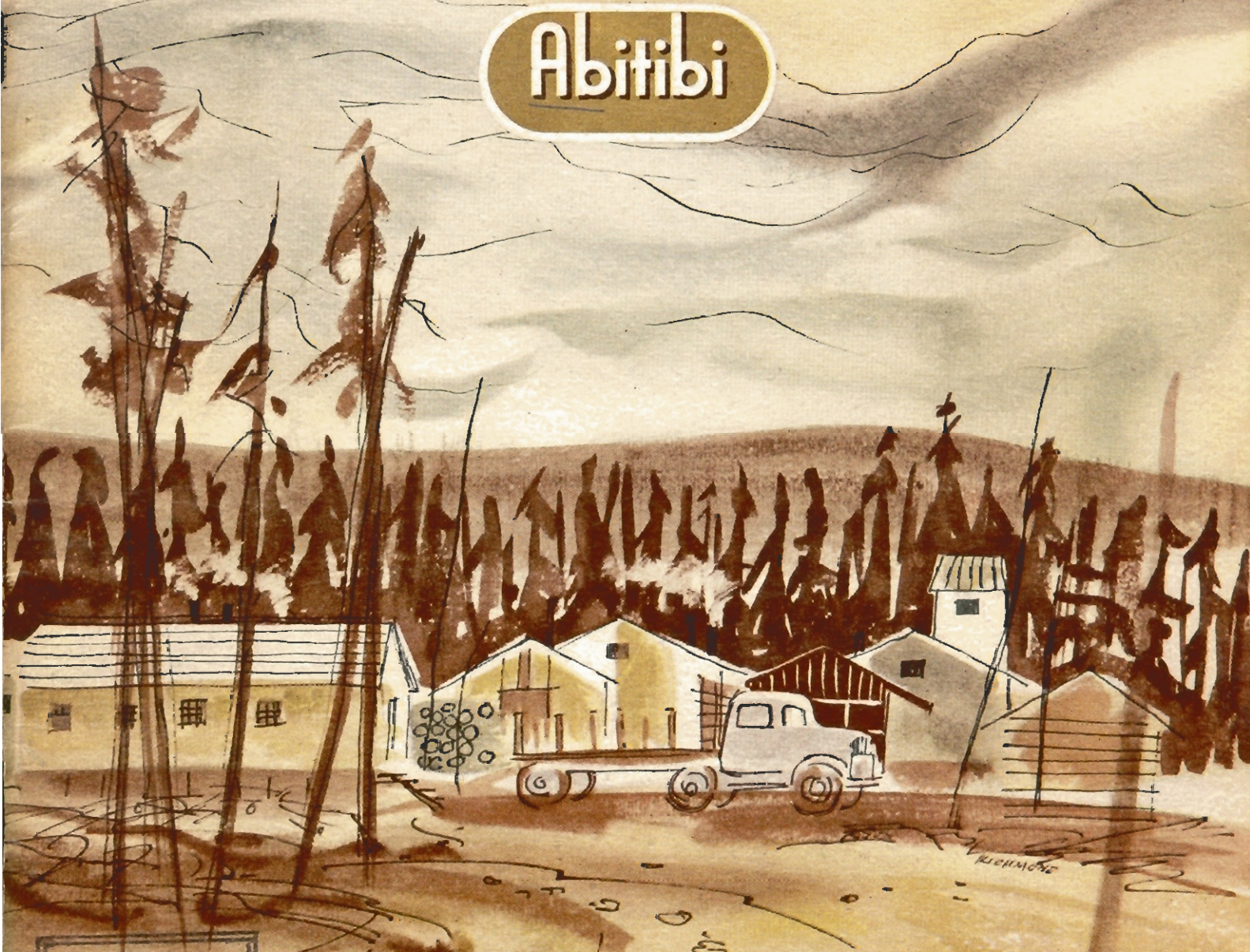


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# ANNUAL REPORT

Abitibi



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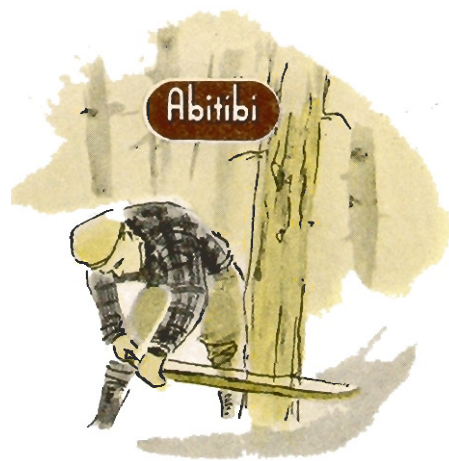
MAR 13 1952

McGILL UNIVERSITY

*For the Year Ended December 31, 1951*







## ABITIBI POWER & PAPER COMPANY, LIMITED

*Executive Offices:* 408 University Avenue, Toronto, Ontario

### BOARD OF DIRECTORS

*DOUGLAS W. AMBRIDGE	CHARLES L. GUNDY
HON. EDOUARD ASSELIN, K.C.	T. RODGIE MCLAGAN
*EDWARD W. BICKLE	ROBERT H. REID
HARRY J. CARMICHAEL	JOSEPH P. RIPLEY
ALLAN GRAYDON, K.C.	*WILLIAM H. SMITH
*J. S. D. TORY, K.C.	

*\*Members of Executive Committee*

### OFFICERS

DOUGLAS W. AMBRIDGE, President and General Manager	CLARK B. DAVIS, Vice-President ( <i>Woodlands</i> )
WILLIAM H. SMITH, Executive Vice-President	ARTHUR P. JEWETT, Vice-President ( <i>Sales</i> )
ROBERT J. ASKIN, Vice-President ( <i>Manufacturing</i> )	HOWARD YOUNG, Treasurer
LAURENCE B. POPIHAM, Secretary	

### MANAGEMENT COMMITTEE

DOUGLAS W. AMBRIDGE, Chairman	CLARK B. DAVIS
WILLIAM H. SMITH, Vice-Chairman	ARTHUR P. JEWETT
ROBERT J. ASKIN	PAUL E. ROBERTS
HOWARD YOUNG	

