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*Annual
Report*

1940

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BATHURST

POWER AND PAPER COMPANY LIMITED

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BATHURST
POWER AND PAPER COMPANY LIMITED

Report of Directors

TO THE SHAREHOLDERS OF
BATHURST POWER AND PAPER COMPANY LIMITED

The Directors present herewith the Consolidated Statement of Profit and Loss covering operations for the year ended December 31, 1940, the Consolidated Statement of Earned Surplus and the Consolidated Balance Sheet as at December 31, 1940, together with the report of the Auditors, Messrs. Price, Waterhouse & Company.

Profit for the year before Depreciation, Depletion, and Dominion and Provincial Income and Profits Taxes amounted to \$1,717,807.15 and compares with \$509,880.84 for 1939. Improved profits have been due to larger volume of business, somewhat better prices for certain products and continuity of improvement in operating efficiency.

Depreciation amounting to \$351,042.51 calculated on the basis being consistently followed by the Company has been charged against earnings and compares with \$333,804.38 for the previous year. It will be also noted that an additional sum of \$217,845.90 for depreciation in respect to prior years was appropriated from earned surplus which stood at \$626,540.72 on December 31st, 1940.

Net earnings after providing for Depreciation, Depletion, Dominion and Provincial Income and Profits Taxes were \$786,742.78 and compare with \$81,196.70 for 1939. A reserve of \$500,000.00 has been provided to cover the parent company's Dominion Income and Excess Profits Taxes and Provincial Profits Taxes. It is impossible, currently, to determine the tax liability of the Company to the Dominion Government. The amount provided, however, is believed to be in excess of any taxes which may accrue in respect of the year 1940.

Capital additions to plant and equipment during the year amounted to \$411,112.10. The installation of the modern recovery furnace and waste-heat boiler for the Kraft Pulp Mill referred to in last year's report was completed on schedule, and commenced operation on April 15th of last year, with results in accord with expectations. To meet the demand upon the Company for Kraft and Boxboard products the capacity of the Kraft Mill has been somewhat increased through the installation of additional dryers, ventilating equipment and continuous pulp washing equipment which replaces the 23-year-old diffuser washing equipment.

The capacity of the Boxboard Mill has also been added to by the installation of additional beaters and a vapour absorption ventilating system. The Mill Stores Department, housed since 1920 in a number of temporary wooden buildings, has now been adequately provided for in a three-storey building of brick, steel and concrete. A much needed extension to the machine shop was also carried out. These improvements contribute substantially to the Company's welfare and efficiency.

During the year the Company acquired 175 square miles of timber limits, containing upwards of 500,000 cords of spruce pulpwood, at a cost of \$153,338. These limits are adjacent to the Company's New Brunswick limits and relatively close to the mill at Bathurst.

Four dividends each of \$0.25 per share on Class A shares outstanding were paid during the year, amounting in all to \$400,000.00.

Net Current and Working Assets were \$2,800,092.56 on December 31, 1940 as compared with \$2,483,447.60 on December 31, 1939, representing an increase of \$316,644.96. Cash and Securities amounted to \$752,855.28 compared with \$852,503.83 at the end of the previous year.

Operations of Kraft, Boxboard, and Sulphite Mills were on a full time basis throughout the year. While Newsprint was not produced at full capacity opportunity for the manufacture of certain specialties occurred which resulted in the Newsprint Mill operating practically full time.

Under the present circumstances it is naturally impossible to forecast future operating conditions. However, current operations continue satisfactory and earnings are being maintained on a profitable basis.

The physical condition of the Mill and Power Plant has been fully maintained.

The Auditors, Messrs. Price, Waterhouse & Company, retire at this time, and, being eligible, offer themselves for re-election.

The Directors acknowledge with appreciation the loyal and efficient services of the officers, staff and employees of the Company, many of whom are serving with the Army, Navy and Air Force.

R. L. WELDON,
President.

MONTREAL, March 1st, 1941.

**BATHURST POWER AND PAPER COMPANY
LIMITED
AND SUBSIDIARY COMPANIES**

*Consolidated Statement of Profit and Loss for
years ending December 31, 1940 and 1939*

