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1954

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

(INCORPORATED IN NEWFOUNDLAND)

Directors

ELLIOTT M. LITTLE *President*
 W. H. HOWARD, C.B.E., Q.C. *Chairman of the Board*
 PHILIP GRUCHY, C.B.E. *First Vice-President*
 J. S. GOODYEAR *Vice-President*
 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, KER & CATE
 The Royal Bank Building
 Montreal, P.Q.

Auditors

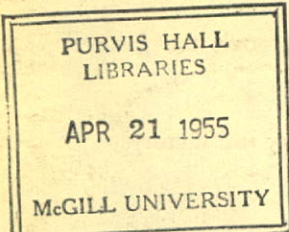
LEVER, HONEYMAN & Co., 9, Basinghall Street
 LONDON, E.C. 2

Secretary-Treasurer and Registered Office

J. S. GOODYEAR, C.A., F.C.I.S., Grand Falls
 NEWFOUNDLAND

Branch Transfer Offices

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



REPORT OF THE DIRECTORS

For the Year ended 31st December, 1954

The Directors submit herewith their Twenty-second 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 \$3,631,516, compared with \$2,935,986 for the year 1953. These amounts were derived from the following Companies and operations:

	1954	1953
Parent Company from newsprint and ancillary operations and from sundry investments, other than subsidiaries	2,148,625	2,448,831
Terra Nova Properties Ltd. from mining interests	1,222,076	410,325
Gaspesia Sulphite Co. Ltd. from sulphite pulp operations	258,480	119,838
Montmorency Shipping Ltd. from steamship operations	2,335	(43,008) Loss
	<u>\$3,631,516</u>	<u>\$2,935,986</u>

The Consolidated Surplus brought forward from last year was \$12,259,121. To this was added the net profit for the year, making a total of \$15,890,637. Four interim dividends of 15¢ each were declared in respect of the year and these absorbed \$3,299,049, leaving a surplus carried forward of \$12,591,588.

By Order of the Board,

J. S. GOODYEAR,

Secretary.

12th April, 1955.

STATEMENT BY THE PRESIDENT

MR. ELLIOTT M. LITTLE

The results of the operations of the Company for the year 1954 were generally satisfactory. There was a drop in earnings from our newsprint operations due to increased pulpwood and manufacturing costs together with a further weakening of the United States dollar. However, the reduced profit of the parent Company was more than offset by the increase in revenue from its mining interests, resulting in an overall increase in profits over 1953.

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

With the expected completion in 1955, of a modern wood handling system and major repairs to its older penstocks, the Company will have reached the end of the rehabilitation programme commenced some eight years ago. A plant to produce sulphur dioxide gas from the burning of iron pyrite concentrate from the Buchans mine for making sulphite mill cooking acid has been completed and operations commenced early in 1955. Additional capital expenditure will be incurred as demanded by current operating requirements and as worn out plant and obsolete machinery require to be replaced. It is expected that normal depreciation will be adequate to meet these requirements.

Plans are under active study to increase the newsprint production of the Mill, mainly through the greater utilization of present facilities, to the full capacity of the Company's timber limits to supply wood.

A good demand for newsprint continues and the Company's contract or order position is very satisfactory.

GASPESIA SULPHITE COMPANY LTD.

During the year 31,603 tons of unbleached sulphite pulp and 42,483 tons of bleached sulphite pulp were produced, or a total of 74,086 tons, compared with 54,176 tons of unbleached pulp and 14,426 tons of bleached pulp, or a total of 68,602 tons in 1953.

As a result of the larger quantity obtained, the cost of production per ton shows a slight decrease in 1954. The prices of unbleached and bleached sulphite pulps remained unchanged during the year. The price of unbleached pulp increased by \$5.00 per ton in January 1955, with the result that the differential per ton between the prices of these pulps is now reduced to \$15.00. Pulp demand and pulp prices show signs of firming.

The principal item of capital additions in 1954 was the conversion of a major section of the steam plant to burn oil and the installation of the necessary oil handling and storing facilities.

TERRA NOVA PROPERTIES LIMITED — BUCHANS MINE

Operations were continuous throughout the year and ore mined and milled was 340,000 short tons — 6,000 tons less than for 1953. Improved grade of ore mined plus higher metal prices were responsible for the increased revenue obtained from the sale of metals in 1954.