### TRANSFER AGENTS

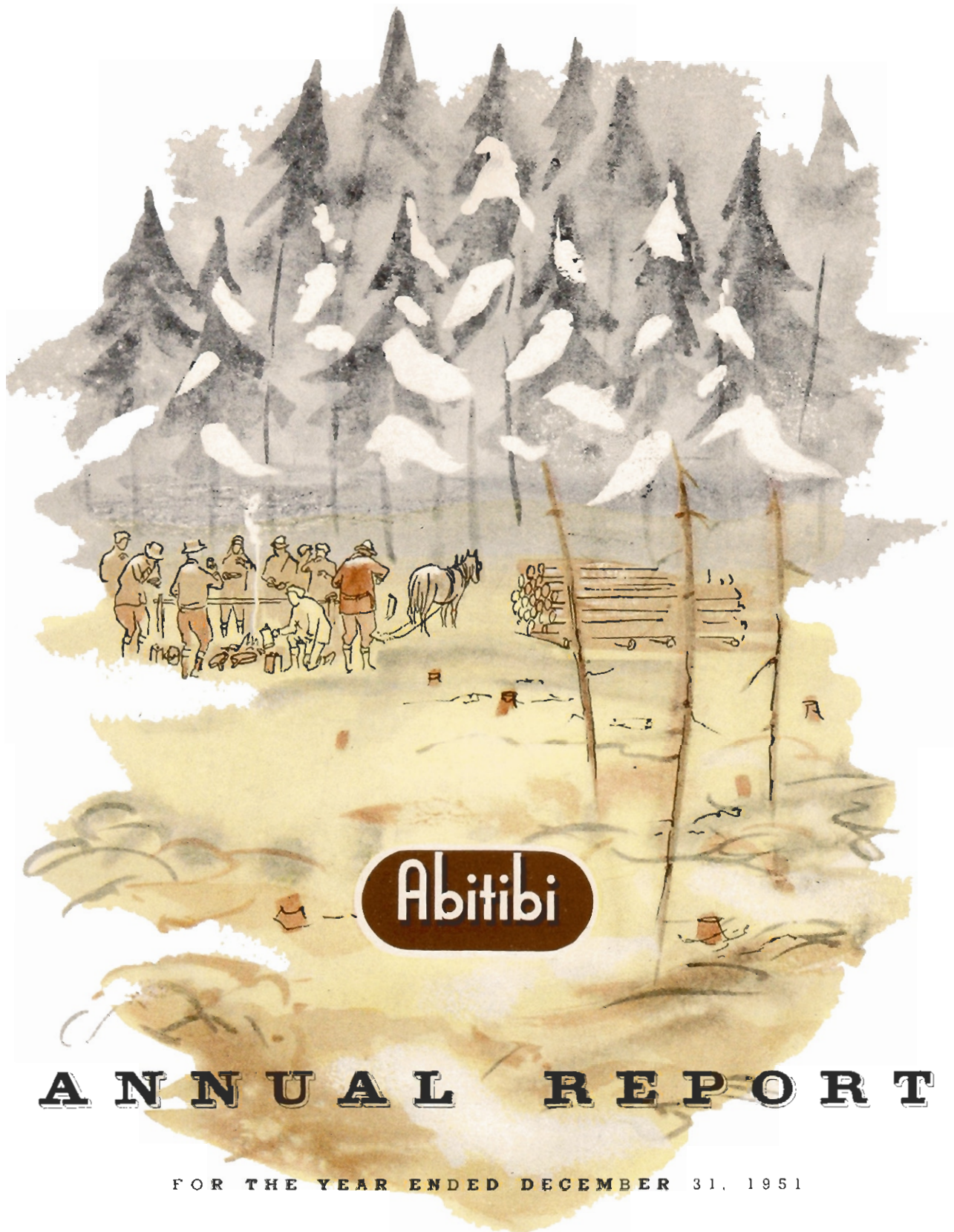
Montreal Trust Company, Toronto, Ont., Montreal, Que. and Vancouver, B.C.  
City Bank Farmers Trust Company, New York, N.Y.

### REGISTRARS

The Toronto General Trusts Corporation, Toronto, Ont. and Vancouver, B.C.  
The Eastern Trust Company, Montreal, Que.  
The National City Bank of New York, New York, N.Y.

### AUDITORS

Price Waterhouse & Co., Toronto, Ont.



Abitibi

# ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1951

## H I G H L I G H T S

	1951	1950
Paper, pulp and board produced . . . . .	935,933 tons	860,268 tons
Net Sales . . . . .	\$111,528,208	93,776,756
Dividends from Alaska Pine & Cellulose Limited (exclusive of \$1,999,300 applied in reduction of capital investment) . . . . .	\$ 1,174,851	-
Taxes on income . . . . .	\$ 16,745,000	10,240,000
Net profit for the year . . . . .	\$ 12,997,877	12,623,833
Per common share . . . . .	\$ 3.07	2.92*
Dividends on preferred shares . . . . .	\$ 1,575,624	1,730,406
Dividends on common shares . . . . .	\$ 3,724,853	2,793,050
Per common share . . . . .	\$ 1.00	.75*
4 $\frac{1}{4}$ % Convertible Debentures Issued . . . . .	\$ 10,000,000	-
Invested in common shares of Alaska Pine & Cellulose Limited - net . . . .	\$ 6,500,000	2,500,000
Invested in properties, plant and equipment . . . . .	\$ 8,268,295	5,078,845
Invested in timber limits (purchase price of \$1,600,000 less portion payable in 1953 and 1954) . . . . .	\$ 800,000	-
Reduction in First Mortgage Bonds . . . . .	\$ 3,234,500	2,891,500
Cost of preferred shares retired . . . . .	\$ 1,070,000	5,935,746
Working capital at end of year . . . . .	\$ 26,403,179	22,322,739
Number of shareholders . . . . .	16,111	12,714

\*On the basis of common shares outstanding at December 31, 1951.



# REPORT OF THE PRESIDENT



TO  
THE SHAREHOLDERS OF  
**ABITIBI POWER & PAPER COMPANY,  
LIMITED**

**T**HE results of the operations of the Company in 1951 were once again satisfactory.

The market for the Company's products was generally good throughout the year and as a result all the Company's mills operated at, or near, capacity for the whole year.

It is notable that in 1951 the tonnage of paper, pulp and board produced reached a total of 935,933 tons, a figure which compares with 756,382 tons produced in 1946, only five years ago.

During the year 1951 earnings from exchange premium were substantially lower than they were in 1950. In 1952 earnings from exchange premium are likely to be still lower. At the time of writing this report the Canadian dollar is practically at parity with the United States dollar.

For many reasons the total amount of money available for retirement of preferred shares was sharply reduced. Nevertheless in 1951 the whole issue of preferred shares of Provincial Paper, Limited was retired at a cost of \$1,070,000. This step was taken in order to bring about a closer integration of this subsidiary's affairs with those of the parent company. Provincial Paper, Limited is now a wholly-owned subsidiary.

It is desirable to record in this report the action taken by the shareholders at the Annual and

Special General Meeting held in Toronto on April 12, 1951. At that meeting the shareholders approved the splitting of the common shares on a basis of three for one and the increase of the authorized subdivided common capital from 3,725,082 to 6,000,000 shares.

On October 11, 1951, the Board of Directors approved the sale to the Company's senior executives of options for the purchase of 60,000 shares of the Company's common stock at the then market price of \$18 a share.

#### **ALASKA PINE & CELLULOSE LIMITED**

The various steps which were being taken in connection with this company at the time of our last annual meeting have been substantially completed.

The final result is that the Company now owns 50% of the common stock of Alaska Pine & Cellulose Limited. The Company's equity in this holding, which appears on the balance sheet at a cost of \$9,000,000, has increased since date of acquisition by \$1,677,631 as a result of earnings, less dividends.

There are included in this report consolidated financial statements of Alaska Pine & Cellulose Limited for the year ended December 31, 1951

