1,500,000	1,825,000	<b>INCOME TAX</b> — estimated . . . . .	3,056,800	2,259,400
		<b>NET PROFIT</b> before inter-company dividends . . . . .	4,632,139	3,631,516
2,148,625	2,357,543	Dividends from a Subsidiary Company . . . . .	—	—
750,000	1,000,000		4,632,139	3,631,516
2,898,625	3,357,543	<b>BALANCE FROM LAST ACCOUNT</b> . . . . .	12,591,588	12,259,121
9,669,167	9,268,743		17,223,727	15,890,637
12,567,792	12,626,286	<b>DIVIDENDS</b>		
		Four interim dividends of 15c per stock unit paid or payable in respect of the year 1955 . . . . .	3,299,049	3,299,049
3,299,049	3,299,049	<b>BALANCE CARRIED FORWARD</b> . . . . .	\$13,924,678	\$12,591,588
\$ 9,268,743	\$ 9,327,237			

**NOTE**

**TRADING INCOME** is arrived at after charging the following:—

		Payments to Directors of Parent Company:—	
\$ 8,250	\$ 7,500	\$ 8,000	\$ 8,750
109,106	115,761	129,952	130,460
12,000	12,000	12,000	12,000
10,606	10,357	16,268	15,945
—	22,497	22,497	—
—	22,497	22,497	—



31st DECEMBER, 1955

ANGLO-NEWFOUNDLAND

PARENT COMPANY

<u>31st December, 1954</u>	<u>31st December, 1955</u>
37,552,725	38,631,506
19,418,409	20,732,533
18,134,316	17,898,973
1,912,658	1,912,658
5,435	—
1,918,093	1,912,658
1,623,401	1,796,152
125,000	125,000
1,748,401	1,921,152
8,457,133	9,191,387
487,632	621,630
2,557,202	2,589,353
4,437,209	4,972,646
2,247,000	2,247,000
3,021,062	2,281,513
21,207,238	21,903,529
1,537,788	1,742,584
—	13,556
789,460	1,104,796
171,909	194,035
824,763	824,763
824,762	824,762
4,148,682	4,704,496
17,058,556	17,199,033
<u>\$38,859,366</u>	<u>\$38,931,816</u>
<u>\$30,000,000</u>	<u>\$30,000,000</u>
27,492,075	27,492,075
1,679,085	1,693,041
419,463	419,463
9,268,743	9,327,237
11,367,291	11,439,741
<u>\$38,859,366</u>	<u>\$38,931,816</u>

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

**SUBSIDIARY COMPANIES**  
Shares at Cost.....  
Current Accounts.....

**INVESTMENTS AND LOANS**  
Trade Investments at Cost.....  
Other Investments (not quoted) at.....  
Loans to Associated Companies.....

**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 Company Current Acco.....  
Income Tax — estimated.....  
Provisions.....  
Dividend declared payable 4th Janu.....  
Dividend declared payable 5th Apri.....

**WORKING CAPITAL**.....

**TOTAL NET ASSETS**

**CAPITAL**  
Authorized 6,000,000 Ordinary Sha.....  
Issued and Converted into Stock (5.....

**RESERVES AND SURPLUS**  
Capital Reserves (Note 3).....  
Revenue Reserves (Note 3).....  
Profit and Loss Surplus.....

On behalf of

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, 1955, and report that we have obtained all the information kept by the Company so far as appears from our examination of those books. We have examined the above Balance Sheet and the annexed Profit and Loss Account and 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 at the end of the year.

We have also examined the above Consolidated Balance Sheet and annexed Consolidated Profit and Loss Account of the Company and its Subsidiary Companies, and report that they 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 for the year.

9, Basinghall Street, London, E.C.2,  
17th April, 1956.





