



# Abitibi

**ANNUAL REPORT**

1952







# ABITIBI

POWER & PAPER  
COMPANY, LIMITED

## ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31

1 9 5 2





## ABITIBI POWER & PAPER COMPANY, LIMITED

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

### BOARD OF DIRECTORS

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

*\*Members of Executive Committee*

### OFFICERS

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

### MANAGEMENT COMMITTEE

DOUGLAS W. AMBRIDGE, Chairman	
ROBERT J. ASKIN	ARTHUR P. JEWETT
CLARK B. DAVIS	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.



## HIGHLIGHTS OF THE YEAR

**1952**

**1951**

Paper, pulp and board produced.....	917,442 tons	935,933 tons
Net Sales.....	\$107,381,890	\$111,528,208
Taxes on income.....	\$ 12,272,000	16,745,000
Net profit for the year.....	\$ 9,097,759	12,997,877
Per common share.....	\$ 2.02	3.07
Dividends on preferred shares.....	\$ 1,575,624	1,575,624
Dividends on common shares.....	\$ 3,725,082	3,724,853
Per common share.....	\$ 1.00	1.00
Invested in properties, plant and equipment.....	\$ 4,776,602	8,268,295
Reduction in First Mortgage Bonds.....	\$ 2,639,500	3,234,500
Working capital at end of year.....	\$ 28,876,445	26,403,179
Number of shareholders.....	18,904	16,111

*Data on this page and all others up to and including page 23 relate to Abitibi Power & Paper Company, Limited and subsidiary companies only.*

*Data on pages 24 to 28 inclusive relate to Alaska Pine & Cellulose Limited and subsidiary companies.*



# **REPORT OF THE PRESIDENT**





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

Operations in 1952 resulted in substantially lower earnings than in the previous year, reflecting the loss of premium on United States dollars and higher costs of manufacture.

1952 was a year in which many of our customers took stock and reduced their inventories with the result that demand for certain of our products was substantially reduced.

These conditions prevailed in the markets for fine papers, pulps and board during the year under review. At the moment the demand for many of our products has risen again to normal levels. Exceptions to this improvement in demand are dissolving pulp and unbleached sulphite pulp.

The manufacture of unbleached sulphite pulp at the Sault Ste. Marie mill was discontinued in August and has not been resumed.

There was a strong demand for newsprint paper throughout the year.

Total production in the mills of the Company of paper, pulp and board was 917,442 tons which compares with a figure of 935,933 tons produced in 1951.

Every effort is, of course, being made to maintain or improve the high quality of all the Company's products.

The number of shareholders increased during the year by 2,793. Of the total preferred and common shares issued and outstanding 79% are held in Canada.

#### **EARNINGS, TAXES AND DIVIDENDS**

Consolidated profit for the year ended December 31, 1952, after providing for all charges, including depreciation, depletion and taxes amounted to \$9,097,759 as compared to \$12,997,877 for the previous year.

The decline in value of the U.S. dollar in relation to the Canadian dollar was the cause of an important part of the reduction in the Company's earnings.

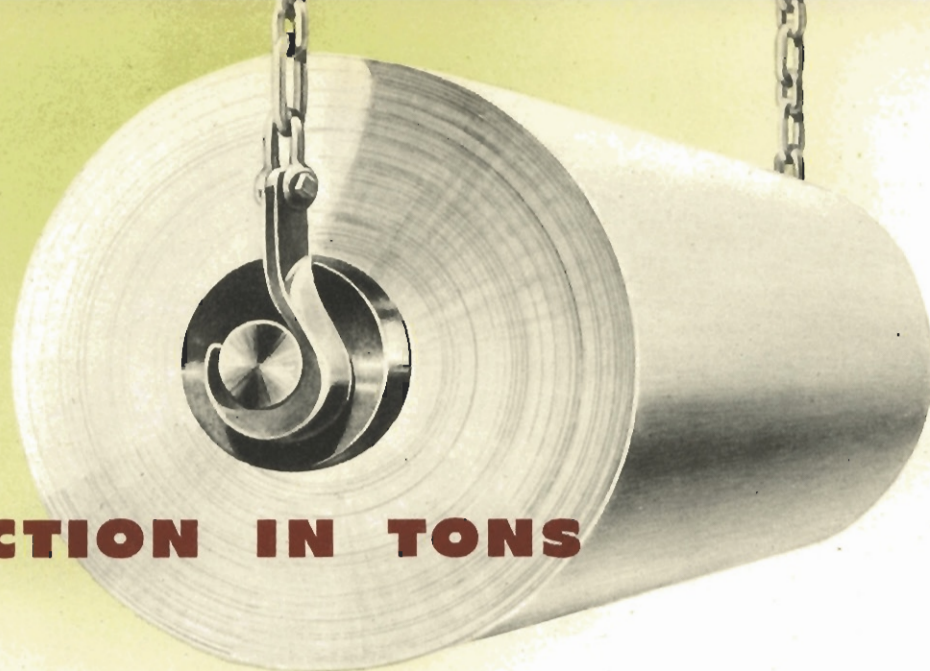
In January and February a premium was realized due to forward sales of U.S. funds which had been made in 1951, but for all the rest of the year U.S. dollars had to be sold at a substantial discount.

Increased labour costs and a big increase in Crown timber dues in Ontario were other major reasons for the decreased earnings.

No dividends were received during the year on the Company's investment in the shares of Alaska Pine & Cellulose Limited.

It will be seen that the Company's income tax provision amounts to \$12,272,000, a very large sum which is in fact much greater than the total provision for depreciation, depletion and interest on the funded debt. If the pulp and paper industry in Canada is to make satisfactory progress sufficient funds must be available for more extensive programmes of research and more thorough plans for forest management.

It is vital to the economy of the nation that the forest resources be both utilized and developed. In this regard, the recent reduction in the



## PRODUCTION IN TONS

	NEWSPRINT PAPER	PRINTING AND FINE PAPERS	*BLEACHED SULPHITE PULP	*UNBLEACHED SULPHITE PULP	*GROUNDWOOD PULP	BOARD	TOTAL
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
1952	726,840	72,039	54,603	14,731		49,229	917,442

*\*Exclusive of production for use of Abitibi and Subsidiaries*



tax burden is a step in the right direction.

Dividends paid or accrued during the year on the preferred shares amounted to \$1,575,624, the same figure as for the previous year. Dividends paid or accrued during the year on the common shares amounted to \$3,725,082 being at the rate of \$1.00 per share, the same rate as for the previous year.