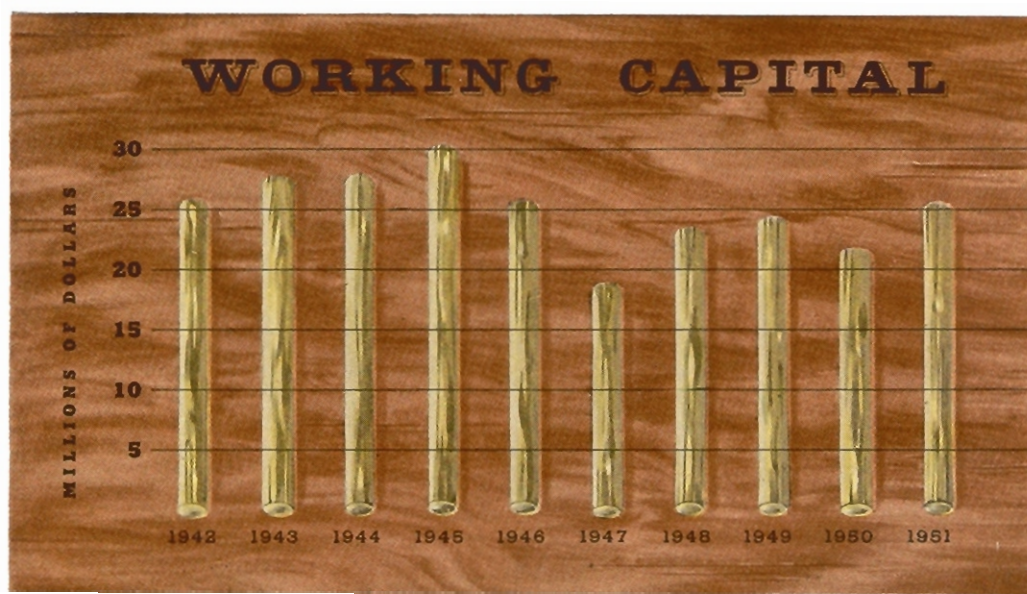




# STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1951 and the period  
since reorganization on May 1, 1946

	Year ended December 31, 1951	Five years and eight months since May 1, 1946
<b>SOURCE OF FUNDS</b>		
Net profit before provision for taxes on income and a special appropriation in 1948 . . . . .	\$29,742,877	\$121,877,297
Non-cash charges for depreciation and depletion deducted in arriving at net profit . . . . .	6,193,932	27,859,532
Proceeds from sale of 4¼% Convertible Debentures . . . . .	9,700,000	9,700,000
Proceeds from disposal of capital assets . . . . .	21,591	5,516,982
Other items - net . . . . .	340,312	1,919,878
	<u>\$45,998,712</u>	<u>\$166,873,689</u>
<b>APPLICATION OF FUNDS</b>		
Provision for taxes on income . . . . .	\$16,745,000	\$ 60,923,104
Invested in common shares of Alaska Pine & Cellulose Limited - net . . . . .	6,500,000	9,000,000
Invested in properties, plant and equipment . . . . .	8,268,295	38,665,589
Invested in timber limits (purchase price of \$1,600,000 less portion payable in 1953 and 1954) . . . . .	800,000	800,000
Reduction in First Mortgage Bonds . . . . .	3,234,500	25,045,200
Cost of preferred shares retired . . . . .	1,070,000	14,019,004
Dividends on preferred shares . . . . .	1,575,624	10,108,530
Dividends on common shares . . . . .	3,724,853	8,379,830
	<u>\$41,918,272</u>	<u>\$166,941,257</u>
<b>RESULTING IN AN INCREASE OR (DECREASE) IN WORKING CAPITAL OF</b> . . . . .	<u>\$ 4,080,440</u>	<u>\$ (67,568)</u>
<b>CHANGES IN WORKING CAPITAL DURING THE PERIOD CONSIST OF INCREASES AND (DECREASES) AS FOLLOWS:</b>		
Current Assets -		
Cash and Government bonds . . . . .	\$(3,241,216)	\$(14,069,949)
Accounts receivable . . . . .	1,815,397	6,572,415
Operating inventories . . . . .	12,782,163	19,229,817
	<u>\$11,356,344</u>	<u>\$ 11,732,283</u>
Current Liabilities . . . . .	7,275,904	11,799,851
Net increase or (decrease) as above . . . . .	<u>\$ 4,080,440</u>	<u>\$ (67,568)</u>





including operations of subsidiary companies subsequent to May 31, 1951, the subsidiary companies having been acquired during that month. From these statements it is evident that the operations are very satisfactory.

Plans have been drawn up, and are being carried out, for a comprehensive development programme. When this has been completed the pulp mills at Woodfibre, B.C., and at Port Alice, B.C., will be able to produce the highest quality dissolving pulp available anywhere in the world. The two large sawmills at Vancouver and New Westminster are highly efficient units which produce the best grades of lumber.

The elimination of avoidable waste in the forest operations in British Columbia is an objective which is being actively and effectively pursued by all the large operators there and Alaska Pine & Cellulose Limited is playing its part in this important effort.

## **EARNINGS, DIVIDENDS AND TAXES**

Profit for the year ended December 31, 1951 after all charges was \$12,997,877. This is slightly higher than the profit for 1950.

It will be noted that the profit before taxes was \$29,742,877 which is 30% higher than the corresponding figure for 1950. Taxes for the year, however, were \$16,745,000 which is 64% higher than the taxes levied for the year 1950.

This is indeed a serious matter from every point of view. Oppressive taxes are bound to hamper any enterprise which is subjected to them. They prevent the legitimate expansion of an industry upon which so much depends in Canada and the United States and they give rise to inflationary pressures which cannot be resisted.

As prices and taxes go up the provision which all heavy industry can make for replacement of

plant and equipment becomes more and more inadequate and so the future of any company engaged in the long established basic industries of this country becomes less and less secure.

A total sum of \$1,575,624 was paid or accrued in dividends to preferred shareholders of the Company during the year. This is a reduction of \$154,782 from the total in 1950.

Common dividends of \$1.00 per share on the newly subdivided stock were paid during the year 1951. This is equivalent to \$3.00 per share on the old stock before the subdivision was carried out.

The balance of the profit was applied towards the retirement of bonds for sinking fund, the retirement of the preference shares of Provincial Paper, Limited and towards the increase in working capital which the inflationary process has made necessary.

## **WORKING CAPITAL**

The accompanying chart shows the amount of working capital which has been available in recent years.

During the year under review it was necessary to make a very substantial increase in the amount of money tied up in inventories. The greater part of this very large sum is represented by wood. Not only has the cost of wood risen sharply but the physical volume of wood reserves required to keep pace with the Company's expanding business has also increased substantially.

## **BALANCE SHEET**

Attention is directed to the following changes in the balance sheet:

- (i) The substantial increase in inventories referred to above.
- (ii) The reduction in the amount invested in





## PRODUCTION IN TONS

	NEWSPRINT PAPER	PRINTING AND FINE PAPERS	BLEACHED SULPHITE PULP	UNBLEACHED SULPHITE PULP	GROUNDWOOD PULP	BOARD	TOTAL
1942	429,366	50,406	59,001	43,206	5,126	1,603	588,708
1943	474,808	50,300	60,364	41,688		1,289	628,449
1944	441,721	54,264	58,782			1,482	556,249
1945	456,412	56,335	59,288	6,978	11,405	1,149	591,567
1946	611,645	61,725	53,144	28,266	802	800	756,382
1947	657,556	65,628	59,484	37,548	4,287	8,213	832,716
1948	680,539	68,914	61,020	38,968	4,655	35,644	889,740
1949	673,297	64,900	57,418	11,804	93	31,605	839,117
1950	686,225	73,882	58,960	5,286		35,915	860,268
1951	716,112	83,365	57,345	32,564		46,547	935,933

Alaska Pine & Cellulose Limited which resulted from the sale of shares in that company to the Koerner interests in British Columbia.

- (iii) The appearance of the new issue of 4¼% Convertible Debentures in the amount of \$10,000,000.
- (iv) The elimination of the secured bank loan of \$17,139,000.
- (v) The disappearance of the preference shares of Provincial Paper, Limited in the amount of \$1,000,000.
- (vi) The restoring to earned surplus of \$4,827,-600 which had previously been transferred to capital surplus in connection with the retirement of preferred shares in 1950.

#### RESEARCH AND DEVELOPMENT

Satisfactory progress in research activities continues. Further facilities to accommodate an increasing staff devoted to research are being provided. In the field of silviculture and forest management new activities are planned as a result of the recent acquisition of several freehold areas of forest land mentioned below.

It is hoped that the Company's ideas on forest management may be confidently developed on these areas where security of tenure is absolute, and that in the future the principles and practices which can be proved to be sound may then be applied to leased areas under some equitable arrangement with the provincial governments involved.

Another new venture, of limited proportions to begin with, has been set on foot. Next summer a programme of prospecting for minerals on land owned by the Company will be carried out. Competent geological and prospecting management has been secured and the most likely areas will be

examined carefully. The Directors have long believed that the development of the mineral resources of Ontario might well be aided by the operators of forest lands who know the country well and are continuously moving around in areas where the geology is favourable.