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.

Ore reserves as of 31st December, 1954 were estimated to contain 5,694,000 short tons of assured and probable ore. The increase of established reserves was made possible by additional underground diamond drill hole intersections in R-4 orebody and the delimiting of Oriental No. 2 orebody by surface diamond drill holes. A small tonnage of low grade ore, remaining in old sections of the mine, is also available for extraction.

Mine development for the year totalled 10,405 feet, with 87% of this work being done in the Rothermere mine, for opening up stoping areas and for continuing with exploration of R-4 orebody. The heavy development programme in Rothermere mine will continue next year and opening up Oriental No. 2 orebody will be started.

Production estimate for 1955 calls for approximately the same tonnage and grade as that obtained during 1954.

MONTMORENCY SHIPPING LIMITED

This Company continues to operate a fleet of time chartered vessels for the movement of newsprint to the parent Company's American customers. The downward trend of shipping rates continued well into 1954, tending to rise sharply in the last two months of the year. Despite the adverse effect of these low rates on revenue from outside cargoes, the cost of freighting newsprint tonnage was slightly lower than that of the previous year. Under the circumstances the showing of a small profit during 1954 may be considered satisfactory.

I have to record with deep regret the death on 20th January, 1955 of Mr. C. Clifford Lawes, Vice-President of Montmorency Shipping Limited. Mr. Lawes had been associated with our shipping interests for the past fifteen years, which included the difficult Second World War period. His service to this Company will be greatly missed.

CONSOLIDATED POSITION

Consolidated Profit, after depreciation and taxes, of \$3,631,516 is equivalent to 66¢ per stock unit, compared with \$2,935,986 or 53¢ per stock unit for the previous year. Consolidated Working Capital amounted to \$20,032,211 as at 31st December, 1954, compared with \$19,790,981 as at 31st December, 1953.

I should like again to express my sincere appreciation of the excellent efforts of the officers and employees of the Company.

BALANCE SHEETS, 31st DECEMBER 1954

PARENT COMPANY			
31st December, 1953		31st December, 1954	
35,853,345		37,552,725	
17,868,516	17,984,829	19,418,409	18,134,316
1,912,658		1,912,658	
20,084	1,932,742	5,435	1,918,093
1,557,501		1,623,401	
125,000	1,682,501	125,000	1,748,401
8,572,634		8,457,133	
627,549		487,632	
2,628,420		2,557,202	
4,047,418		4,437,209	
2,209,762		2,247,000	
3,847,767		3,021,062	
21,933,550		21,207,238	
1,479,911		1,537,788	
1,020,485		789,460	
255,685		171,909	
824,763		824,763	
824,762		824,762	
4,405,606	17,527,944	4,148,682	17,058,556
	\$39,128,016		\$38,859,366
\$30,000,000		\$30,000,000	
	27,492,075		27,492,075
1,605,898		1,679,085	
360,876		419,463	
9,669,167	11,635,941	9,268,743	11,367,291
	\$39,128,016		\$38,859,366

	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 Cost
	Loans to Associated Companies
	Current Assets
	Pulpwood and Logging Supplies, at Cost
	Deferred Logging Expenditure
	Stocks of Paper and Pulp, Mill and Millwrights' Tools
	Debtors and Prepaid Expenses
	Government of Canada Bonds (Marked for Sale)
	Cash at Banks and on Deposit and in Hand
	Deduct:
	Current Liabilities
	Trade and Other Creditors
	Income Tax — estimated
	Provisions
	Dividend declared payable 4th January
	Dividend declared payable 5th April
	Working Capital
	Total Net Assets
	Capital
	Authorized 6,000,000 Ordinary Shares
	Issued and Converted into Stock (5,400,000 Shares)
	Reserves and Surplus
	Capital Reserves (Note 3)
	Revenue Reserves (Note 3)
	Profit and Loss Surplus
	On behalf of the Directors

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, 1954, and report that we have obtained an opinion proper books of account have been kept by the Company so far as appears from our examination of those books. We have also examined the above Consolidated Balance Sheet and annexed Consolidated Profit and Loss Account of the Company for the year to 31st December, 1954 and, in the case of the Profit and Loss Account, of the profit of the year to that date.