	<u>Year 1940</u>	<u>Year 1939</u>
Net Sales, less freight, allowances and discounts.	\$5,458,358.45	\$3,634,024.05
Cost of Sales and Expenses		
Including Manufacturing Cost, General Administration and Selling Expenses, except Officers' Remuneration, Directors' Fees, Legal Expenses and after deducting Miscellaneous Operating Income.	3,785,922.42	3,055,372.73
	\$1,672,436.03	\$ 578,651.32
Non-Operating Revenue		
Interest on Investments, Premium on Exchange and Sun- dry non-operating Income.	146,028.88	21,989.67
	\$1,818,464.91	\$ 600,640.99
Deduct		
Officers' Remuneration.	61,600.00	63,700.00
Provincial Corporation Taxes.	22,856.59	19,988.24
Legal Expenses.	8,751.17	5,931.91
Directors' Fees.	7,450.00	1,140.00
	\$ 100,657.76	\$ 90,760.15
Profit before Depreciation, Depletion and Dominion and Provincial Income and Profits Taxes.	1,717,807.15	509,880.84
Depreciation.	346,127.36	328,900.20
Depletion.	86,300.89	86,571.66
	\$ 432,428.25	\$ 415,471.86
Net Profit Bathurst Power & Paper Company Limited before Dominion and Provincial Income and Profits Taxes.	\$1,285,378.90	\$ 94,408.98
Profit of Subsidiary Company after charging \$4,915.15 for Depreciation and \$393 for Officers' Salaries.	5,782.20	3,025.70
	\$1,291,161.10	\$ 97,434.68
Dominion and Provincial Income and Profits Taxes (Partly Estimated)	504,418.32	16,237.98
	\$ 786,742.78	\$ 81,196.70
Net Profit for the Year.	\$ 786,742.78	\$ 81,196.70

**BATHURST POWER AND PAPER COMPANY
LIMITED
AND SUBSIDIARY COMPANIES**

*Consolidated Statement of Earned Surplus for
years ending December 31, 1940 and 1939*

	<u>Year 1940</u>	<u>Year 1939</u>
Earned Surplus, at close of previous year	\$ 457,643.84	\$ 476,447.14
Net Profit for the year	786,742.78	81,196.70
	<u>\$1,244,386.62</u>	<u>\$ 557,643.84</u>
Dividends paid	400,000.00	100,000.00
Additional amount appropriated for Depreciation in respect to prior years	217,845.90	—
	<u>\$ 617,845.90</u>	<u>100,000.00</u>
Earned Surplus at December 31 per Balance Sheet	<u>\$ 626,540.72</u>	<u>\$ 457,643.84</u>

BATHURST POWER AND PAPER COMPANY LIMITED

AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet, December 31, 1940

ASSETS

	<u>Dec. 31, 1940</u>	<u>Dec. 31, 1939</u>
CURRENT ASSETS:		
Cash in Banks and on Hand.....	\$ 423,272.17	\$ 692,013.08
Marketable Securities at book values..... (Quoted market values at December 31, 1940— \$331,753.)	329,583.11	160,490.75
Accounts Receivable less Reserve for Doubtful Ac- counts.....	751,402.57	616,667.32
Trade Deposits.....	29,216.49	26,283.49
Inventories of Raw Materials, Supplies and Finished Products, as determined and certified by respon- sible officials of the Company, valued on the basis of average cost or market whichever was the lower	1,914,719.93	1,404,013.96
Expenditures on Current Season's Logging Operations	409,444.74	223,103.12
	<u>\$ 3,857,639.01</u>	<u>\$ 3,122,571.72</u>
PROPERTIES at book values December 31, 1934, with the cost of subsequent additions and after applying in re- duction of values Capital Surplus of \$8,804,082.45 at December 31, 1935—		
Timber Limits and Undeveloped Water Powers..	\$ 7,490,966.97	\$ 7,337,628.97
Buildings, Plant and Machinery.....	8,497,779.83	8,086,667.73
	<u>\$ 15,988,746.80</u>	<u>\$ 15,424,296.70</u>
INVESTMENTS IN ASSOCIATED AND OTHER COMPANIES	\$ 44,504.00	\$ 44,503.00
DEFERRED CHARGES:		
Prepaid Taxes and Unexpired Insurance.....	\$ 49,908.82	\$ 24,996.97
Depletion on Pulpwood on hand, to be absorbed in future operations.....	70,662.90	65,639.29
Other Deferred Charges.....	75,269.89	34,211.41
	<u>\$ 195,841.61</u>	<u>\$ 124,847.67</u>
	<u>\$ 20,086,731.42</u>	<u>\$ 18,716,219.09</u>

Approved on behalf of the Board:

R. L. WELDON, }
H. J. WEBB, } *Directors.*

LIABILITIES

	<u>Dec. 31, 1940</u>	<u>Dec. 31, 1939</u>
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities.....	\$ 550,495.33	\$ 620,537.63
Sales Taxes and Stumpage Dues.....	2,721.09	1,872.13
Provision for Dominion and Provincial Income and Profits Taxes (estimated).....	504,330.03	16,714.36
	<u>\$ 1,057,546.45</u>	<u>\$ 639,124.12</u>
Purchase Money Notes due more than one year from date.....	\$ 120,000.00
RESERVES:		
Depreciation of Buildings, Plant and Machinery.....	\$ 2,258,891.80	\$ 1,689,813.43
Depletion of Timber Limits.....	744,330.92	650,061.66
Contingencies.....	24,158.95	24,158.95
Insurance Fund.....	15,262.58	15,417.09
	<u>\$ 3,042,644.25</u>	<u>\$ 2,379,451.13</u>
COMMON STOCK AND SURPLUS:		
Class A—		
Authorized—750,000 shares without nominal or par value.		
Issued—400,000 shares without nominal or par value.....	\$ 14,400,000.00	\$ 14,400,000.00
(Class A shares are redeemable at \$65.00 per share upon thirty days' notice)		
Class B—		
Authorized—500,000 shares without nominal or par value.		
Issued—300,000 shares without nominal or par value.....	840,000.00	840,000.00
Earned Surplus, as per statement attached.....	626,540.72	457,643.84
	<u>\$ 15,866,540.72</u>	<u>\$ 15,697,643.84</u>
CONTINGENT LIABILITY AT DECEMBER 31, 1940:		
Trade Paper under Discount <u>\$19,316.00.</u>		
	<u>\$ 20,086,731.42</u>	<u>\$ 18,716,219.09</u>