#### PROPERTIES

Capital expenditures for plant and equipment in the properties of Abitibi Power & Paper Company, Limited were \$4,780,968 for the year, while a total of \$3,487,327 was spent in the plants of Provincial Paper, Limited.

The major projects which were under way during the year were as follows:

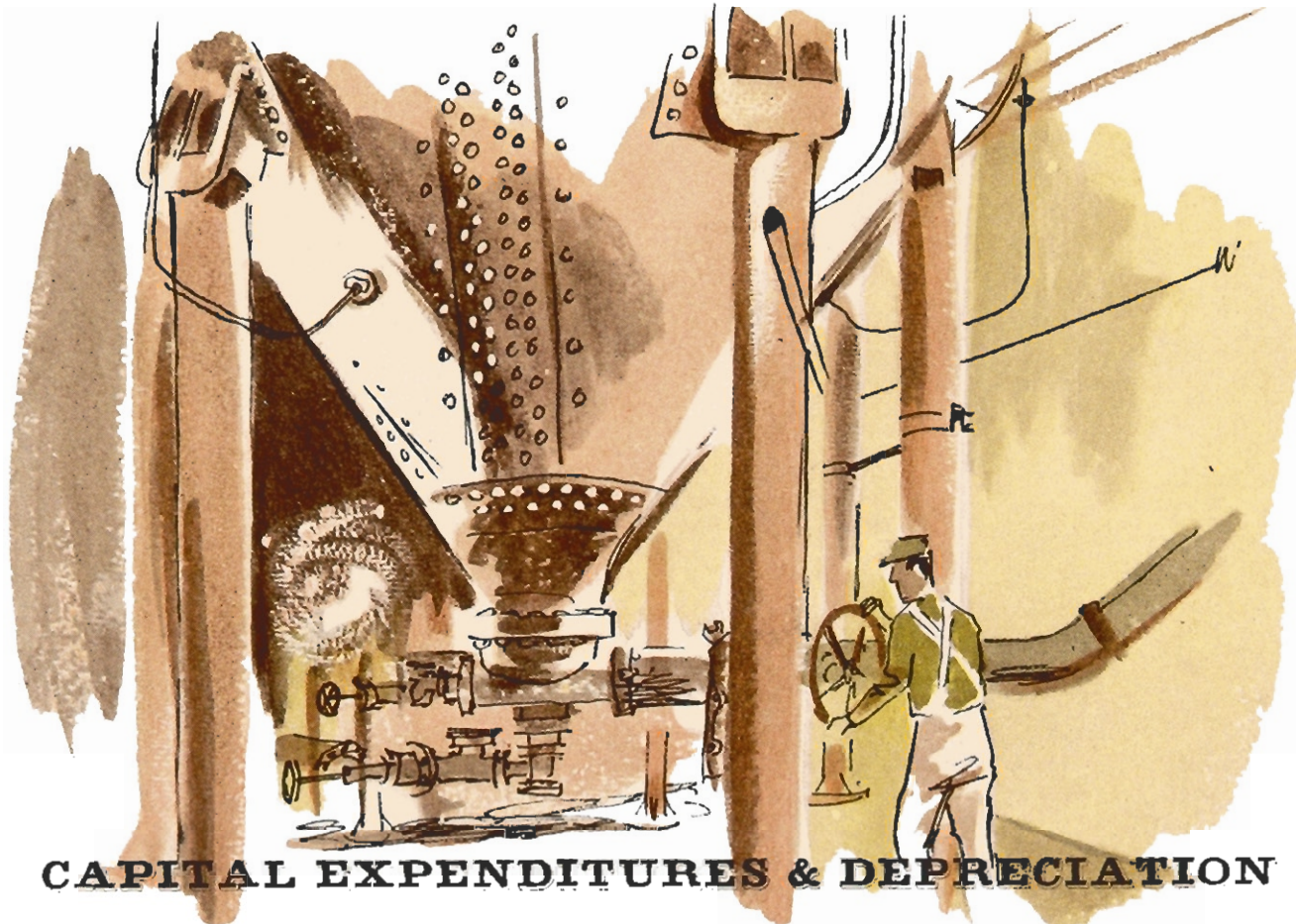
- (i) The hardboard mill at Sturgeon Falls was completed and put in operation during the summer of 1951 and is now producing a high grade product.
- (ii) The extensive revisions to the Thorold mill of Provincial Paper, Limited are to be completed in June of 1952. This will then be one of the most modern and efficient fine paper mills on the continent.
- (iii) The construction of new houses in Pine Falls, Iroquois Falls, Smooth Rock Falls and Beaufort made necessary by the introduction of the 40 hour week and the consequent increase in number of men employed.

In addition to the above a great number of other improvements were completed or started in all the Company's mills.

Every effort has been made to get things done in view of the fact that construction costs are continually rising. There seems to be no end to the increases in cost which must be expected and provided for.

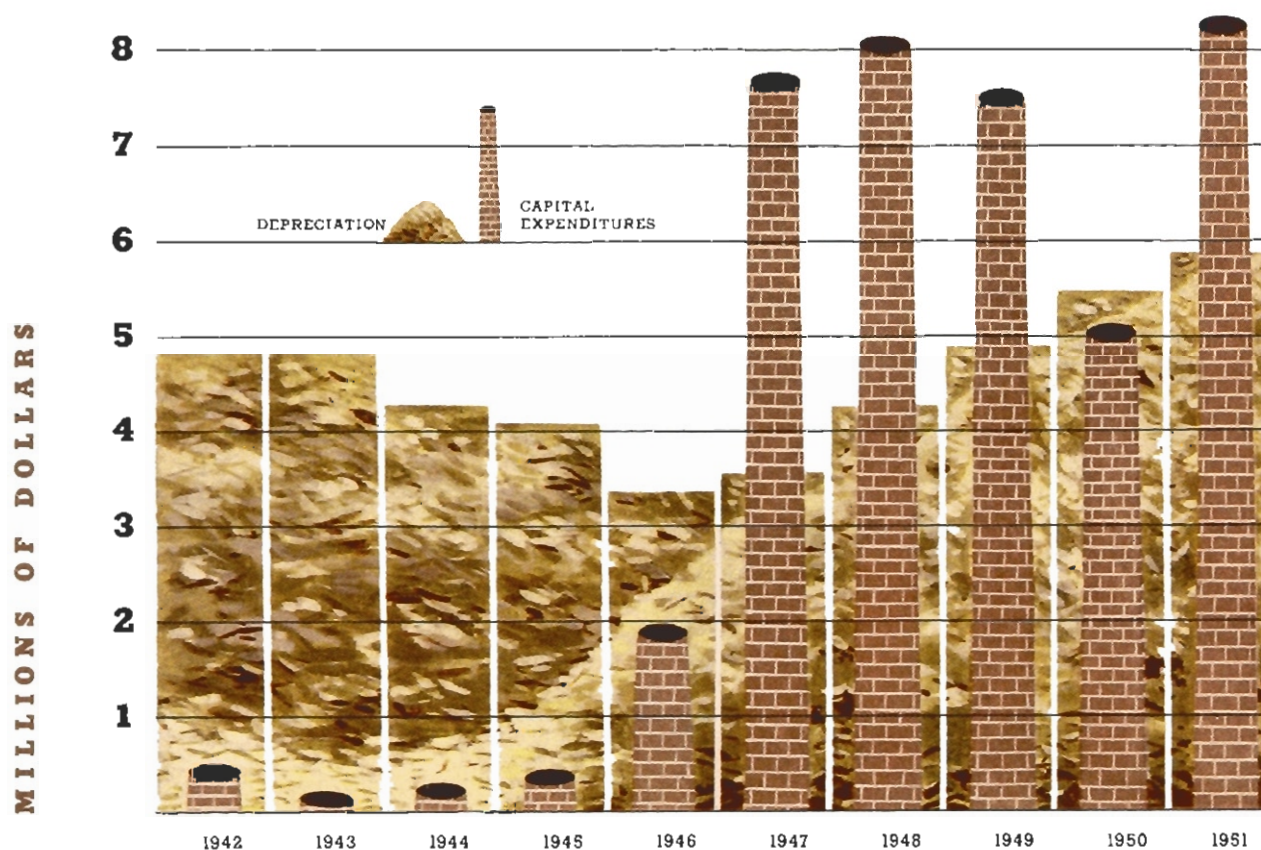
In addition to the above capital expenditures





## CAPITAL EXPENDITURES & DEPRECIATION

ON PROPERTIES, PLANTS AND EQUIPMENT



Capital expenditures on properties, plant and equipment for the ten-year period ended December 31, 1951 aggregate \$39,927,354, of which \$38,665,589 was expended since the Company was reorganized in 1946.



on plant and equipment several large "blocks" of forest land were purchased from the Canadian National Railways. These blocks lie along the railway as it runs northwest from Port Arthur to Sioux Lookout. For many years the Company has had cutting rights from the Railway on these blocks.

