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1953 file

# ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY LIMITED

(INCORPORATED IN NEWFOUNDLAND)

## REPORT OF THE DIRECTORS, 1953.

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### *Directors*

ELLIOTT M. LITTLE . . . . . President  
PHILIP GRUCHY, C.B.E. . . . . First Vice-President  
J. S. GOODYEAR . . . . . Vice-President  
THE VISCOUNT ROTHERMERE . . . . . G. BECKETT  
R. C. McMICHAEL, Q.C. . . . . W. H. HOWARD, C.B.E., Q.C.  
E. A. SURSHAM . . . . . B. C. GARDNER, M.C.  
A. S. FULLER . . . . . THE EARL OF CROMER, M.B.E.

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### *Bankers*

BANK OF MONTREAL

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### *Solicitors*

McMICHAEL, COMMON, HOWARD, KER & CATE  
The Royal Bank Building  
Montreal, P.Q.

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### *Auditors*

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

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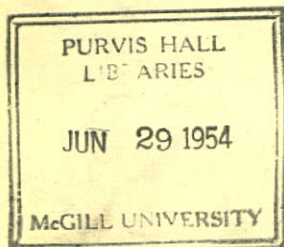
### *Secretary-Treasurer and Registered Office*

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

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### *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, 1953

The Directors submit herewith their Twenty-first 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 \$2,935,986, compared with \$4,348,598 for the year 1952. These amounts were derived from the following Companies and operations:

	1953	1952
Parent Company from newsprint and ancillary operations and from sundry investments, other than subsidiaries . . . . .	2,448,831	2,482,461
Terra Nova Properties, Ltd. from mining interests . . . . .	410,325	1,689,807
Gaspesia Sulphite Co., Ltd. from sulphite pulp operations . . . . .	119,838	120,016
Montmorency Shipping Ltd. from steamship operations . . . . .	(43,008) loss	56,314
	<hr/>	<hr/>
	\$2,935,986	\$4,348,598

The Consolidated Surplus brought forward from last year was \$12,622,184. To this was added the net profit for the year, making a total of \$15,558,170. Four quarterly dividends of 15¢ each were declared in respect of the year and these absorbed \$3,299,049, leaving a surplus carried forward of \$12,259,121.

By Order of the Board,

J. S. GOODYEAR,

Secretary.

22nd April, 1954.

## STATEMENT BY THE PRESIDENT

MR. ELLIOTT M. LITTLE

Despite severe operating difficulties created by extraordinary weather conditions early in 1953, and loss of production due to demands by our customers for sizes not well suited to our manufacturing facilities, the earnings from our newsprint operations were substantially the same as the previous year. The drastic drop in base metal prices accounted for the greatly reduced earnings from our mining interests and no immediate relief in this direction is expected.

The drop in pulp prices during 1952 and which continued into 1953 was the inevitable result of the inordinately high prices of the year 1951. These wide variations in pulp prices are in the interest of neither the seller nor the buyer.

### ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

The Company continued its programme of rehabilitation during the year. The conversion of the Bishop's Falls Groundwood Mill to a hydro-electric plant was completed and this unit brought into full operation during October. Meanwhile, the additional automatic grinders required to provide sufficient groundwood capacity at Grand Falls were installed. The Capital Expenditure programme for next year consists mainly of improvements to the wood handling system and the completion of other projects in hand, which include the installation of additional digesters and related equipment.

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

In 1953, this Company, with twenty-three other international firms and corporations, became a member of a syndicate which formed a corporation under the laws of Newfoundland called "British Newfoundland Corporation Limited". The purpose of this Corporation is to promote the industrial and economic development of Newfoundland's Mineral, Water Power and Forest resources. It is felt that this venture will be of some future benefit to your Company which has committed itself to subscribe for 52,100 common shares of one Canadian dollar per share, of which 21,000 shares were called in 1953. Further commitments in connection with the activities of this corporation may be assumed from time to time.

## GASPESIA SULPHITE COMPANY LTD.

The bleaching plant, referred to in last year's statement, came into production in August 1953, the total expenditure on this installation amounting to \$3,076,107 as of December 31st, 1953.