Submitted with our Report to the Shareholders dated February 18, 1941.

PRICE, WATERHOUSE & Co., Auditors.

PRICE, WATERHOUSE & CO.

215 ST. JAMES STREET WEST
(CANADIAN PACIFIC EXPRESS BUILDING)
MONTREAL

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of the Bathurst Power & Paper Company Limited and its Subsidiary Companies for the year ending December 31, 1940, and have obtained all the information and explanations which we have required; and we report that subject to the final determination of the liability for Income and Profits Taxes the attached Consolidated Balance Sheet at December 31, 1940 is, in our opinion, properly drawn up so as to show a true and correct view of the financial position of Bathurst Power & Paper Company Limited and its Subsidiary Companies at 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.

MONTREAL, February 18, 1941.

BATHURST POWER AND PAPER COMPANY LIMITED



Officers

R. L. WELDON	<i>President</i>
P. A. THOMSON	<i>Vice-President</i>
H. J. WEBB	<i>Vice-President and Secretary-Treasurer</i>
G. A. SCHRYER	<i>Asst. Treasurer</i>
F. D. LAMONT	<i>Asst. Treasurer</i>

Directors

F. J. CAMPBELL	R. G. IVEY, K.C.
A. J. NESBITT	P. A. THOMSON
H. P. ROBINSON	JOSEPH SIMARD
H. J. WEBB	R. L. WELDON

J. B. WOODYATT

BATHURST POWER AND PAPER COMPANY LIMITED

The Following Products are Manufactured at Bathurst for Domestic and Export Markets.

CYLINDER BOARDS—Patent Coated—Bleached Manilla—Pulp-boards—Kraft Lined Boards—Coloured Boards and Screenings Boards.

FOURDRINIER BOARDS—Kraft Liner and Kraft Corrugating Boards.

SULPHITE PULP—High-grade unbleached Sulphite Pulp.

NEWSPRINT—Standard Newsprint Paper.



HEAD OFFICE
Bathurst, New Brunswick

Montreal Office
Sun Life Building, Dominion Square

DISTRICT SALES OFFICES:

ONTARIO.....159 Bay Street, Toronto, Ont.
QUEBEC.....Sun Life Building, Montreal, P.Q.
MARITIME PROVINCES.....Bathurst, N.B.
UNITED KINGDOM.....Herbert Cox Ltd., London, Eng.
AUSTRALIA.....E. Lufft & Son, Yalaroi House, Sydney, N.S.W.
NEW ZEALAND.....Neill Cropper & Co., Dilworth Bldg.,
Auckland, N.Z.

Mills at
BATHURST, NEW BRUNSWICK

From the Forests of

NEW BRUNSWICK



The Bathurst Power and Paper Company Limited — a leading factor in New Brunswick's pulp and paper industry—takes logs from New Brunswick forests and chops, churns and rolls them into a hundred and one pulp and paper products of everyday life. These fall under four broad headings: kraft, box-board, unbleached sulphite pulp and newsprint.

Kraft Pulp is converted into Kraft Liner and Kraft Corrugating Board which in turn are combined to make the Kraft Corrugated Shipping Containers in such wide general use. Box-board is used for boxes of all kinds. Your eggs — cereals — soap and all manner of household and other supplies come to you in such boxes.

Unbleached sulphite pulp, which has become a Bathurst



SULPHITE PULP



KRAFT



NEWSPRINT



BOX BOARD

specialty, is of enormous importance to New Brunswick and to Canada as a whole, because of the wide and growing demand for it in foreign markets. It is used for a wide variety of purposes in the production of all grades of paper and paper board.

Bathurst newsprint feeds giant machines that print newspapers in many parts of the British Empire and the United States. Exports of this product provide more of the precious foreign exchange so vital to this Dominion's war effort.

The pulp and paper industry plays a major part in modern life—and in doing so gives to this continent in general, and to New Brunswick in particular, new activity — new employment—new wealth.



BATHURST

POWER AND PAPER COMPANY LIMITED

**THE COVER OF THIS REPORT
IS STANDARD KRAFT
CORRUGATING BOARD
MADE BY BATHURST**