DEVELOPMENT COMPANY, LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED

	<u>31st December, 1955</u>		<u>31st December, 1954</u>
.....	48,142,382		46,996,547
.....	25,042,756		23,201,418
	<u>23,099,626</u>		<u>23,795,129</u>
.....	—		—
.....	—		—
.....	1,798,652		1,625,901
.....	309,129		499,392
.....	179,000		188,000
.....	<u>2,286,781</u>		<u>2,313,293</u>
.....	10,506,111		9,650,284
.....	655,086		513,044
.....	3,990,751		3,877,604
.....	8,001,515		6,789,741
.....	2,247,000		2,247,000
.....	4,805,133		5,022,151
	<u>30,205,596</u>		<u>28,099,824</u>
.....	4,087,448		4,624,327
.....	2,127,948		1,503,852
.....	312,035		289,909
.....	824,763		824,763
.....	824,762		824,762
	<u>8,176,956</u>		<u>8,067,613</u>
	<u>22,028,640</u>		<u>20,032,211</u>
	<u>\$47,415,047</u>		<u>\$46,140,633</u>
.....	\$30,000,000		\$30,000,000
.....	<u>27,492,075</u>		<u>27,492,075</u>
.....	5,578,831		5,637,507
.....	419,463		419,463
.....	13,924,678		12,591,588
	<u>19,922,972</u>		<u>18,648,558</u>
.....	<u>\$47,415,047</u>		<u>\$46,140,633</u>
.....			
The Board: E. M. LITTLE } Directors			
J. S. GOODYEAR }			

on 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  
 s 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  
 mpany's affairs at 31st December, 1955 and, in the case of the Profit and Loss Account, of the profit of the year to that date.  
 aries with the audited accounts of those Companies. In our opinion such Consolidated Balance Sheet and Consolidated Profit and Loss Account have been  
 nd its Subsidiaries so far as concerns the members of the Company.

LEVER, HONEYMAN & Co., } Auditors.  
 Chartered Accountants }

# Notes

## ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

AND SUBSIDIARY COMPANIES

### EXPLANATORY NOTES ON ACCOUNTS

#### NOTE 1. FIXED ASSETS

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

31st DECEMBER, 1954			31st DECEMBER, 1955		
Cost	Depletion and Depreciation	Balance	Cost	Depletion and Depreciation	Balance
<b>CONSOLIDATED</b>					
4,343,487	2,290,799	2,052,688	4,348,244	2,418,262	1,929,982
36,289,070	17,178,462	19,110,608	37,506,124	18,828,977	18,677,147
2,686,219	1,406,183	1,280,036	2,590,949	1,360,028	1,230,921
3,427,770	2,325,974	1,101,796	3,427,770	2,435,489	992,281
250,001	—	250,001	269,295	—	269,295
<u>\$46,996,547</u>	<u>\$23,201,418</u>	<u>\$23,795,129</u>	<u>\$48,142,382</u>	<u>\$25,042,756</u>	<u>\$23,099,626</u>
<b>PARENT COMPANY</b>					
3,706,445	1,952,599	1,753,846	3,708,194	2,081,259	1,626,935
28,111,381	13,924,279	14,187,102	29,290,499	15,069,188	14,221,311
2,307,129	1,215,557	1,091,572	2,205,043	1,146,597	1,058,446
3,427,770	2,325,974	1,101,796	3,427,770	2,435,489	992,281
<u>\$37,552,725</u>	<u>\$19,418,409</u>	<u>\$18,134,316</u>	<u>\$38,631,506</u>	<u>\$20,732,533</u>	<u>\$17,898,973</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 \$4,683,926 so that the original cost of existing Fixed Assets of the Parent Company is \$43,315,432.

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

	31st December, 1954	31st December, 1955
Investments at Cost . . . . .	591,579	362,451
Deduct:		
Provision for Depletion . . . . .	92,187	53,322
Per Consolidated Balance Sheet . . . . .	<u>\$499,392</u>	<u>\$309,129</u>