During the year, 54,176 tons of unbleached sulphite pulp and 14,426 tons of bleached sulphite pulp were produced, as against 65,142 tons of unbleached sulphite pulp in the previous year.

Pulp prices continued to fall through 1953. The price of unbleached sulphite dropped \$5 per ton on January 1st, 1953, and there was a further reduction of \$10 on May 1st. Bleached sulphite pulp is selling at \$20 per ton differential over unbleached pulp, and whilst this differential barely covers the increased cost of bleaching, a steadier demand will prevail in the bleached pulp market.

We were successful in our efforts to reduce the cost of production almost to the same extent as the reduction in pulp prices.

## TERRA NOVA PROPERTIES LTD. — BUCHANS MINE

Operations were continuous throughout the year and ore mined and milled was 346,000 short tons, an increase of 12,000 tons over the tonnage treated in 1952. Average grade of ore mined was slightly lower than the 1952 average, but this decrease was negligible compared to the decrease in metal prices. These low metal prices were responsible for the great reduction in revenue in 1953.

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

Ore reserves as of December 31st, 1953 were estimated to contain 5,084,000 tons of assured and probable ore. The increase of established reserves was made possible by underground drill hole intersections in the outlying Rothermere R4 orebody, which have confirmed ore that was previously indicated only by surface drill holes. A small tonnage, consisting of remnants of lower grade ore in the old sections of the mine, is also available for extraction.

Mine development for the year totalled 6,737 feet, with 88% of this work being done in the Rothermere mine, for opening up stoping areas above No. 9 level and exploring the R4 orebody on No. 13 level. Development in the Rothermere mine will continue next year.

Production estimate for 1954 calls for approximately the same tonnage and grade as that obtained during 1953.

## MONTMORENCY SHIPPING LIMITED

Reference has been made above to the abnormal weather conditions experienced in 1953, which resulted also in an ice blockade of our winter shipping port. In consequence of unavoidable shipping delays, coupled with a general fall in the market, the earnings of this subsidiary company were adversely affected. The Parent Company's delivery costs did not, however, suffer seriously thereby.

## CONSOLIDATION POSITION

The Consolidated Profit after depreciation and taxes, of \$2,935,986 is equivalent to 53¢ per stock unit, compared with \$4,348,598 or 79¢ per stock unit for the previous year. Your Company's Fixed Assets continue to be well maintained and all avenues of improvement to enhance the group's competitive position are being vigorously followed.

I have to record with regret the loss sustained last October through the death of the late Mr. Frank J. Humphrey, Chairman of the Board, and from 1933 to 1945 President of the Company. Throughout the period of his service he took a deep interest in the affairs of your Company and his broad experience and sound judgment were of great value.

I take pleasure in expressing once again my appreciation of the loyal and efficient services rendered by officers and employees in the performance of their duties during the year.

# ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

AN  
SUBSIDIARY

## BALANCE SHEETS, 31st December

PARENT COMPANY			
31st December, 1952	31st December, 1953		
34,999,799	35,853,345		
16,959,622	17,868,516		
18,040,177	17,984,829		
1,912,658	1,912,658		
14,369	20,084		
1,927,027	1,932,742		
1,536,501	1,557,501		
125,000	125,000		
1,661,501	1,682,501		
8,343,220	8,572,634		
886,453	627,549		
3,264,049	2,628,420		
3,610,543	4,047,418		
3,212,935	2,209,762		
1,156,364	3,847,767		
20,473,564	21,933,550		
1,340,219	1,479,911		
978,798	1,020,485		
268,548	255,685		
824,762	824,763		
3,412,327	824,762		
17,061,237	4,405,606		
\$38,689,942	17,527,944		
\$30,000,000	\$30,000,000		
27,492,075	27,492,075		
1,617,577	1,605,898		
310,905	360,876		
9,269,385	9,669,167		
11,197,867	11,635,941		
\$38,689,942	\$39,128,016		

**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 Railway Material .....  
Debtors and Prepaid Expenses .....  
Government of Canada Bonds (Market Value) .....  
Cash at Banks and in Hand .....

Deduct:  
**Current Liabilities**  
Trade and Other Creditors .....  
Income Tax - estimated .....  
Provisions .....  
Dividend declared payable 5th January .....  
Dividend declared payable 2nd April 1954 .....