### INDUSTRIAL RELATIONS

The Company continues to be active in promoting every possible means of improving the process of collective bargaining. There can be no doubt that if industrial peace is to be safeguarded the methods

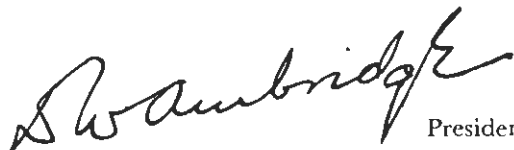
used at the bargaining table must be continuously developed and improved.

The Company's reputation for integrity and for progressiveness in the field of industrial relations stands very high.

The training schemes for all classes of employees are making good progress and much thought and effort are being spent on improving teaching methods by the use of modern facilities such as radio and moving pictures.

The Directors take this opportunity of expressing their thanks to all employees whose intelligence, energy and enthusiasm have made possible another successful year.

On behalf of the Board,

  
President

Toronto, March 1, 1952.

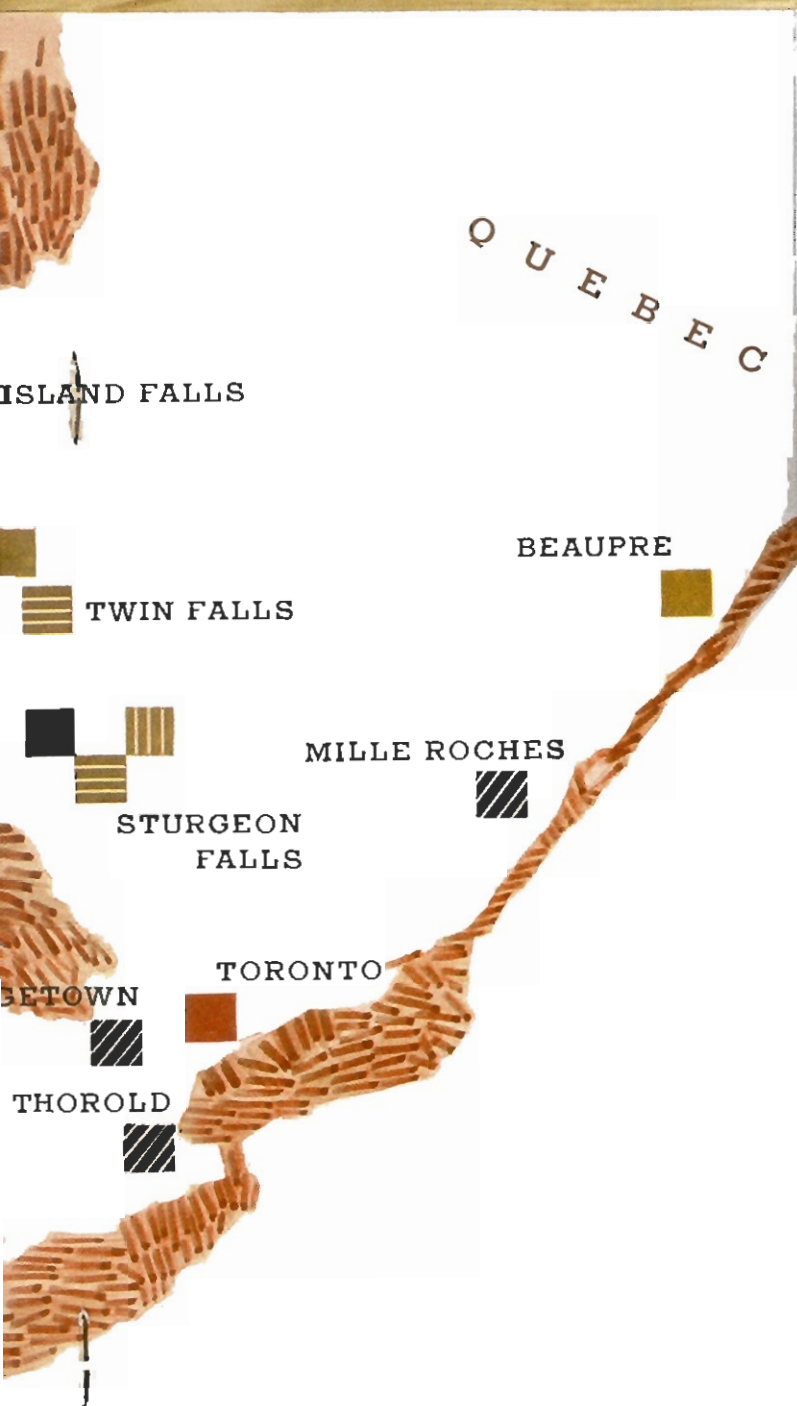
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During the year the Company suffered a sad loss when one of the Directors, Mr. J. H. Gundy, C.B.E., died on November 10, 1951. Mr. Gundy devoted a great deal of his extraordinary energy and talents to the reconstruction of the Company, both before the reorganization and after it. His colleagues on the Board of Directors take this opportunity of expressing their sorrow at his passing.





SITES OF  
**PAPER MILLS**  
PULP & BOARD MILLS  
AND DEVELOPED  
WATER POWERS



NEWSPRINT



EXECUTIVE OFFICES



CORRUGATING BOARD



DEVELOPED WATER POWER



BLEACHED SULPHITE



PRINTING AND FINE PAPERS



HARDBOARD

# ABITIBI POWER & PAPER

## CONSOLIDATED BALANCE

(With comparable balances)

ASSETS		1951	1950
CURRENT ASSETS:			
Cash on hand and in banks . . . . .	\$	2,238,941	\$ 5,480,157
Accounts receivable, less reserves . . . . .		11,442,102	10,376,705
Dividend receivable from Alaska Pine & Cellulose Limited . . . . .		750,000	—
Inventories of paper, pulp, wood, materials and supplies on the basis of cost, and expenditures on logging operations . . . . .		36,939,725	24,157,562
	\$	<u>51,370,768</u>	<u>\$ 40,014,424</u>
Note: Net current assets in United States funds amounting to \$6,757,192 (\$6,056,601 in 1950) are included at par of exchange.			
INVESTMENT IN ALASKA PINE & CELLULOSE LIMITED			
(in 1951, 50% of outstanding common shares), at cost . . . . .	\$	<u>9,000,000</u>	<u>\$ 19,639,000</u>
CAPITAL ASSETS:			
Properties, plant and equipment as at April 30, 1946 at gross physical values as reported by Messrs. Coverdale & Colpitts, Consulting Engineers, New York, except as to Provincial Paper, Limited included at book values . . . . .	\$	118,403,451	\$ 118,403,451
Subsequent additions at cost . . . . .		38,665,589	30,397,294
	\$	157,069,040	\$ 148,800,745
Less—Retirements, etc. . . . .		11,659,615	11,132,987
	\$	145,409,425	\$ 137,667,758
Less—Accrued depreciation, including provisions since May 1, 1946; adjusted for retirements . . . . .		66,764,519	61,225,117
	\$	78,644,906	\$ 76,442,641
Timber concessions, agreements and licenses, waterpower rights and freehold timber areas, less provision for depletion of \$3,084,846 (\$2,884,846 in 1950) . . . . .		17,347,535	15,947,535
	\$	<u>95,992,441</u>	<u>\$ 92,390,176</u>
DEFERRED CHARGES AND OTHER ASSETS:			
Prepaid insurance, taxes etc. . . . .	\$	897,506	\$ 792,942
Unamortized bond discount and expense . . . . .		492,293	581,656
Miscellaneous investments and other assets . . . . .		418,123	423,129
	\$	<u>1,807,922</u>	<u>\$ 1,797,727</u>
APPROVED ON BEHALF OF THE BOARD:			
D. W. AMBRIDGE, <i>Director</i>			
W. H. SMITH, <i>Director</i>			
	\$	<u>158,171,131</u>	<u>\$ 153,841,327</u>