## WORKING CAPITAL

Working Capital has increased over the December 31, 1951 figure by an amount of \$2,473,266 to bring it to a figure of \$28,876,445 as at December 31, 1952.

The maintenance of adequate inventories continues to require the expenditure of large sums of money. The principal item is, of course, pulpwood. During the year under review a determined effort was made to reduce inventories wherever possible and this has resulted in a reduction at the year end of approximately \$3,300,000 from the value of the inventories held on December 31, 1951.

## BALANCE SHEET

With U.S. funds at a premium in Canada over a period of many years prior to 1952, it has been customary in preparing the balance sheet to include "net current assets in United States funds" at par of exchange and to put a note on the balance sheet to that effect. However, in view of the fact that the U.S. dollar was at a

discount at the year end, provision has been made in the 1952 accounts for the discount at the rate in effect on December 31, 1952.

## PROPERTIES

Capital expenditures for plant and equipment during the year amounted to \$4,776,602.

The major projects which were undertaken in 1952 were:

- (i) The rehabilitation of three paper machines at Iroquois Falls. This will result in higher speeds and more newsprint production. This project will be completed early in 1953.
- (ii) The modernization of the wood room at Sault Ste. Marie for the purpose of reducing labour costs.
- (iii) The rehabilitation of one of the paper machines at Sault Ste. Marie. This has resulted in increased speeds, better quality and increased newsprint production.
- (iv) Extensive improvements and revisions to the Thorold mill of Provincial Paper, Limited. This project has been under way since early 1951 and was necessary because it became clear that the mill at Mille Roches, Ontario, is to be flooded after the St. Lawrence power and seaway project has been completed. One of the paper machines from the Mille Roches mill has been moved to Thorold and the other machine will be moved there when this is necessary.
- (v) The installation of equipment at several of the Company's mills to permit the use of

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1952 and the period  
since reorganization on May 1, 1946

SOURCE OF FUNDS	Year Ended December 31, 1952	Six years and eight months since May 1, 1946
Net profit before provision for taxes on income and a special appropriation in 1948.....	\$21,369,759	\$143,247,056
Non-cash charges for depreciation and depletion deducted in arriving at net profit.....	6,419,055	34,278,587
Proceeds from sale of 4¼ % Convertible Debentures.....	-	9,700,000
Proceeds from disposal of capital assets.....	39,171	5,556,153
Other items-net.....	34,089	1,953,967
	<u>\$27,862,074</u>	<u>\$194,735,763</u>
APPLICATION OF FUNDS		
Provision for taxes on income.....	\$12,272,000	\$ 73,195,104 ✓
Invested in common shares of Alaska Pine & Cellulose Limited-net.....	-	9,000,000
Invested in properties, plant and equipment.....	4,776,602	43,442,191
Invested in timber limits.....	400,000	1,200,000
Reduction in First Mortgage Bonds.....	2,639,500	27,684,700
Cost of preferred shares retired (including \$3,785,000 for shares of Provincial Paper, Limited).....	-	14,019,004
Dividends on preferred shares.....	1,575,624	11,684,154
Dividends on common shares.....	3,725,082	12,104,912
	<u>\$25,388,808</u>	<u>\$192,330,065</u>
RESULTING IN AN INCREASE IN WORKING CAPITAL OF	<u>\$ 2,473,266</u>	<u>\$ 2,405,698</u>
CHANGES IN WORKING CAPITAL DURING THE PERIOD CONSIST OF INCREASES AND (DECREASES) AS FOLLOWS:		
Current Assets -		
Cash and Government bonds.....	\$ 1,305,687	\$(12,764,262)
Accounts receivable.....	(1,567,453)	5,004,962
Operating inventories.....	(3,299,385)	15,930,432
	<u>\$(3,561,151)</u>	<u>\$ 8,171,132</u>
Current Liabilities.....	<u>(6,034,417)</u>	<u>5,765,434</u>
Net increase as above.....	<u>\$ 2,473,266</u>	<u>\$ 2,405,698</u>





Canadian sulphur in the place of American sulphur. The world's supply of sulphur has been a source of anxiety to the Canadian pulp and paper industry for some years and the Company will soon be in a position to use Canadian sulphur for 78% of its requirements.

In addition to the above mentioned capital projects a large number of improvements and replacements were carried out in the Company's mills and woodlands installations.

Looking back over the past five or six years it is a matter of great satisfaction to your Directors and must be to every shareholder that the rehabilitation of the Company's properties during the period since reorganization has been carried out at costs lower by many millions of dollars than would be possible under today's conditions.

#### ALASKA PINE & CELLULOSE LIMITED

The Company's equity in its holding of 50% of the common shares of Alaska Pine & Cellulose Limited has increased as a result of earnings less dividends since the date of acquisition by \$2,191,407 of which \$513,776 accrued in 1952.

On pages 24 to 28 of this report you will find the consolidated financial statements of Alaska Pine & Cellulose Limited and its subsidiary companies for the year ended December 31, 1952. These figures have not been consolidated with those of Abitibi.

During 1952 many things happened which adversely affected the earnings of Alaska Pine & Cellulose Limited.

First of all came a world-wide slump in the textile business. This was followed by a sharply reduced demand for dissolving pulp, the raw material of the rayon industry. In due course the prices of the various grades of dissolving pulp fell rapidly and steeply. On top of this situation came the decline in the value of the U. S. dollar which severely affected all Canadian exporters to the United States.

The lumber business in British Columbia also suffered due to a sharp decline in prices and to a marked reduction in lumber purchases by Great Britain following the dissolution of the buying organization of the British Labour Government.

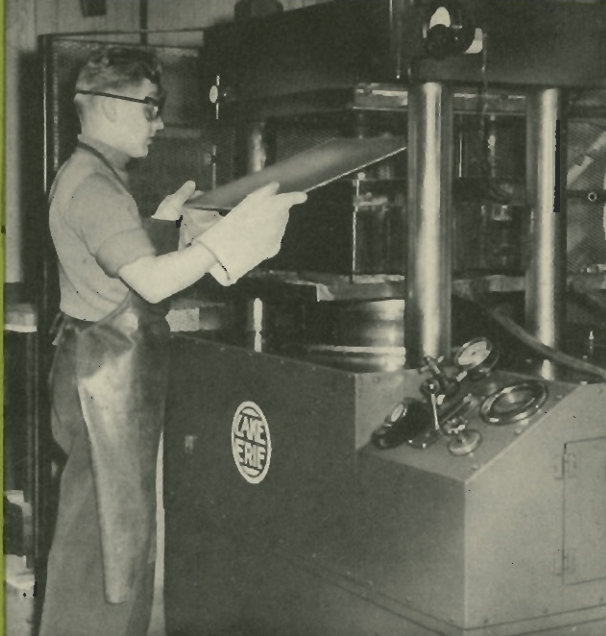
Then also there was in British Columbia during the summer of 1952 a succession of labour troubles which culminated in a six weeks' strike in the lumber mills and lumber camps and a ten weeks' strike by the carpenters' union.