#### NOTE 3. RESERVES — Movements during year were as follows:—

PARENT COMPANY			CONSOLIDATED	
Capital Reserves	Revenue Reserves		Capital Reserves	Revenue Reserves
1,679,085	419,463	Balance at 31st December, 1954 . . . . .	5,637,507	419,463
24,543	—	Surplus on Disposal of Property and Equipment . . . . .	29,396	—
<u>1,703,628</u>	<u>419,463</u>	Residual balances of Fixed Assets scrapped or obsolete . . . . .	10,587	—
10,587	—	Loss on Liquidation of Mining Investment . . . . .	77,485	88,072
<u>\$1,693,041</u>	<u>\$ 419,463</u>	Balance at 31st December, 1955 . . . . .	<u>\$5,578,831</u>	<u>\$ 419,463</u>

#### NOTE 4. CAPITAL COMMITMENTS at 31st December, 1955 were as follows:—

	PARENT COMPANY	CONSOLIDATED
Estimated amount required to complete Capital Construction in Progress	\$1,318,130	\$1,318,130
Estimated Cost of Other Construction Work approved by the Directors but not commenced by 31st December, 1955 . . . . .	\$ 892,800	\$ 892,800

## **S T A T E M E N T   B Y   T H E   P R E S I D E N T**

MR. ELLIOTT M. LITTLE

THE MARKED IMPROVEMENT in consolidated earnings of the Company for 1955 arose out of higher production of newsprint and a substantial increase in the revenue from its mining interests. Both sources of income were aided by a strengthening of the United States dollar.

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

The demand for the Company's products was good throughout the year. Production of 231,736 tons of newsprint set a record for the Company. The benefits which might have been expected from improved manufacturing facilities and more favourable exchange rates were largely offset by a general wage increase and higher delivery expenses.

The major projects under the long-term rehabilitation programme have now been completed, but preliminary work on the speeding-up of three newsprint machines has been commenced, as part of the plan to further increase production, to which I referred in my report of last year.

The outlook for the year ahead is undoubtedly favourably influenced by a newsprint price increase of \$4.00 per ton which became effective on 1st January, 1956. The extent of increased earnings may not, however, be safely forecast at this time due to continued rising costs.

Reference was made in my 1953 report to the Company's interest in the British Newfoundland Corporation Limited. Additional shares in the latter Company were purchased in the past two years and 259,651 shares at one Canadian dollar per share are now held.

### **GASPESIA SULPHITE COMPANY LTD.**

The Mill operated at capacity throughout the year and produced a total of 79,774 tons or 5,688 tons more than in 1954. Of this total, 22,764 tons was unbleached sulphite pulp and 57,010 tons bleached pulp.

The price of each product was increased by \$10.00 per ton during the year, the differential between the two prices remaining at \$20.00 per ton. The higher proceeds obtained from sales were partly offset by increased costs of raw material, chiefly pulpwood.

Prices and demand, at least for the immediate future, appear to be firm.

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

The improvement in base metal prices was responsible for the increased earnings from the Company's Newfoundland property and its other mining interests.

The quantity of ore mined and milled at the Buchans Mine was 291,000 short tons compared with 340,000 tons for 1954, the decrease of 49,000 tons being due to a work stoppage of 37 days caused by a labour dispute.

Exploration and geological reconnaissance work was carried out throughout the summer season on areas within the Crown Lands Concession, but no mineralization of economic importance was discovered.

Buchans ore reserves as of 31st December, 1955 were estimated to contain approximately 6,000,000 short tons of assured and probable ore, as compared with 5,694,000 tons at the end of 1954, the increase of approximately 306,000 tons coming from R-1 and R-4 orebodies.

Mine development for the year consisted of approximately 16,000 feet of diamond drilling, of which 6,000 feet were carried out underground outlining R-4 orebody and 10,000 feet in conjunction with development work in R-1 and O-2 orebodies.

Production for 1956 is estimated at approximately 340,000 short tons of the same grade as that obtained during 1955.

#### **TERRA NOVA EXPLORATIONS, LTD. (No personal liability)**

The above Company was incorporated under the Quebec Mining Companies Act on 7th February, 1955 with an authorized share capital of 20,000 shares of the par value of \$1 each, of which 2,000 shares were issued and subscribed for by Terra Nova Properties Limited. The primary purpose of this Company is to prospect for minerals in the Province of Quebec.