# COMPANY, LIMITED AND SUBSIDIARY COMPANIES

## SHEET DECEMBER 31, 1951

as at December 31, 1950)

### LIABILITIES

#### CURRENT LIABILITIES:

	1951	1950
Accounts payable and sundry accruals .....	\$ 11,226,257	\$ 8,348,384
Dividends payable .....	1,325,177	1,324,941
Interest accrued on bonds and debentures .....	315,167	306,937
Provision for income and other taxes .....	10,917,988	6,654,423
Serial and sinking fund payments due April 1, 1952 on First Mortgage Bonds	1,183,000	1,057,000
	<u>\$ 24,967,589</u>	<u>\$ 17,691,685</u>

#### TIMBER LIMITS PURCHASE AGREEMENT:

Portion payable in 1953 and 1954 .....	\$ 800,000	\$ —
--	------------	------

BANK LOAN (secured) .....	\$ —	\$ 17,139,000
---------------------------	------	---------------

#### FUNDED DEBT:

##### First Mortgage Bonds:

Authorized .....	<u>\$65,000,000</u>		
------------------	---------------------	--	--

##### Issued and outstanding:

3½% First Mortgage Serial Bonds, Series "A"  
(\$1,000,000 maturing annually)

Issued .....	\$10,000,000		
Redeemed and cancelled .....	<u>4,000,000</u>	\$ 6,000,000	\$ 7,000,000

3½% First Mortgage Twenty-Year (Sinking Fund)  
Bonds, Series "A", maturing April 1, 1967

Issued .....	\$35,000,000		
Redeemed and cancelled .....	<u>9,028,500</u>	25,971,500	28,078,500

\$ 31,971,500	\$ 35,078,500
---------------	---------------

Less — Bonds redeemable April 1, 1952, provided for above .....

1,183,000	1,055,500
-----------	-----------

\$ 30,788,500	\$ 34,023,000
---------------	---------------

4¼% Convertible Debentures maturing June 1, 1961 .....

10,000,000	
------------	--

\$ 40,788,500	\$ 34,023,000
---------------	---------------

#### RESERVE AGAINST POSSIBLE DECLINE IN INVENTORY VALUES

\$ 4,500,000	\$ 4,500,000
--------------	--------------

#### PREFERENCE SHARES OF A SUBSIDIARY COMPANY:

Cumulative preference shares of Provincial Paper, Limited (redeemed December 15, 1951) .....	\$ —	\$ 1,000,000
---	------	--------------

#### CAPITAL STOCK:

##### Preferred Shares —

Annual cumulative dividend of \$1.50 a share; redemption and distribution value \$25 a share; 1,050,416 shares of a par value of \$20 each	\$ 21,008,320	\$ 21,008,320
--	---------------	---------------

##### Common Shares —

Authorized 6,000,000 shares without nominal or par value (400,000 shares reserved in respect of debentures and 60,000 shares reserved under option agreements in favor of senior executives); issued 3,725,082 shares .....

25,941,295	25,941,295
------------	------------

\$ 46,949,615	\$ 46,949,615
---------------	---------------

#### CAPITAL SURPLUS, resulting from retirement of preferred shares .....

\$ —	\$ 4,827,600
------	--------------

#### EARNED SURPLUS, since May 1, 1946 .....

\$ 40,165,427	\$ 27,710,427
---------------	---------------

<u>\$158,171,131</u>	<u>\$153,841,327</u>
----------------------	----------------------

# ABITIBI POWER & PAPER

## CONSOLIDATED STATEMENT OF PROFIT AND

(With a comparable statement

Net Sales – after deducting outward freight, etc. ....

*Less –*

Operating costs including administrative, selling and general expenses, but before provision for depreciation, depletion, etc. ....

*Add –*

Dividends from Alaska Pine & Cellulose Limited (exclusive of \$1,999,300 applied in reduction of capital investment) ....

Profit on sale of securities ....

Adjustment of prior year's retirement income plan payment less taxes on income attributable thereto. ....

*Deduct –*

Provision for depreciation ....

Provision for depletion ....

Employees' retirement income plan ....

Interest on First Mortgage Bonds ....

Interest on Convertible Debentures ....

Amortization of bond discount and expense ....

Exchange premium and other expenses on redemption of First Mortgage 5% Bonds due 1965 ....

Discount on Convertible Debentures ....

Dividends on preference shares of Provincial Paper, Limited. ....

Profit before provision for taxes on income ....

*Deduct –*

Provision for taxes on income ....

Net profit for the year ....

*Less –*

Appropriation against possible decline in inventory values. ....

Net profit carried to Earned Surplus. ....

Note: Fees of directors not holding salaried positions amounted to \$21,600 for the year 1951 and counsel and solicitors' fees, salaries and fees of executive officers and directors holding salaried positions amounted to \$502,544.

## DIVIDEND RECORD

On 5% Preferred Shares. ....

On Prior Preferred Shares. ....

On Preferred Shares. ....

On Common Shares. ....

# COMPANY, LIMITED AND SUBSIDIARY COMPANIES

## LOSS FOR THE YEAR ENDED DECEMBER 31, 1951

for the years 1947 to 1950)

1951	1950	1949	1948	1947
\$111,528,208	\$93,776,756	\$84,677,709	\$87,756,852	\$75,695,600
73,568,574	62,520,832	59,179,992	60,068,928	48,468,276
<u>\$ 37,959,634</u>	<u>\$31,185,924</u>	<u>\$25,497,717</u>	<u>\$27,687,924</u>	<u>\$27,227,324</u>
1,174,851	-	-	-	-
-	-	-	-	111,395
-	-	-	-	98,192
<u>\$ 39,134,485</u>	<u>\$31,185,924</u>	<u>\$25,497,717</u>	<u>\$27,687,924</u>	<u>\$27,436,911</u>
\$ 5,993,932	\$ 5,472,168	\$ 4,993,241	\$ 4,204,018	\$ 3,635,940
200,000	150,000	125,000	260,000	260,000
1,348,449	1,274,497	1,264,256	1,116,486	1,028,645
1,177,769	1,282,322	1,393,876	1,499,499	1,835,955
242,095	-	-	-	-
89,363	103,104	100,397	153,697	79,407
-	-	-	-	300,774
300,000	-	-	-	-
40,000	40,000	40,000	40,000	40,000
<u>\$ 9,391,608</u>	<u>\$ 8,322,091</u>	<u>\$ 7,916,770</u>	<u>\$ 7,273,700</u>	<u>\$ 7,180,721</u>
\$ 29,742,877	\$22,863,833	\$17,580,947	\$20,414,224	\$20,256,190
16,745,000	10,240,000	7,800,000	8,643,638	10,846,237
<u>\$ 12,997,877</u>	<u>\$12,623,833</u>	<u>\$ 9,780,947</u>	<u>\$11,770,586</u>	<u>\$ 9,409,953</u>
-	-	-	1,500,000	-
<u>\$ 12,997,877</u>	<u>\$12,623,833</u>	<u>\$ 9,780,947</u>	<u>\$10,270,586</u>	<u>\$ 9,409,953</u>

