

# PRICE BROTHERS & COMPANY, LIMITED

## REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in submitting the following report of the operations of the Company and its Subsidiary Companies for the year ended 31st December 1945, together with the Consolidated Balance Sheet as at that date.

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

The Profit for the Year amounted to . . . . .		\$6,833,462.51
From this has been deducted:		
Bond and Debenture Interest . . . . .	\$554,075.00	
Allowance for depreciation of the Company's properties and depletion of timber limits	1,845,000.00	2,399,075.00
Net Profit for the Year before Income and Excess Profits Taxes . . . . .		4,434,387.51
Provision for Dominion Income and Excess Profits Taxes - Net . . . . .		2,280,000.00
Net Profit for the Year Ended 31st December 1945 . . . . .		<u>\$2,154,387.51</u>

A further sum of \$750,000.00 has been set aside out of profits and added to Reserve for Contingencies in view of Income Tax disputes.

The pension scheme authorized at the last annual meeting was put into effect at 1st July 1945; cost of past service pensions amounting to \$2,779,306.21, less an amount of \$500,000.00 charged to Profits last year, has been charged to Earned Surplus Account.

During the year the regular dividends of 5½% on the Preferred Shares were paid and on 1st May 1945 a dividend of \$1.50 was paid on the Common Shares.

The auditors, Messrs. Creak, Cushing & Hodgson, C. A., have examined the books of the Company and their report on the Consolidated Financial Statements for the year is submitted herewith.

Your Directors desire to record their appreciation of the loyal and efficient services rendered by the employees during the year.

By Order of the Board,

C. H. L. JONES,  
President.

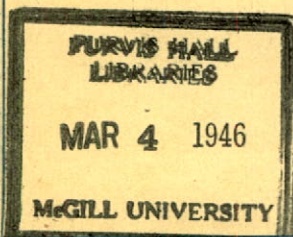
Quebec, P. Q.  
14th March, 1946.

### OFFICERS

H. J. Symington, K. C.	Chairman of the Board	M. R. Kane	Vice-President
C. H. L. Jones	President	P. W. Sims	Vice-President and Treasurer
A. A. Aitken	Vice-President		
A. C. Price	Vice-President	W. P. Good	Vice-President
J. H. Price	Vice-President	Hector Cimon	Secretary
G. F. Layne	Vice-President	Wm. Dunkerley	Assistant Treasurer
	F. A. Bussieres, Assistant Secretary		

### DIRECTORS

A. A. Aitken	A. C. Picard
W. A. Arbuckle	Sir Keith Price
J. D. Johnson	Paul F. Sise
C. H. L. Jones	H. J. Symington, K.C.
Alfred Marois	A. C. M. Thomson, K.C.
J. C. Newman	





**PRICE BROTHERS &  
AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET**

<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash on Hand and in Banks.....	\$ 382,694.21	
Accounts and Bills Receivable, less Reserve.....	2,855,276.21	
Inventories at not more than cost:		
Finished Products, Raw Materials and Expenditure on Logging Operations, and Operating Supplies as determined from book and physical inventories and certified by officers of the Company .....	10,782,872.01	\$14,020,842.43
<b>INVESTMENTS:</b>		
Government Bonds and Shares in Other Companies at quoted values.....	3,589,978.00	
Company's Bonds (par value \$318,500.00) at cost .....	315,250.00	
Other Investments at book values .....	1,072,748.11	4,977,976.11
<b>OTHER ASSETS:</b>		
Mortgages Receivable.....	16,992.06	
Notes Receivable - The Hearst Corporation .....	311,258.24	
- Sale of Timber Limits .....	41,785.87	
Cash in hands of Trustee for Bondholders.....	29,656.25	
Refundable Portion of Excess Profits Tax .....	974,000.00	1,373,692.42
<b>PREPAID AND DEFERRED CHARGES.....</b>		<b>496,520.51</b>
<b>FIXED ASSETS:</b>		
Timber Lands (freehold and leasehold), developed and undeveloped Water Power Sites, Newsprint, Lumber, Cardboard and Paper Specialty Mills, Logging and other Operating Equipment, etc. at book values .....	70,385,653.95	
Deduct: Reserves for Depreciation and Depletion .....	33,584,149.68	36,801,504.27
		<u><u>\$57,670,535.74</u></u>

U. S. Dollar accounts are included at par a

Approved on behalf of the Board:

H. J. Symington, }  
C. H. L. Jones, } Directors.

**AUDITORS**

To the Shareholders,  
Price Brothers & Company, Limited,  
Quebec, Que.

We have examined the Consolidated Balance Sheet of Price Brothers & Company, Limited and Subsidiaries for the year ended the same date. In connection therewith we examined or tested accounting records of the Companies and reviewed the accounting methods and of the operating and income accounts for the period.