**Working Capital** .....

**Total Net Assets**

**Capital**  
Authorized 6,000,000 Ordinary Shares of 10/- each .....  
Issued and Converted into Stock (5,492,075 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, 1953, and report that we have obtained a satisfactory 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 Profit and Loss Account for the year to 31st December, 1953 and, in the case of the Profit and Loss Account, of the profit of the year to that date.

We have also examined the above Consolidated Balance Sheet and annexed Consolidated Profit and Loss Account of the Company and find that the Consolidated Profit and Loss Account have been properly prepared so as to give, with the notes annexed thereto, a true and fair view of the Company's affairs.

9, Basinghall Street,  
London, E.C. 2,  
22nd April, 1954

# LOPMENT COMPANY LIMITED

## D COMPANIES

st DECEMBER, 1953

### CONSOLIDATED

	31st December, 1953	31st December, 1952
.....	44,710,071	41,892,027
.....	21,061,508	19,731,276
	23,648,563	22,160,751
.....	—	—
.....	—	—
.....	1,560,001	1,539,001
.....	501,541	510,836
.....	197,000	531,000
.....	2,258,542	2,580,837
.....	9,998,421	9,796,471
.....	657,323	919,301
.....	3,938,396	4,326,653
.....	5,311,989	6,223,255
.....	2,209,762	5,004,835
.....	5,520,576	2,428,261
.....	27,636,467	28,698,776
.....	4,252,046	4,451,895
.....	1,570,230	1,748,447
.....	373,685	398,548
.....	824,763	—
.....	824,762	824,762
.....	7,845,486	7,423,652
.....	19,790,981	21,275,124
.....	\$45,698,086	\$46,016,712
.....	\$30,000,000	\$30,000,000
.....	27,492,075	27,492,075
.....	5,586,014	5,591,548
.....	360,876	310,905
.....	12,259,121	12,622,184
.....	18,206,011	18,524,637
.....	\$45,698,086	\$46,016,712

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

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

Company and its Subsidiaries with the audited accounts of those Companies. In our opinion such Consolidated Balance Sheet and  
 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, 1953

PARENT COMPANY			CONSOLIDATED	
1952	1953		1953	1952
6,135,744	6,107,124	<b>Trading Income</b> (See footnote) .....	7,362,740	9,614,318
		<b>Other Income</b>		
43,287	58,403	Bond Interest .....	72,906	70,324
130,157	130,132	Trade Investments .....	130,132	130,157
—	—	Other Investments .....	46,479	23,163
—	—	Loan Interest .....		
6,309,188	6,295,659		6,920	11,255
1,776,727	1,761,828	<b>Depletion and Depreciation</b>	7,619,177	9,849,217
			2,354,784	2,193,619
4,532,461	4,533,831	<b>Income Tax</b> — estimated .....	5,264,393	7,655,598
2,050,000	2,085,000		2,328,407	3,307,000
2,482,461	2,448,831	<b>Net Profit</b> before inter-company dividends .....	2,935,986	4,348,598
3,000,000	1,250,000	Dividends from a Subsidiary Company .....	—	—
5,482,461	3,698,831		2,935,986	4,348,598
7,085,973	9,269,385	<b>Balance from last Account</b> .....	12,622,184	11,572,635
12,568,434	12,968,216		15,558,170	15,921,233
		<b>Dividends</b>		
		Four quarterly dividends of 15¢ per stock unit		
		paid or payable in respect of the year 1953....	3,299,049	3,299,049
3,299,049	3,299,049		—	—
\$ 9,269,385	\$ 9,669,167	<b>Balance Carried Forward</b> .....	\$12,259,121	\$12,622,184

#### NOTE

**Trading Income** is arrived at after charging the following:—

		Payments to Directors of Parent Company:—		
\$ 9,000	\$ 9,000	Fees .....	\$ 9,500	\$ 9,583
120,801	124,630	Other Emoluments .....	164,503	165,389
12,000	12,000	Pension to former Director of Parent Company	12,000	12,000
9,927	9,993	Auditors' Remuneration and Expenses .....	15,019	14,836
\$ 12,027	\$ 21,993			