As a result of all these difficulties the earnings of Alaska Pine & Cellulose Limited decreased to a figure of \$1,110,052 and the Directors did not feel justified in declaring any dividends on the common stock.

At the moment the lumber market appears to be stabilized and a good volume of sales at sharply lower prices is the order of the day.

The demand for rayon pulp is slowly improving and there is some reason to believe that the improvement in the textile business will soon be reflected in increased sales of dissolving pulp.

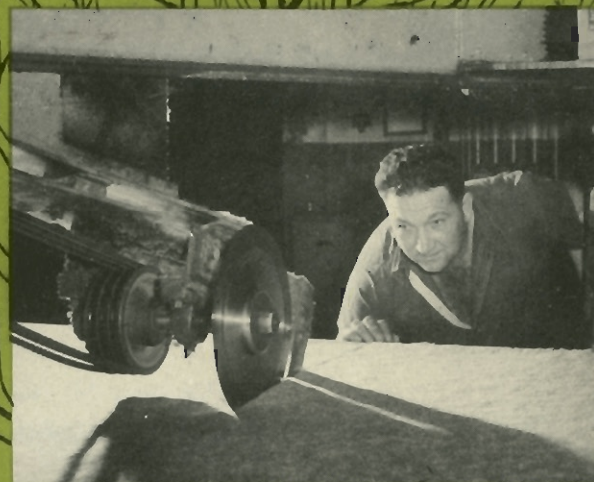
*This small hydraulic press in the research laboratory simulates one of the operations in the actual production of Abitibi Hardboard. It makes possible a study of results under closely controlled conditions.*



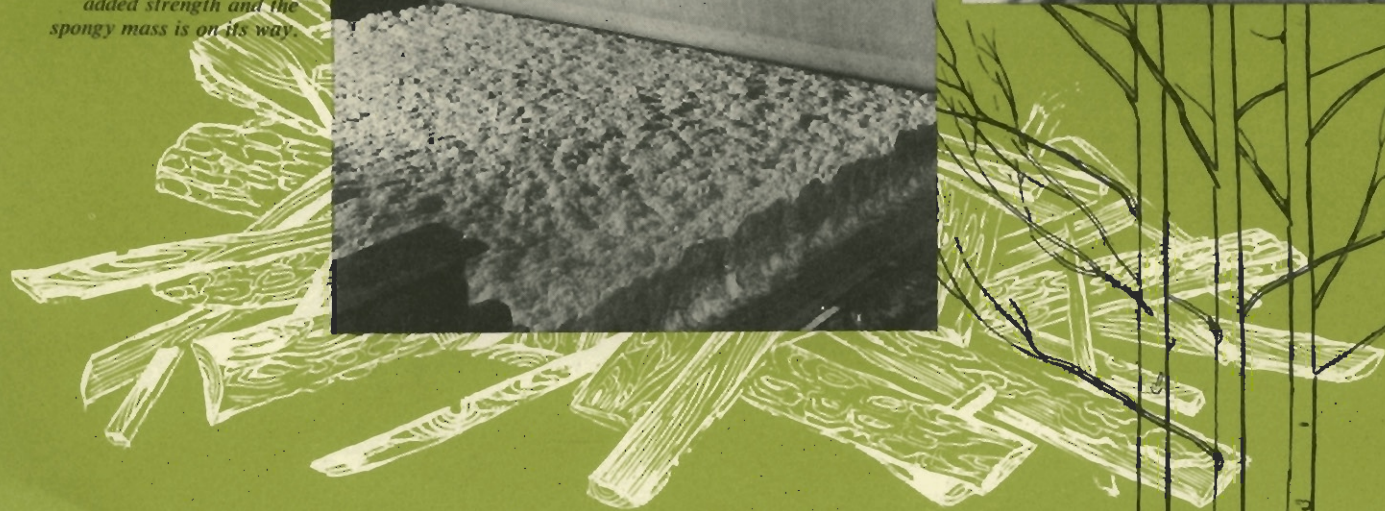
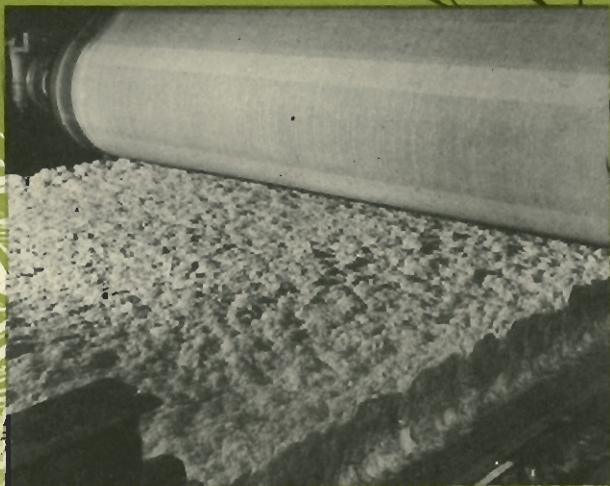
*Softwood chips from saw-mill waste are stored in the mill yard. Hardwood bolts from "weed" trees are chipped in the mill and processed separately.*



*A circular knife, co-ordinated with the continuous flow of pulp, cuts it into 16-foot lengths which are stacked and conveyed to a giant press.*



*Broken down into fibre bundles through the use of steam and defibrator machines, the pulped wood is mixed with thermosetting resins for added strength and the spongy mass is on its way.*





## RESEARCH AND DEVELOPMENT

Additional facilities at the Central Laboratories in Sault Ste. Marie were provided and a larger staff is playing an increasingly important part in the technological progress of the Company.

Much valuable work on new methods of pulping various species of wood has been done and this work will soon lead to improved utili-

zation of the forests for which the Company is responsible.