#### **MONTMORENCY SHIPPING LIMITED**

The financial results of this Company for the year ended 31st December, 1955 resulted in a small profit, which may be considered satisfactory in the light of general conditions prevailing throughout the year. The Company continues to operate a number of vessels on time charter for the purpose of delivering newsprint to the parent Company's customers. Deliveries were carried out at costs which were not affected to the full extent of the increase in the going ocean freight and charter rates.

#### **CONSOLIDATED POSITION**

Consolidated Profit, after depreciation and taxes, of \$4,632,139 is equivalent to 84c per stock unit, compared with \$3,631,516 or 66c per stock unit for the previous year. Consolidated Working Capital amounted to \$22,028,640 compared with \$20,032,211 as at 31st December, 1954.

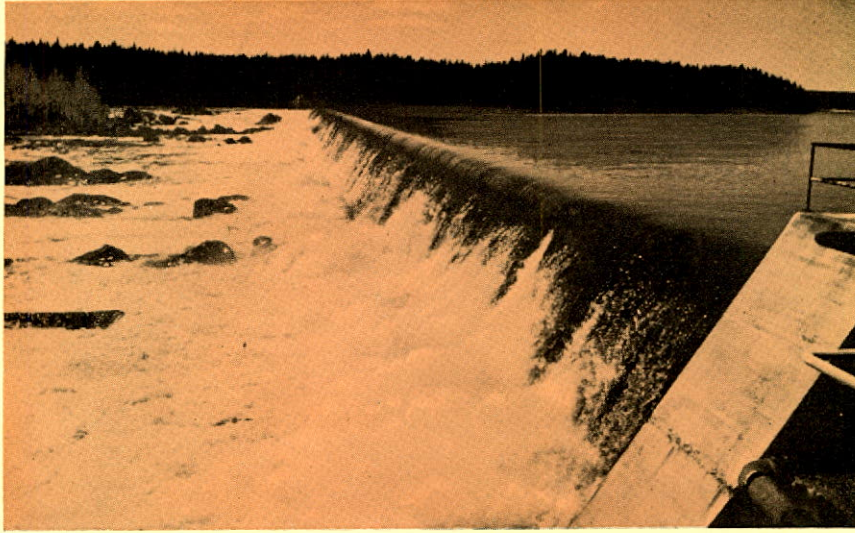
I wish to express my appreciation of the loyal and efficient services rendered by the officers and employees of the Company throughout the year.



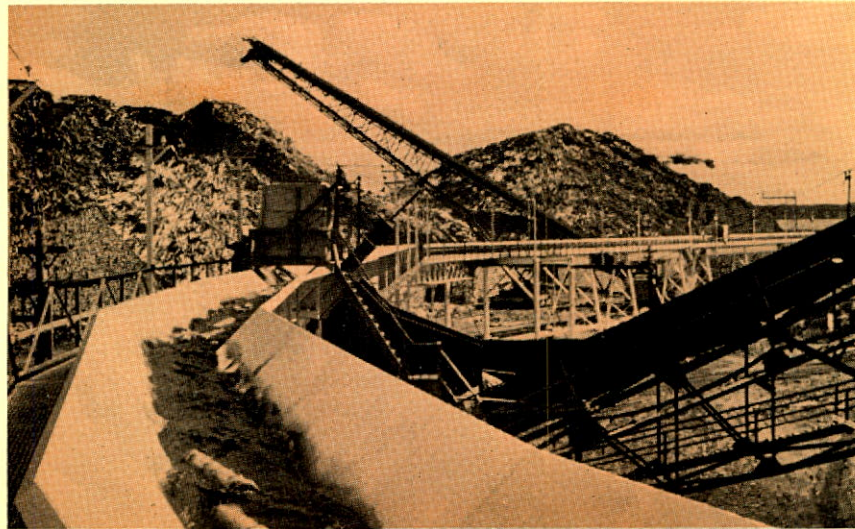
*President.*

17th April, 1956.

Grand "Falls", Nfld.



Section of Wood Yard, Grand Falls, Nfld.



Roll Newsprint ready for shipment.





Pulpwood Boom, Bishop's Falls, Nfld.