# 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, 1952			31st December, 1953			
Cost	Depletion and Depreciation	Balance		Cost	Depletion and Depreciation	Balance
<b>CONSOLIDATED</b>						
			Timber Limits, Water Powers and Freehold Land .....			
4,336,560	2,053,224	2,283,336		4,334,503	2,163,669	2,170,834
31,295,562	14,314,456	16,981,106	Mills, Buildings, Plant, Machinery, etc.	34,075,368	15,338,505	18,736,863
2,573,493	1,281,641	1,291,852	Town Properties and Utilities .....	2,607,740	1,336,505	1,271,235
			Railways & Equipment, Wharves and Storage Facilities .....	3,442,459	2,222,829	1,219,630
3,436,411	2,081,955	1,354,456	Mining Rights and Mining Develop- ments .....	250,001	—	250,001
250,001	—	250,001				
<u>\$41,892,027</u>	<u>\$19,731,276</u>	<u>\$22,160,751</u>		<u>\$44,710,071</u>	<u>\$21,061,508</u>	<u>\$23,648,563</u>
<b>PARENT COMPANY</b>						
			Timber Limits, Water Powers and Freehold Land .....	3,706,445	1,844,746	1,861,699
3,706,057	1,734,301	1,971,756	Mills, Buildings, Plant, Machinery, etc.	26,473,698	12,630,485	13,843,213
25,655,989	12,000,129	13,655,860	Town Properties and Utilities .....	2,230,743	1,170,456	1,060,287
2,201,342	1,143,237	1,058,105	Railways & Equipment, Wharves and Storage Facilities .....	3,442,459	2,222,829	1,219,630
3,436,411	2,081,955	1,354,456				
<u>\$34,999,799</u>	<u>\$16,959,622</u>	<u>\$18,040,177</u>		<u>\$35,853,345</u>	<u>\$17,868,516</u>	<u>\$17,984,829</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 \$5,292,914 so that the original cost of existing Fixed Assets of the Parent Company is \$41,146,259.

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

	31st December, 1952	31st December, 1953
Investments at Cost .....	591,579	591,579
Deduct:		
Provision for Amortization .....	80,743	90,038
Per Consolidated Balance Sheet .....	<u>\$510,836</u>	<u>\$501,541</u>

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

PARENT COMPANY			CONSOLIDATED	
Capital Reserves	Revenue Reserves		Capital Reserves	Revenue Reserves
1,617,577	310,905	Balance at 31st December, 1952 .....	5,591,548	310,905
37,969	—	Surplus on Disposal of Property and Equipment .....	44,114	—
—	49,971	Charge to Income for Forest Fire Fighting .....	—	49,971
1,655,546	360,876		5,635,662	360,876
49,648	—	Residual balances of Fixed Assets scrapped or obsolete .....	49,648	—
<u>\$1,605,898</u>	<u>\$ 360,876</u>	Balance at 31st December, 1953 .....	<u>\$5,586,014</u>	<u>\$ 360,876</u>

#### Note 4. CAPITAL COMMITMENTS at 31st December, 1953 were as follows:—

	PARENT COMPANY	CONSOLIDATED
Estimated amount required to complete Capital Con- struction in Progress .....	\$1,301,034	\$1,517,134
Estimated Cost of Other Construction Work approved by the Directors but not commenced by 31st Decem- ber, 1953 .....	\$527,568	\$527,568
Balance of agreed contribution towards the cost of a wharf extension payable over a period not exceeding seventeen years .....	—	\$50,365
Obligation to subscribe for further shares in British Newfoundland Corporation Limited .....	\$31,100	\$31,100

# ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY LIMITED

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## Directors' Report and Statement of Accounts

*Year to 31st December, 1953*

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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 Wednesday, the twenty-sixth day of May, 1954, 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, 1953.
2. To elect Directors in the place of those retiring and to vote the remuneration of Directors for the year ending 31st December, 1954.
3. To elect Auditors.
4. To transact any other ordinary business of the Company.

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

Dated this 22nd day of April, 1954.  
GRAND FALLS,  
PROVINCE OF NEWFOUNDLAND,  
CANADA.