In our opinion, based on such examination, the above Consolidated Balance Sheet and related Profit and Loss Statement and Statement of Financial Position of the Company and its Subsidiary Companies at 31st December 1945 and the results from their operations are in accordance with the books of the Companies.

Montreal, 12th March, 1946



**COMPANY, LIMITED**

Y COMPANIES

ET AT 31st DECEMBER 1945

**LIABILITIES****CURRENT LIABILITIES:**

Bank Loans - Secured.....	\$ 896,000.00	
Accounts Payable and Accrued Liabilities.....	2,247,829.61	
Dividend on Preferred Shares payable 1st January 1946.....	77,188.37	
Interest accrued on net Funded Debt.....	184,691.67	
Provision for Income and Excess Profits Taxes subject to assessment for the fiscal years 1942-1945 inclusive.....	1,358,465.14	\$4,764,174.79

**RESERVE FOR CONTINGENCIES:**

For additional Income and Excess Profits Taxes and from which assessments for 1940-1941 have since been paid under protest.....		1,500,000.00
---	--	--------------

**FUNDED DEBT:**

First Mortgage Bonds		
5% Series due 1957.....	13,665,000.00	
Deduct: Bonds cancelled through Sinking Fund.....	704,000.00	
	<u>12,961,000.00</u>	
Deduct: Held in Treasury.....	1,561,000.00	11,400,000.00

**CAPITAL AND SURPLUS:**

5½% Cumulative Redeemable Preferred Shares		
Authorized and Issued - 62,843 shares each of \$100.00 par value \$6,284,300.00		
Deduct:		
Held for Redemption - 6,706 shares.....	670,600.00	
	<u>56,137 shares</u>	5,613,700.00
Common Shares		
Authorized - 679,084 shares without nominal or par value		
Issued - 547,857 shares.....	21,803,780.00	
Capital Surplus.....	9,192,515.25	
Earned Surplus, including \$974,000.00 Refundable Portion of Excess Profits Tax..	3,396,365.70	40,006,360.95
		<u>\$57,670,535.74</u>

Sterling accounts at \$4.43 to the £ Sterling.

**REPORT**

diary Companies at 31st December 1945 and the related Consolidated Profit and Loss and Surplus Accounts for and other supporting evidence and obtained all the information and explanations required; we also made a general

Loss and Surplus Accounts are properly drawn up so as to exhibit a true and correct view of the financial for the year ended that date, according to the best of our information, the explanations given to us and as shown

Creak, Cushing & Hodgson,  
Chartered Accountants.



**PRICE BROTHERS & COMPANY, LIMITED**  
AND SUBSIDIARY COMPANIES

**CONSOLIDATED PROFIT AND LOSS AND SURPLUS ACCOUNTS**  
FOR THE YEAR ENDED 31st DECEMBER 1945

**PROFIT AND LOSS AND EARNED SURPLUS ACCOUNT**

Operating Profits before providing for Depreciation and Depletion.....	\$ 6,579,929.68		
Add:			
Revenue from Investments .....	\$ 242,477.77		
Sundry Revenue.....	26,804.46	269,282.23	
		<u>6,849,211.91</u>	
Deduct:			
Miscellaneous Interest - Net .....			15,749.40
			<u>6,833,462.51</u>
Net Interest on Funded Debt.....	554,075.00		
Provision for			
Depreciation.....	\$1,390,000.00		
Depletion .....	455,000.00	1,845,000.00	2,399,075.00
Net Profit for the year before providing for Income and Excess Profits Taxes.....			4,434,387.51
Provision for Income and Excess Profits Taxes.....	2,585,000.00		
Less: Refundable Portion of Excess Profits Tax .....	305,000.00	2,280,000.00	
Net Profit for the year.....			<u>2,154,387.51</u>
Deduct: Reserve for Contingencies.....			
		750,000.00	
Preferred Dividends - 5½% - Net .....		309,028.50	1,059,028.50
			<u>1,095,359.01</u>
Add: Earned Surplus at 31st December 1944.....	5,402,098.40		
Deduct:			
Payments to date for Purchase of Employees' Pensions for Past Services.....	2,779,306.21		
Less: Amount provided in 1944.....	500,000.00	2,279,306.21	
			<u>3,122,792.19</u>
Common Dividend of \$1.50 per share paid 1st May 1945.....		821,785.50	2,301,006.69
Earned Surplus at 31st December 1945 .....			<u>\$ 3,396,365.70</u>

**CAPITAL SURPLUS ACCOUNT**

Balance at 31st December 1944.....	\$ 8,237,553.93		
Add:			
Profit on Sale of Investments.....	\$ 308,929.40		
Adjustment arising from Sale of Land.....		19,115.42	
Adjustment to par value of Company's Preferred Shares acquired in 1945 and Company's Bonds used for Sinking Fund purposes.....		2,810.00	
Adjustment of Investments to quoted values at 31st December 1945.....		624,106.50	954,961.32
Balance at 31st December 1945 .....			<u>\$9,192,515.25</u>