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9, Basinghall Street,
London, E.C. 2,
12th April, 1955.

DEVELOPMENT COMPANY, LIMITED

AND

COMPANIES

31st DECEMBER, 1954

CONSOLIDATED

	31st December, 1954	31st December, 1953
	46,996,547	44,710,071
	23,201,418	21,061,508
	23,795,129	23,648,563
	—	—
	—	—
	1,625,901	1,560,001
Cost less Amortization (Note 2)	499,392	501,541
	188,000	197,000
	2,313,293	2,258,542
Cost or under	9,650,284	9,998,421
	513,044	657,323
Railway Supplies, at Cost or under	3,877,604	3,938,396
	6,789,741	5,311,989
Net Value: \$2,255,792)	2,247,000	2,209,762
Hand	5,022,151	5,520,576
	28,099,824	27,636,467
	4,624,327	4,252,046
	1,503,852	1,570,230
	289,909	373,685
1955	824,763	824,763
1955	824,762	824,762
	8,067,613	7,845,486
	20,032,211	19,790,981
	\$46,140,633	\$45,698,086
Shares of \$5 each	\$30,000,000	\$30,000,000
98,415 Units of \$5 each)	27,492,075	27,492,075
	5,637,507	5,586,014
	419,463	360,876
	12,591,588	12,259,121
	18,648,558	18,206,011
Members of the Board:	\$46,140,633	\$45,698,086
E. M. LITTLE } J. S. GOODYEAR } Directors.		

obtained all the information and explanations which to the best of our knowledge and belief were necessary for that purpose. In our opinion we have examined the above Balance Sheet and the annexed Profit and Loss Account of the Company which are in agreement with the accounts and the notes 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

of the Company and its Subsidiaries with the audited accounts of those Companies. In our opinion such Consolidated Balance Sheet and Profit and Loss Account give 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

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

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

AND

SUBSIDIARY COMPANIES

PROFIT AND LOSS AND SURPLUS ACCOUNTS

Year ended 31st December, 1954

<u>PARENT COMPANY</u>			<u>CONSOLIDATED</u>	
1953	1954		1954	1953
6,107,124	5,255,321	Trading Income (See footnote)	8,075,166	7,362,740
		Other Income		
58,403	46,476	Bond Interest	46,476	72,906
130,132	130,132	Trade Investments	130,132	130,132
—	—	Other Investments	10,744	46,479
—	—	Loan Interest	2,092	6,920
<u>6,295,659</u>	<u>5,431,929</u>		<u>8,264,610</u>	<u>7,619,177</u>
1,761,828	1,783,304	Depletion and Depreciation	2,373,694	2,354,784
<u>4,533,831</u>	<u>3,648,625</u>		<u>5,890,916</u>	<u>5,264,393</u>
2,085,000	1,500,000	Income Tax — estimated	2,259,400	2,328,407
<u>2,448,831</u>	<u>2,148,625</u>	Net Profit before inter-company dividends	3,631,516	2,935,986
1,250,000	750,000	Dividends from a Subsidiary Company	—	—
<u>3,698,831</u>	<u>2,898,625</u>		<u>3,631,516</u>	<u>2,935,986</u>
9,269,385	9,669,167	Balance from last Account	12,259,121	12,622,184
<u>12,968,216</u>	<u>12,567,792</u>		<u>15,890,637</u>	<u>15,558,170</u>
		Dividends		
3,299,049	3,299,049	Four interim dividends of 15¢ per stock unit paid or payable in respect of the year 1954	3,299,049	3,299,049
<u>\$ 9,669,167</u>	<u>\$ 9,268,743</u>	Balance Carried Forward	<u>\$12,591,588</u>	<u>\$12,259,121</u>

NOTE

Trading Income is arrived at after charging the following: —

\$	\$		\$	\$
9,000	8,250	Payments to Directors of Parent Company:—		
124,630	109,106	Fees	8,750	9,500
12,000	12,000	Other Emoluments	130,460	164,503
9,993	10,606	Pension to former Director of Parent Company	12,000	12,000
<u>9,993</u>	<u>10,606</u>	Auditors' Remuneration and Expenses	<u>15,945</u>	<u>15,019</u>