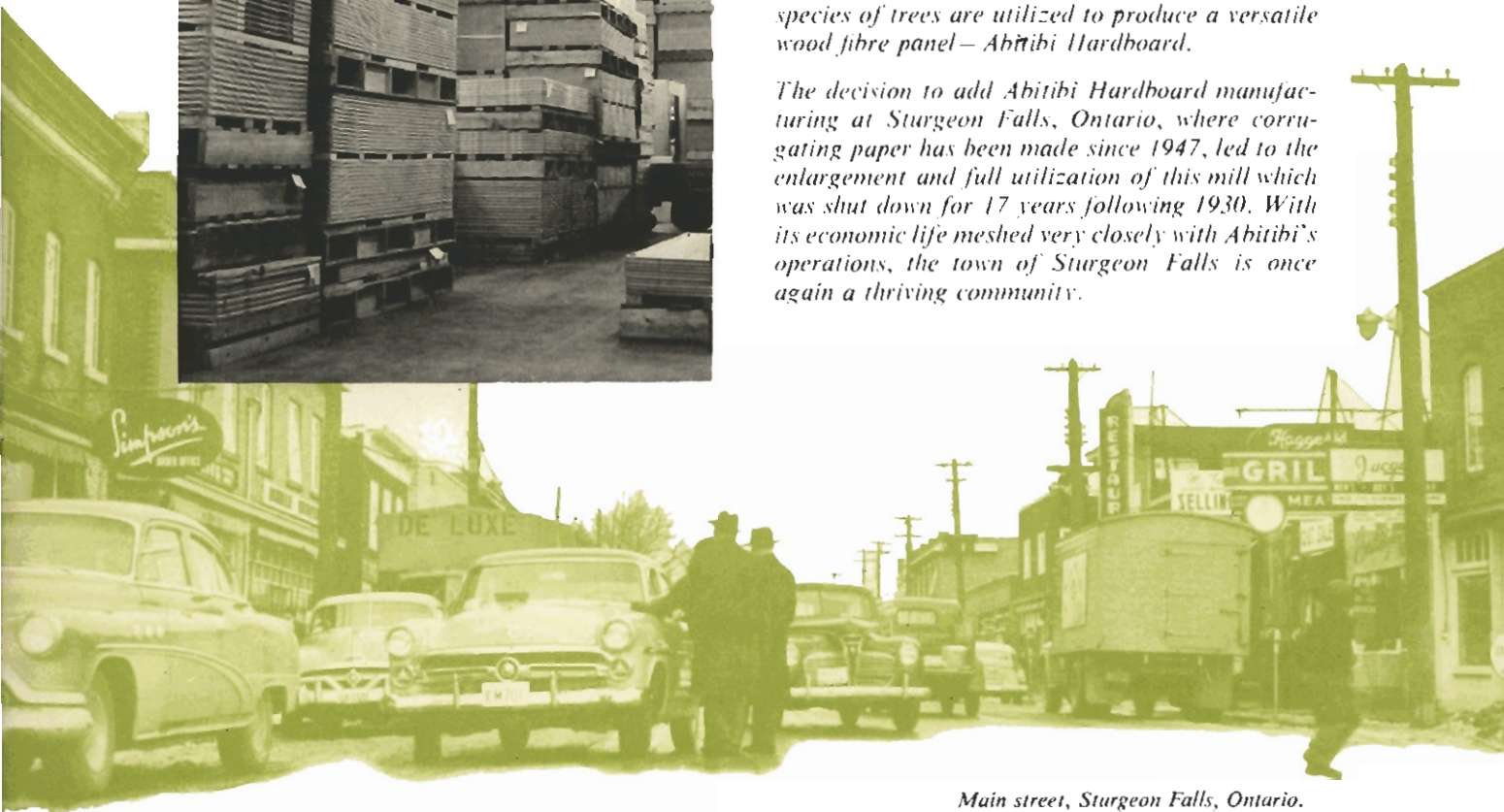
Each year more and more progress is made in the utilization of species which have hitherto been regarded as useless. The work of this kind that is being carried out in the laboratories of the pulp and paper industry is a most important contribution to the continued well-being of Canada's greatest industry.

*Sheets of Abitibi Hardboard are packaged and ready for shipment.*



*Study and experimentation by mill and laboratory personnel led to the development of equipment and processes whereby saw mill waste and "weed" species of trees are utilized to produce a versatile wood fibre panel—Abitibi Hardboard.*

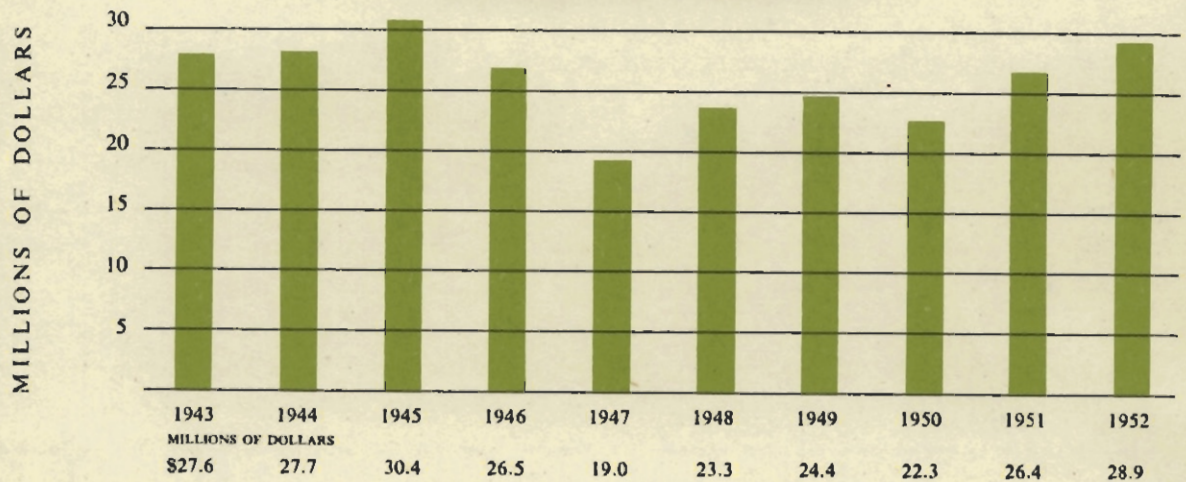
*The decision to add Abitibi Hardboard manufacturing at Sturgeon Falls, Ontario, where corrugating paper has been made since 1947, led to the enlargement and full utilization of this mill which was shut down for 17 years following 1930. With its economic life meshed very closely with Abitibi's operations, the town of Sturgeon Falls is once again a thriving community.*