## FOR FIVE YEARS

1951	1950	1949	1948	1947
\$ -	\$ -	\$ -	\$ -	\$ 79
-	-	62,500	125,000	375,000
1,575,624	1,730,406	2,054,105	2,092,908	2,092,908
3,724,853	2,793,050	1,861,927	-	-
<u>\$ 5,300,477</u>	<u>\$ 4,523,456</u>	<u>\$ 3,978,532</u>	<u>\$ 2,217,908</u>	<u>\$ 2,467,987</u>



# ABITIBI POWER & PAPER

## CONSOLIDATED STATEMENT OF EARNED SURPLUS

(Since May 1, 1946)

FOR THE YEAR ENDED DECEMBER 31, 1951

(With a comparable statement for the year ended December 31, 1950)

	1951	1950
Earned Surplus at beginning of year . . . . .	\$27,710,427	\$22,476,276
Transfer from Capital Surplus, as authorized by Supplementary Letters Patent, to restore to Earned Surplus the amount designated as Capital Surplus in prior year upon retirement of preferred shares . . .	4,827,600	3,069,520
Net profit for the year . . . . .	12,997,877	12,623,833
	<u>\$45,535,904</u>	<u>\$38,169,629</u>
<i>Deduct</i>		
Excess of cost over par value of preferred shares retired . . . . .	\$ 70,000	\$ 1,108,146
Amount transferred to Capital Surplus upon retirement of preferred shares . . . . .	-	4,827,600
	<u>\$ 70,000</u>	<u>\$ 5,935,746</u>
	<u>\$45,465,904</u>	<u>\$32,233,883</u>
<i>Deduct -</i>		
Dividends on:		
Preferred shares . . . . .	\$ 1,575,624	\$ 1,730,406
Common shares . . . . .	3,724,853	2,793,050
	<u>\$ 5,300,477</u>	<u>\$ 4,523,456</u>
Earned Surplus at end of year . . . . .	<u>\$40,165,427</u>	<u>\$27,710,427</u>

## CONSOLIDATED STATEMENT OF CAPITAL SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1951

(With a comparable statement for the year ended December 31, 1950)

	1951	1950
Capital Surplus at beginning of year . . . . .	\$ 4,827,600	\$ 3,069,520
<i>Deduct -</i>		
Transfer to Earned Surplus to restore the amount designated as Capital Surplus in prior year upon retirement of preferred shares . . . . .	4,827,600	3,069,520
	<u>\$ -</u>	<u>\$ -</u>
<i>Add -</i>		
Amount transferred from Earned Surplus upon retirement of preferred shares . . . . .	\$ -	\$ 4,827,600
Capital Surplus at end of year . . . . .	<u>\$ -</u>	<u>\$ 4,827,600</u>

# COMPANY, LIMITED AND SUBSIDIARY COMPANIES

## REDUCTION SINCE MAY 1, 1946 IN FUNDED DEBT AND PREFERRED SHARES

	Amount	Annual interest or dividends payable
May 1, 1946:		
Funded debt outstanding .....	\$55,833,700	\$2,805,385
Preferred shares outstanding (at redemption prices) .....	<u>40,503,200</u>	<u>2,462,978</u>
TOTAL .....	<u>\$96,336,900</u>	<u>\$5,268,363</u>
December 31, 1951:		
Funded debt outstanding (after deducting serial and sinking fund payments due April 1, 1952) .....	\$40,788,500	\$1,502,597
Preferred shares outstanding (at redemption prices) .....	<u>26,260,400</u>	<u>1,575,624</u>
TOTAL .....	<u>\$67,048,900</u>	<u>\$3,078,221</u>
Reduction in period May 1, 1946 to December 31, 1951 .....	<u>\$29,288,000</u>	<u>\$2,190,142</u>



# AUDITORS' REPORT

PRICE WATERHOUSE & CO.

ROYAL BANK BUILDING

TORONTO

February 12, 1952

To the Shareholders of  
ABITIBI POWER & PAPER COMPANY, LIMITED:

We have examined the consolidated balance sheet of Abitibi Power & Paper Company, Limited and subsidiary companies as at December 31, 1951 and the related consolidated statements of profit and loss and surpluses for the year then ended and have obtained all the information and explanations which we required. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and surpluses are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1951 and the result of operations for the year according to the best of our information and the explanations given to us and as shown by the books of the companies.

A handwritten signature in cursive script, likely representing the firm Price Waterhouse & Co., positioned above the word 'Auditors.'.

Auditors.



PRINCE RUPERT

## LEGEND



WOODS OPERATIONS



LUMBER MILLS



CELLULOSE PLANTS



SHINGLE MILLS

# ALASKA PINE & CELLULOSE LIMITED

BRITISH COLUMBIA

HOLBERG

McALISTER CREEK

PORT McNEILL

PORT ALICE

HOMFRAY CREEK

WOODFIBRE

FANNY BAY

TOFINO

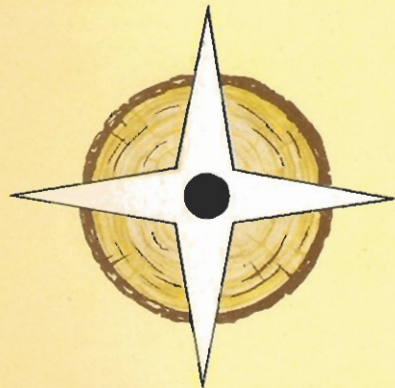
JONES LAKE

VANCOUVER

NEW WESTMINSTER

VICTORIA

N



# ALASKA PINE & AND SUBSIDIARY CONSOLIDATED BALANCE

## ASSETS

### CURRENT ASSETS:

Cash on hand and in banks . . . . .	\$ 4,331,814	
Government of Canada bonds . . . . .	16,400	
Accounts receivable . . . . .	5,623,693	
Advances to Canadian Puget Sound Lumber and Timber Company Limited . . . . .	115,656	
Inventories of logs, pulp, lumber, materials and supplies, on the basis of cost or market, whichever lower . . . . .	<u>10,163,304</u>	
		\$20,250,867

### INVESTMENT IN SUBSIDIARY COMPANIES NOT CONSOLIDATED:

Shares of Canadian Puget Sound Lumber and Timber Company Limited . . . . .	\$ 700,000	
Shares of Western Forest Industries Limited . . . . .	<u>1,050,000</u>	
		1,750,000

### CAPITAL ASSETS:

Properties, plant and equipment as at December 31, 1950—at gross physical values as reported by Messrs. Coverdale & Colpitts, Consulting Engineers, New York, except as to boats, scows, etc., included at cost . . . . .	\$43,367,982	
Subsequent additions at cost, less disposals . . . . .	<u>3,567,088</u>	
	\$46,935,070	
Less - Accrued depreciation, including provisions since January 1, 1951 . . . . .	<u>14,363,719</u>	
	\$32,571,351	
Timber and pulp leases and licenses, waterpower rights and freehold lands at cost, less provision for depletion of \$1,795,949 . . . . .	<u>7,750,703</u>	
		40,322,054

### DEFERRED CHARGES AND OTHER ASSETS:

Bond discount and expense . . . . .	\$ 573,336	
Insurance and other expenses prepaid . . . . .	772,562	
Logging roads, less amounts written off . . . . .	718,121	
Advances to logging contractors . . . . .	1,125,069	
Miscellaneous investments and other assets . . . . .	<u>406,162</u>	
		3,595,250