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, 1953			31st December, 1954			
Cost	Depletion and Depreciation	Balance		Cost	Depletion and Depreciation	Balance
CONSOLIDATED						
4,334,503	2,163,669	2,170,834	Timber Limits, Water Power and Freehold Land	4,343,487	2,290,799	2,052,688
34,075,368	15,338,505	18,736,863	Mills, Buildings, Plant, Machinery, etc.	36,289,070	17,178,462	19,110,608
2,607,740	1,336,505	1,271,235	Town Properties and Utilities	2,686,219	1,406,183	1,280,036
3,442,459	2,222,829	1,219,630	Railways & Equipment, Wharves and Storage Facilities	3,427,770	2,325,974	1,101,796
250,001	—	250,001	Mining Rights and Mining Developments	250,001	—	250,001
<u>\$44,710,071</u>	<u>\$21,061,508</u>	<u>\$23,648,563</u>		<u>\$46,996,547</u>	<u>\$23,201,418</u>	<u>\$23,795,129</u>
PARENT COMPANY						
3,706,445	1,844,746	1,861,699	Timber Limits, Water Power and Freehold Land	3,706,445	1,952,599	1,753,846
26,473,698	12,630,485	13,843,213	Mill, Buildings, Plant, Machinery, etc.	28,111,381	13,924,279	14,187,102
2,230,743	1,170,456	1,060,287	Town Properties and Utilities	2,307,129	1,215,557	1,091,572
3,442,459	2,222,829	1,219,630	Railways & Equipment, Wharves and Storage Facilities	3,427,770	2,325,974	1,101,796
<u>\$35,853,345</u>	<u>\$17,868,516</u>	<u>\$17,984,829</u>		<u>\$37,552,725</u>	<u>\$19,418,409</u>	<u>\$18,134,316</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 \$4,807,126 so that the original cost of existing Fixed Assets of the Parent Company is \$42,359,851.

Note 2. OTHER INVESTMENTS (Not Quoted)

	31st December, 1953	31st December, 1954
Investments at Cost	591,579	591,579
Deduct:		
Provision for Amortization	90,038	92,187
Per Consolidated Balance Sheet	<u>\$501,541</u>	<u>\$499,392</u>

Note 3. RESERVES—Movements during year were as follows:—

PARENT COMPANY			CONSOLIDATED	
Capital Reserves	Revenue Reserves		Capital Reserves	Revenue Reserves
1,605,898	360,876	Balance at 31st December, 1953	5,586,014	360,876
99,548	—	Surplus on Disposal of Property and Equipment	110,279	—
—	58,587	Charge to Income for Forest Fire Fighting	—	58,587
1,705,446	419,463	Residual balances of Fixed Assets scrapped or obsolete	5,696,293	419,463
26,361	—	Balance at 31st December, 1954	58,786	—
<u>\$1,679,085</u>	<u>\$ 419,463</u>		<u>\$5,637,507</u>	<u>\$ 419,463</u>

Note 4. CAPITAL COMMITMENTS at 31st December, 1954 were as follows:—

	PARENT COMPANY	CONSOLIDATED
Estimated amount required to complete Capital Construction in Progress	\$837,746	\$837,746
Estimated Cost of Other Construction Work approved by the Directors but not commenced by 31st December, 1954	\$498,500	\$498,500
Balance of agreed contribution towards the cost of a wharf extension payable over a period not exceeding twelve years	—	\$ 33,030
Obligation to subscribe for further shares in British Newfoundland Corporation Limited	\$ 84,100	\$ 84,100

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

Directors' Report and Statement of Accounts

Year to 31st December, 1954

NOTICE IS HEREBY GIVEN that the Ordinary General Meeting of ANGLO-NEWFOUNDLAND DEVELOPMENT CO., LIMITED, will be held at the Offices of the Company, Grand Falls, Province of Newfoundland, on Thursday, the Twelfth day of May, 1955, 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, 1954.
2. To elect Directors in the place of those retiring and to vote the remuneration of Directors for the year ending 31st December, 1955.
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 12th day of April, 1955.
GRAND FALLS,
PROVINCE OF NEWFOUNDLAND,
CANADA.