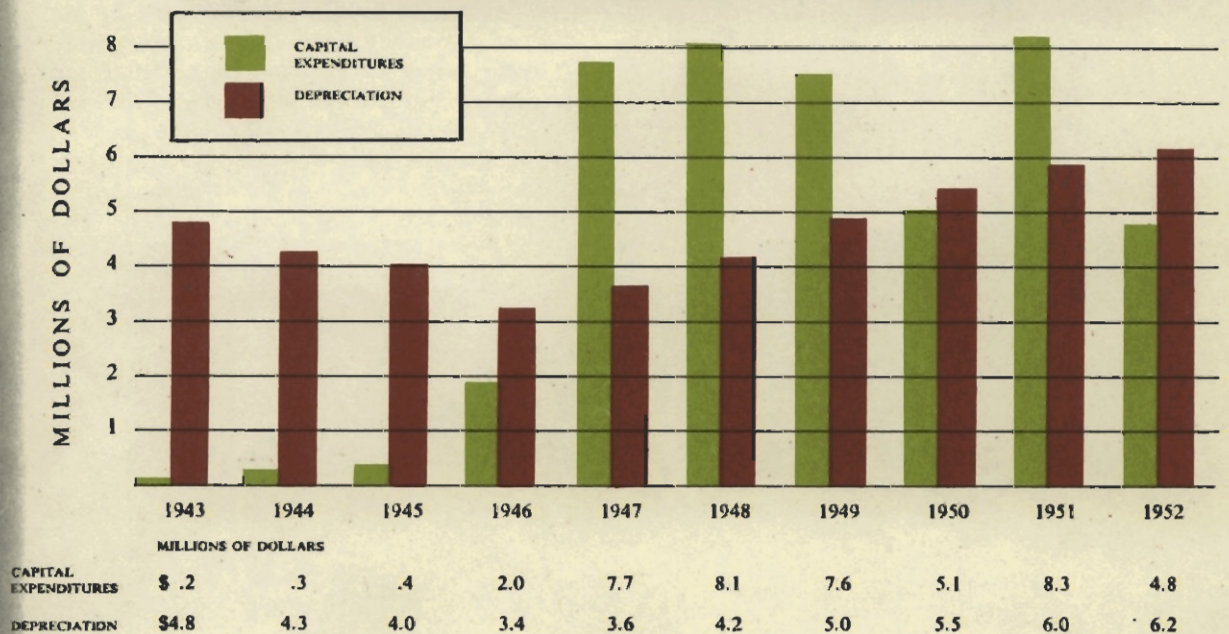
*Main street, Sturgeon Falls, Ontario.*



## WORKING CAPITAL



## CAPITAL EXPENDITURES & DEPRECIATION





New activities in the field of forest management include the development of an "experimental forest" situated on one of the blocks of freehold land recently purchased. The primary objective of this venture is the determination of the best methods for promoting new growth of different species under various conditions of soil and exposure.

During the summer of 1952 prospecting for minerals on lands owned outright by the Company was carried out. Sufficient encouragement from these efforts was obtained to warrant further explorations this coming summer.

### INDUSTRIAL RELATIONS

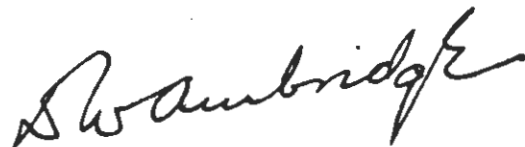
Following wage negotiations which took months to complete, new contracts were signed with the many unions whose members are employees of the Company.

Toronto, March 1, 1953.

The programme of training for employees was actively pursued during the year. The success of this effort to give all employees the benefit of skilled instruction in the various trades and occupations is due largely to the enthusiastic co-operation which exists between the men, their unions and the Company.

Team work which goes on every day among the men and women in the many and varied operations of the Company cannot be valued in dollars and cents, but it is a vital and living thing upon which the future progress of the Company depends. The Directors wish to express their appreciation and thanks to all the employees of the Company who have so ably played their parts during the year.

On behalf of the Board,



President





## MILLS & DEVELOPED WATER POWERS

ABITIBI POWER & PAPER COMPANY, LIMITED

AND SUBSIDIARY AND ASSOCIATED COMPANIES.

### ASSOCIATED COMPANIES

ALASKA PINE &  
CELLULOSE LIMITED  
and  
SUBSIDIARY COMPANIES

### MILLS

1. VANCOUVER	Lumber
2. NEW WESTMINSTER	Lumber
3. PORT ALICE	Dissolving Pulp
4. WOODFIBRE	Dissolving Pulp

### MILLS

1. IROQUOIS FALLS	Newsprint
2. BEAUPRE	Newsprint
3. PINE FALLS	Newsprint
4. PORT ARTHUR	Newsprint
5. FORT WILLIAM	Newsprint
6. SAULT STE. MARIE	Newsprint and Unbleached Sulphite
7. SMOOTH ROCK FALLS	Bleached Sulphite
8. STURGEON FALLS	Hardboard and Corrugating Board
9. PORT ARTHUR	Printing and Fine Papers
10. THOROLD	Printing and Fine Papers
11. MILLE ROCHES	Printing and Fine Papers
12. GEORGETOWN	Printing and Fine Papers

### DEVELOPED WATER POWERS

- A. ISLAND FALLS
- B. SMOOTH ROCK FALLS
- C. IROQUOIS FALLS
- D. TWIN FALLS
- E. STURGEON FALLS





# ABITIBI POWER & PAPER

## CONSOLIDATED BALANCE

(With comparable balances)

### ASSETS

#### CURRENT ASSETS:

	1952	1951
Cash on hand and in banks . . . . .	\$ 3,544,628	\$ 2,238,941
Accounts receivable, less reserves . . . . .	10,624,649	11,442,102
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 . . . . .	33,640,340	36,939,725
	<u>\$ 47,809,617</u>	<u>\$ 51,370,768</u>

#### INVESTMENT IN ALASKA PINE & CELLULOSE LIMITED

(50% of outstanding common shares), at cost . . . . .	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>
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#### CAPITAL ASSETS:

Properties, plant and equipment – At gross physical values as at April 30, 1946 (as reported by Messrs. Coverdale & Colpitts, Consulting Engineers, New York, except as to Provincial Paper, Limited included at book values) plus subsequent additions at cost, less retirements . . . . .	\$149,926,378	\$145,409,425
Less – Accumulated depreciation . . . . .	<u>72,795,122</u>	<u>66,764,519</u>
	<u>\$ 77,131,256</u>	<u>\$ 78,644,906</u>
Timber concessions, agreements and licenses, waterpower rights and freehold timber areas, less accumulated depletion of \$3,309,846 (\$3,084,846 in 1951) . . .	17,122,535	17,347,535
	<u>\$ 94,253,791</u>	<u>\$ 95,992,441</u>