\$65,918,171

# CELLULOSE LIMITED

COMPANIES

SHEET AS AT DECEMBER 31, 1951

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable .....	\$ 3,417,488	
Amount owing to Western Forest Industries Limited .....	354,240	
Dividends payable .....	1,541,856	
Provision for taxes on income .....	5,736,550	
Interest accrued on First Mortgage Bonds .....	110,000	
Serial and sinking fund payments due in 1952 on First Mortgage Bonds...	<u>1,399,551</u>	
		\$12,559,685
AMOUNTS PAYABLE SERIALLY UNDER AGREEMENTS .....		283,750

### FIRST MORTGAGE BONDS:

Authorized .....	<u>\$20,000,000</u>	
Issued and outstanding –		
3½% Serial Bonds, Series "A"		
(\$500,000 maturing annually on May 1, 1952-54) .....	\$ 1,500,000	
4½% Sinking Fund Bonds, Series "A", maturing May 1, 1966 .....	<u>13,500,000</u>	
	\$15,000,000	
Less –		
Bonds redeemable in 1952 provided for above .....	<u>1,393,000</u>	
		13,607,000
RESERVE AGAINST POSSIBLE DECLINE IN INVENTORY VALUES .....		900,000
MINORITY INTEREST IN A SUBSIDIARY COMPANY .....		355,607

### CAPITAL STOCK:

5% Cumulative redeemable preference shares – 16,500 shares of \$100 each, redeemable at par .....	\$ 1,650,000	
Note: From the proceeds of the above issue 5,562 7% cumulative preference shares of \$100 each were redeemed at \$105 per share on August 23, 1951.		
Common shares –		
100,000 shares of no par value, part of an authorized issue of 150,000 shares .....	<u>3,000,000</u>	
		4,650,000
EXCESS OF APPRAISED VALUE OVER DEPRECIATED COST OF CAPITAL ASSETS .....		19,862,520
EARNED SURPLUS .....		13,699,609

Note: The company has commenced construction on capital projects, which, when completed, will cost a sum estimated at \$6,500,000 in excess of expenditures recorded in the accounts at December 31, 1951. The trust deed securing the First Mortgage Bonds places certain restrictions on the payment of dividends.

\$65,918,171



# ALASKA PINE & CELLULOSE LIMITED

## AND SUBSIDIARY COMPANIES

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1951

(Including operations of subsidiary companies subsequent to May 31, 1951)

Net Sales after deducting outward freight, etc. ....	\$40,221,492
<i>Less -</i>	
Operating costs including administrative, selling and general expenses, but before provision for depreciation, depletion, etc. ....	24,036,367
	<u>\$16,185,125</u>
<i>Deduct -</i>	
Provision for depreciation. ....	\$3,224,765
Provision for depletion. ....	225,961
Contribution to employees' pension plan. ....	112,757
Amortization of bond discount and expense. ....	19,770
Interest on First Mortgage Bonds. ....	502,696
	<u>4,085,949</u>
Profit before provision for taxes on income. ....	\$12,099,176
<i>Deduct -</i>	
Provision for taxes on income. ....	<u>6,714,444</u>
Net profit for the year. ....	<u><u>\$ 5,384,732</u></u>

Note: Fees of directors not holding salaried positions amounted to \$1,500 and counsel and solicitors' fees, salaries and fees of executive officers and directors holding salaried positions amounted to \$146,730.

### CONSOLIDATED STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1951

Earned Surplus at beginning of year--parent company. ....	\$11,697,857
Amount transferred as at January 1, 1951 from reserve for pensions. ....	258,913
Amount realized under use and occupancy insurance claim in excess of amount previously recorded, less income taxes thereon. ....	541,157
Net profit for the year, per consolidated statement of profit and loss. ....	5,384,732
	<u>\$17,882,659</u>
<i>Deduct -</i>	
Premium on redemption of 7% preference shares. ....	\$ 27,810
Premium on redemption of bonds. ....	125,770
	<u>153,580</u>
	<u>\$17,729,079</u>
<i>Deduct -</i>	
Dividends on:	
7% cumulative preference shares. ....	\$ 21,970
5% cumulative preference shares. ....	82,500
Common shares. ....	3,925,000
	<u>4,029,470</u>
Earned Surplus at end of year--consolidated. ....	<u><u>\$13,699,609</u></u>

# AUDITORS' REPORT

PRICE WATERHOUSE & CO.

MARINE BUILDING

VANCOUVER

February 9, 1952.

To the Shareholders of  
ALASKA PINE & CELLULOSE LIMITED:

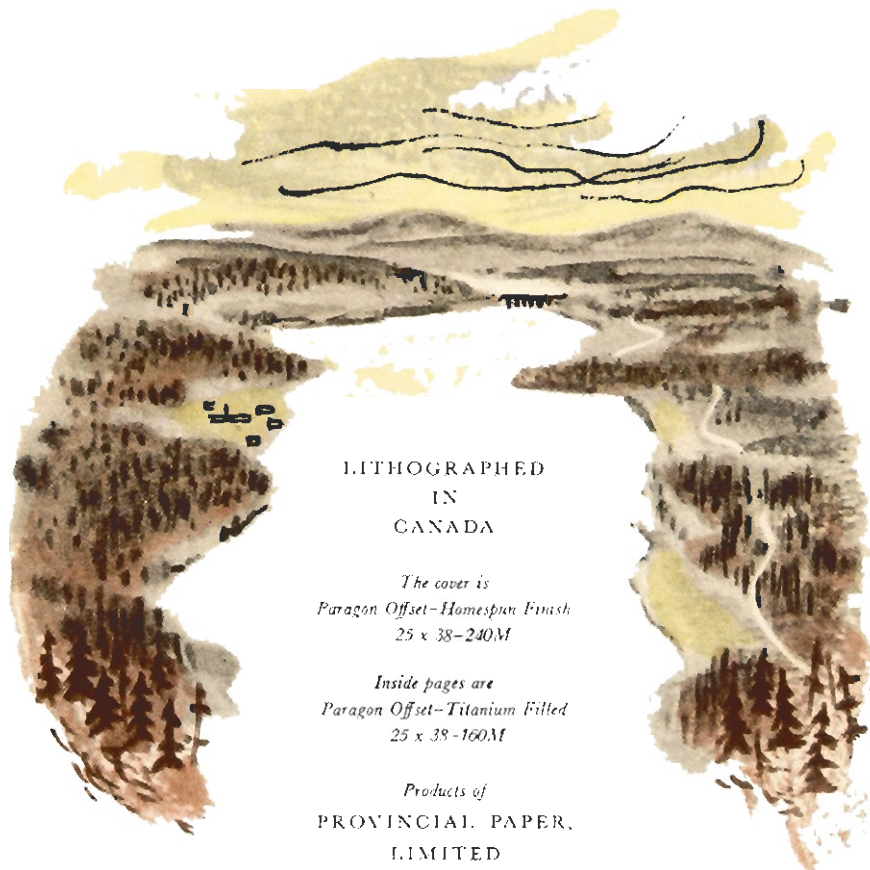
We have examined the consolidated balance sheet of Alaska Pine & Cellulose Limited and subsidiary companies as at December 31, 1951 and the related consolidated statements of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations which we required. Our examination of Alaska Pine & Cellulose Limited included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. The accounts of the subsidiary companies have been examined and reported upon by their auditors, Messrs. Foster & Barrett-Lennard, Chartered Accountants.

Pursuant to Section 114 of the Companies Act, we report that the company's share of the profits for the year of subsidiary companies not consolidated has not been taken up in the attached consolidated statement of profit and loss.

In our opinion, based on our examination and the reports of the other auditors, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of Alaska Pine & Cellulose Limited and subsidiary companies at December 31, 1951 and the results of their combined operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

*Price Waterhouse & Co.*

Auditors.



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