#### DEFERRED CHARGES AND OTHER ASSETS:

Prepaid insurance, taxes, etc. . . . .	\$ 881,743	\$ 897,506
Unamortized bond discount and expense . . . . .	421,668	492,293
Miscellaneous investments and other assets . . . . .	527,448	418,123
	<u>\$ 1,830,859</u>	<u>\$ 1,807,922</u>

#### APPROVED ON BEHALF OF THE BOARD:

D. W. AMBRIDGE, *Director*  
W. H. SMITH, *Director*

\$152,894,267 \$158,171,131

# COMPANY, LIMITED AND SUBSIDIARY COMPANIES

## SHEET DECEMBER 31, 1952

as at December 31, 1951)

### LIABILITIES

#### CURRENT LIABILITIES:

	1952	1951
Accounts payable and sundry accruals . . . . .	\$ 7,622,549	\$ 11,226,257
Dividends payable . . . . .	1,325,177	1,325,177
Interest accrued on bonds and debentures . . . . .	296,600	315,167
Provision for income and other taxes . . . . .	7,988,346	10,917,988
Serial and sinking fund payments due April 1, 1953 on First Mortgage Bonds . . .	1,700,500	1,183,000
	<u>\$ 18,933,172</u>	<u>\$ 24,967,589</u>

#### TIMBER LIMITS PURCHASE AGREEMENT:

Portion payable in 1954 . . . . .	\$ 400,000	\$ 800,000
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#### FUNDED DEBT:

##### First Mortgage Bonds:

Authorized . . . . .	\$65,000,000		
Issued and outstanding:			
3½% First Mortgage Serial Bonds, Series "A" (\$1,000,000 maturing annually)			
Issued . . . . .	\$10,000,000		
Redeemed and cancelled . . . . .	<u>5,000,000</u>	\$ 5,000,000	\$ 6,000,000
3½% First Mortgage Twenty-Year (Sinking Fund) Bonds, Series "A", maturing April 1, 1967			
Issued . . . . .	\$35,000,000		
Redeemed and cancelled . . . . .	<u>10,150,500</u>	24,849,500	25,971,500
		<u>\$ 29,849,500</u>	<u>\$ 31,971,500</u>
Less - Bonds redeemable April 1, 1953 included with current liabilities . .		1,700,500	1,183,000
		<u>\$ 28,149,000</u>	<u>\$ 30,788,500</u>
4¼% Convertible Debentures maturing June 1, 1961 . . . . .		10,000,000	10,000,000
		<u>\$ 38,149,000</u>	<u>\$ 40,788,500</u>

RESERVE AGAINST POSSIBLE DECLINE IN INVENTORY VALUES	\$ 4,500,000	\$ 4,500,000
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#### 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
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##### 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 favour of senior executives); issued 3,725,082 shares . . . . .	25,941,295	25,941,295
	<u>\$ 46,949,615</u>	<u>\$ 46,949,615</u>

EARNED SURPLUS, since May 1, 1946 . . . . .	\$ 43,962,480	\$ 40,165,427
	<u>\$ 152,894,267</u>	<u>\$ 158,171,131</u>





# ABITIBI POWER & PAPER

## CONSOLIDATED STATEMENT OF PROFIT AND

(With comparative statements)

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.....

*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.....

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: For the year 1952 fees of directors not holding salaried positions amounted to \$22,300 and counsel and solicitors' fees, salaries and fees of executive officers and directors holding salaried positions amounted to \$487,006.

## DIVIDEND RECORD FOR FIVE

On Prior Preferred Shares.....

On Preferred Shares.....

On Common Shares.....

# COMPANY, LIMITED AND SUBSIDIARY COMPANIES

## LOSS FOR THE YEAR ENDED DECEMBER 31, 1952

for the preceding four years)

1952	1951	1950	1949	1948
\$107,381,890	\$111,528,208	\$93,776,756	\$84,677,709	\$87,756,852
<u>76,558,811</u>	<u>73,568,574</u>	<u>62,590,832</u>	<u>59,179,992</u>	<u>60,068,928</u>
\$ 30,823,079	\$ 37,959,634	\$31,185,924	\$25,497,717	\$27,687,924
<u>-</u>	<u>1,174,851</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 30,823,079	\$ 39,134,485	\$31,185,924	\$25,497,717	\$27,687,924
\$ 6,194,055	\$ 5,993,932	\$ 5,472,168	\$ 4,993,241	\$ 4,204,018
225,000	200,000	150,000	125,000	260,000
1,461,481	1,348,449	1,274,497	1,264,256	1,116,486
1,077,159	1,177,769	1,282,322	1,393,876	1,499,499
425,000	242,095	-	-	-
70,625	89,363	103,104	100,397	153,697
-	300,000	-	-	-
-	40,000	40,000	40,000	40,000
\$ 9,453,320	\$ 9,391,608	\$ 8,322,091	\$ 7,916,770	\$ 7,273,700
\$ 21,369,759	\$ 29,742,877	\$22,863,833	\$17,580,947	\$20,414,224
<u>12,272,000</u>	<u>16,745,000</u>	<u>10,240,000</u>	<u>7,800,000</u>	<u>8,643,638</u>
\$ 9,097,759	\$ 12,997,877	\$12,623,833	\$ 9,780,947	\$11,770,586
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
\$ 9,097,759	\$ 12,997,877	\$12,623,833	\$ 9,780,947	\$10,270,586

## YEARS ENDED DECEMBER 31, 1952

1952	1951	1950	1949	1948
\$ -	\$ -	\$ -	\$ 62,500	\$ 125,000
1,575,624	1,575,624	1,730,406	2,054,105	2,092,908
3,725,082	3,724,853	2,793,050	1,861,927	-
\$ 5,300,706	\$ 5,300,477	\$ 4,523,456	\$ 3,978,532	\$ 2,217,908





# ABITIBI POWER & PAPER COMPANY, LIMITED

## AND SUBSIDIARY COMPANIES

### CONSOLIDATED STATEMENT OF EARNED SURPLUS

(since May 1, 1946)

FOR THE YEAR ENDED DECEMBER 31, 1952

(With a comparative statement for the year ended December 31, 1951)

	1952	1951
Earned Surplus at beginning of year . . . . .	\$40,165,427	\$27,710,427
Transfer from Capital Surplus to restore to Earned Surplus the amount designated as Capital Surplus in prior year upon retirement of preferred shares . . . . .		4,827,600
Net profit for the year . . . . .	<u>9,097,759</u>	<u>12,997,877</u>
	\$49,263,186	\$45,535,904
<i>Deduct –</i>		
Excess of cost over par value of preferred shares retired . . . . .	<u>–</u>	<u>70,000</u>
	\$49,263,186	\$45,465,904
<i>Deduct –</i>		
Dividends on:		
Preferred shares . . . . .	\$ 1,575,624	\$ 1,575,624
Common shares . . . . .	<u>3,725,082</u>	<u>3,724,853</u>
	\$ 5,300,706	\$ 5,300,477
Earned Surplus at end of year . . . . .	<u>\$43,962,480</u>	<u>\$40,165,427</u>

# AUDITORS' REPORT

PRICE WATERHOUSE & CO.

ROYAL BANK BUILDING

TORONTO

February 10 1953.

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 1952 and the related consolidated statements of profit and loss and earned surplus 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 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 earned surplus 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 1952 and the result of operations for the year then ended according to the best of our information and the explanations given to us and as shown by the books of the companies.

Auditors.



# Abitibi

The new and improved slice on No. 1 newsprint machine at Port Arthur, Ontario controls the flow of the wood pulp and water mixture onto the fourdrinier wire belt which runs at some 1450 feet per minute. 31 seconds later, the 99.4% water content of the mixture has been reduced to 8% and newsprint has been made.

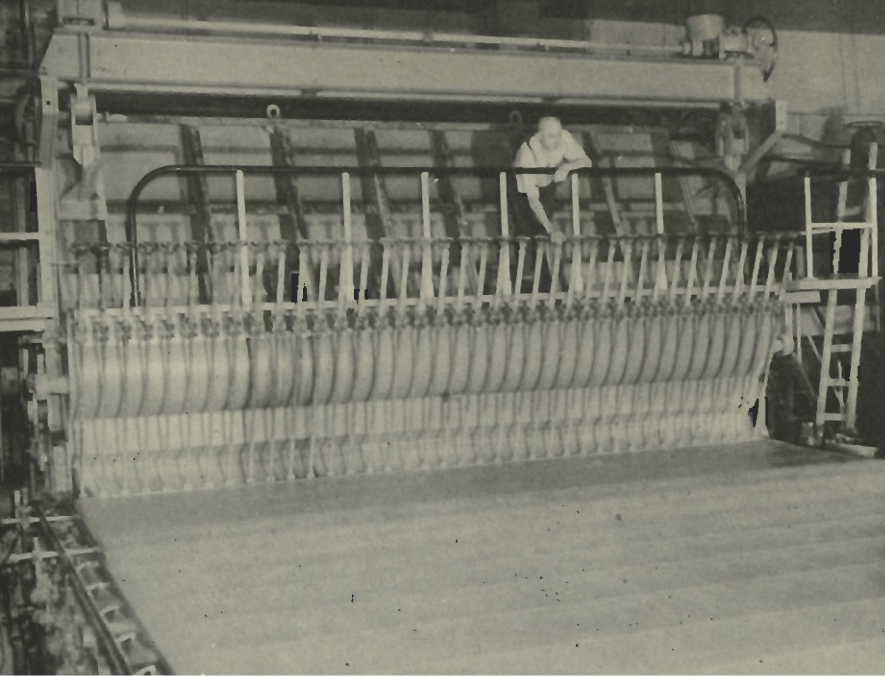


These houses at Pine Falls, Manitoba are representative of the thirty new homes constructed in four Company towns during the year. Attractive, modern and comfortable, they are available to employees at moderate rentals.

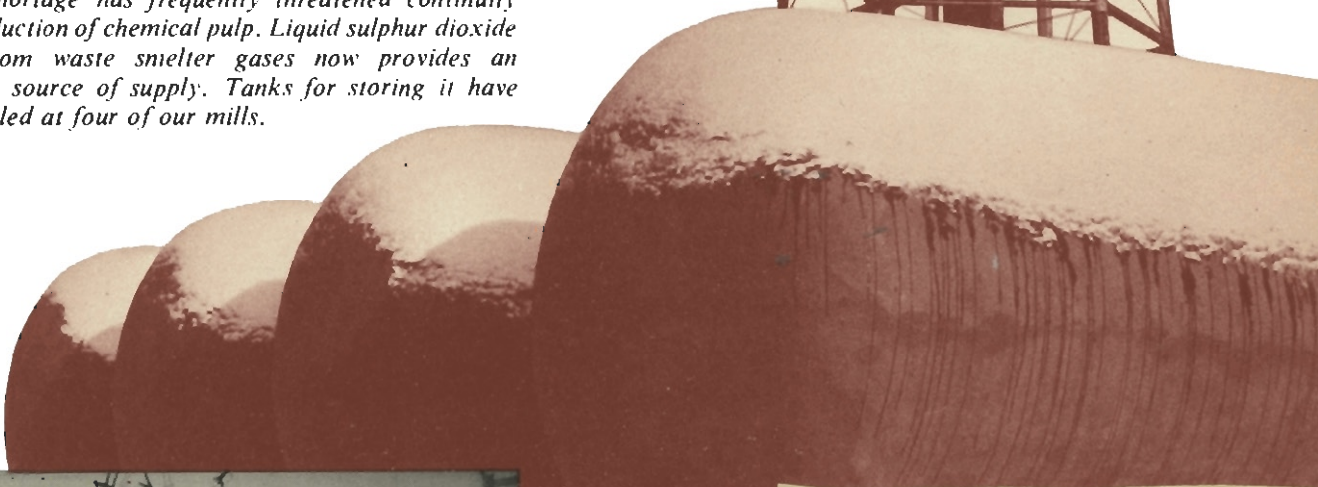
New style ventilating hoods on two newsprint machines at Iroquois Falls, Ontario effect economy in steam and help to produce better paper through more uniform drying. Enclosing the entire drying sections of the machines, they are the most modern development in the all-important process of speedily removing moisture from the fast moving web of wet paper.







*Sulphur shortage has frequently threatened continuity of our production of chemical pulp. Liquid sulphur dioxide derived from waste smelter gases now provides an alternative source of supply. Tanks for storing it have been installed at four of our mills.*



*The utility and versatility of Abitibi Hardboard are well illustrated by this lounge room. Walls and ceiling are panelled in Standard Grade Abitibi Hardboard. The linoleum is underlaid with Economy Grade. The bending qualities of Abitibi Hardboard are demonstrated by the curved counter.*

#### NOTE:

*The following pages  
24 to 28 inclusive,  
present the 1952  
financial statements  
of Alaska Pine &  
Cellulose Limited*





# ALASKA PINE & CELLULOSE LIMITED

*Dissolving pulp mill, Woodfibre, B.C.*

# ALASKA PINE & CELLULOSE LIMITED

## AND SUBSIDIARY COMPANIES

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1952

Net Sales—after deducting outward freight, etc. ....		\$36,901,475
<i>Less —</i>		
Operating costs including administrative, selling and general expenses, but before provision for depreciation, depletion, etc. ....		<u>29,457,988</u>
		\$ 7,443,487
<i>Deduct —</i>		
Provision for depreciation. ....	\$2,958,843	
Provision for depletion. ....	490,400	
Contribution to employees' pension plan. ....	244,495	
Amortization of bond discount and expense. ....	74,020	
Interest on First Mortgage Bonds. ....	<u>615,677</u>	<u>4,383,435</u>
Profit before provision for taxes on income. ....		\$ 3,060,052
<i>Deduct —</i>		
Provision for taxes on income. ....		1,950,000
Net profit for the year. ....		<u><u>\$ 1,110,052</u></u>

**Notes:**

- (1) Fees of directors not holding salaried positions amounted to \$1,600 and counsel and solicitors' fees, salaries and fees of executive officers and directors holding salaried positions amounted to \$198,180.
- (2) The basis followed in computing the annual provision for depreciation was revised for the year 1952 and results in an amount which, while less than the provision for 1951, is in excess of the amount allowable for income tax purposes.

### CONSOLIDATED STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1952

Earned Surplus at beginning of year. ....	\$13,699,609
Net profit for the year. ....	1,110,052
	<u>\$14,809,661</u>
<i>Deduct —</i>	
Dividend on preference shares. ....	82,500
Earned Surplus at end of year. ....	<u><u>\$14,727,161</u></u>





# ALASKA PINE & CELLULOSE

## CONSOLIDATED BALANCE

### ASSETS

#### CURRENT ASSETS:

Cash on hand and in banks.....	\$ 2,431,254	
Accounts receivable.....	3,515,700	
Inventories of logs, pulp, lumber, materials and supplies, on the basis of cost or market, whichever lower.....	9,159,488	\$15,106,442

#### INVESTMENTS:

Investments in subsidiary companies not wholly-owned and not consolidated...	\$ 1,750,000	
--	--------------	--

Note: The Company's equity in subsidiary companies not wholly-owned and not consolidated, as shown by their respective balance sheets as at September 30, 1952 and December 31, 1952, exceeds the value shown herein by approximately \$966,000. The equity in the profits of these subsidiary companies for their fiscal periods ended in 1952, as shown by their income accounts, amounted to approximately \$584,000; no dividends were received from these subsidiary companies during the year.

Sundry investments.....	600,000	2,350,000
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#### CAPITAL ASSETS:

Properties, plant and equipment at gross physical values as at December 31, 1950 (as reported by Messrs. Coverdale & Colpitts, Consulting Engineers, New York, except as to boats, scows, etc., included at cost) plus subsequent additions at cost, less retirements.....	\$52,683,349	
--	--------------	--

Less -		
Accumulated depreciation.....	17,131,700	
	<u>\$35,551,649</u>	

Timber and pulp leases and licenses, waterpower rights and freehold lands at cost, less accumulated depletion of \$2,286,349.....	7,340,293	42,891,942
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#### DEFERRED CHARGES AND OTHER ASSETS:

Unamortized bond discount and expense.....	\$ 518,273	
Insurance and other expenses prepaid.....	625,510	
Logging roads, less amounts written off.....	713,294	
Advances to logging contractors.....	715,451	
Sundry advances and other assets.....	<u>744,912</u>	3,317,440

\$63,665,824

# LIMITED AND SUBSIDIARY COMPANIES

SHEET DECEMBER 31, 1952

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable.....	\$ 3,852,487	
Amounts owing to subsidiary companies not consolidated.....	1,164,531	
Dividend payable.....	41,250	
Provision for income and other taxes.....	1,260,516	
Interest accrued on First Mortgage Bonds, Series "A".....	100,341	
Serial and sinking fund payments due in 1953 on First Mortgage Bonds.....	<u>667,000</u>	\$ 7,086,125

### BANK LOANS (secured):

Repayable in instalments 1954-1957.....		3,450,000
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### FIRST MORTGAGE BONDS:

Authorized.....	<u>\$20,000,000</u>	
Issued and outstanding -		
3½% Serial Bonds, Series "A" (\$500,000 maturing annually):		
Issued.....	\$ 1,500,000	
Redeemed and cancelled.....	<u>500,000</u>	\$ 1,000,000
4½% Sinking Fund Bonds, Series "A", maturing May 1, 1966:		
Issued.....	\$13,500,000	
Redeemed and cancelled.....	<u>899,000</u>	12,601,000
4½% Bonds, Series "B", maturing May 1, 1966:		
Pledged as collateral to bank loan.....	<u>\$ 3,000,000</u>	-
		<u>\$13,601,000</u>
Less -		
Bonds redeemable in 1953 included with current liabilities.....	<u>667,000</u>	12,934,000

RESERVE AGAINST POSSIBLE DECLINE IN INVENTORY VALUES		900,000
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### CAPITAL STOCK:

Preference shares -		
Annual cumulative dividend of \$5 a share; redeemable at par;		
authorized and issued - 16,500 shares of a par value of \$100 each.....	\$ 1,650,000	
Common shares -		
Authorized - 150,000 shares without nominal or par value;		
issued - 100,000 shares.....	<u>3,000,000</u>	4,650,000

EXCESS OF APPRAISED VALUE OVER DEPRECIATED COST OF CAPITAL ASSETS.....		19,918,538
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EARNED SURPLUS		14,727,161
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Note: The Company has capital projects under construction which, to complete, will require estimated expenditures of \$2,300,000, which are not recorded in the accounts at December 31, 1952. The trust deed securing the First Mortgage Bonds places certain restrictions on the payment of dividends.

\$63,665,824



# AUDITORS' REPORT



PRICE WATERHOUSE & CO.

MARINE BUILDING

VANCOUVER

February 7 1953

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 1952 and the related consolidated statements of profit and loss and earned surplus for the year then ended 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 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 state of the affairs of the companies as at December 31 1952 and the result of operations for the year then ended, 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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