

C  
Stack



CANADIAN WESTERN LUMBER  
COMPANY, LIMITED

41<sup>ST</sup>

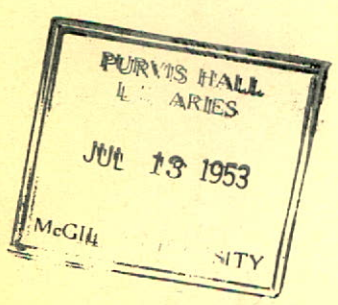
ANNUAL REPORT

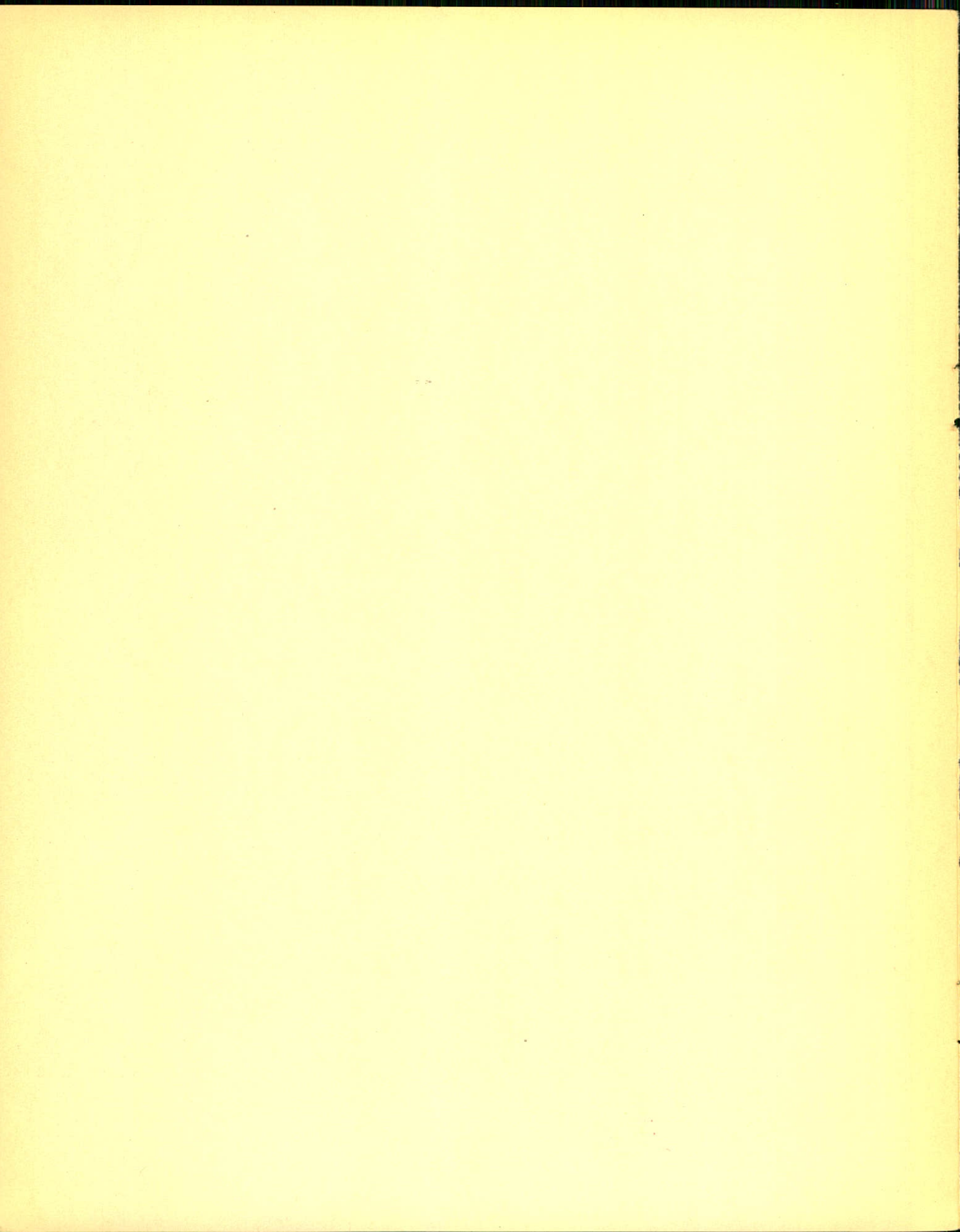
YEAR

1950

AND

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS





# CANADIAN WESTERN LUMBER COMPANY, LIMITED

(Incorporated under the laws of the Dominion of Canada)

HEAD OFFICE  
355 BURRARD STREET,  
VANCOUVER, B. C.

MILLS AND FACTORIES  
FRASER MILLS,  
B. C.

## BOARD OF DIRECTORS

F. B. BROWN	- VANCOUVER, B. C.	COL. K. R. MARSHALL,	
R. J. FILBERG, O.B.E.	- COMOX, B. C.	C.M.G., D.S.O.	- TORONTO, ONT.
H. J. MACKIN	- VANCOUVER, B. C.	M. F. RYAN	- FRASER MILLS, B. C.
W. J. MACKIN	- FRASER MILLS, B. C.	W. A. WALKER	- TORONTO, ONT.

## OFFICERS

H. J. MACKIN	- President	- VANCOUVER, B. C.
R. J. FILBERG	- First Vice-President	- COMOX, B. C.
M. F. RYAN	- Second Vice-President and - Managing Director	- FRASER MILLS, B. C.
W. A. WALKER	- Secretary	- TORONTO, ONT.
T. A. FRASER, C.A.	- Treasurer	- FRASER MILLS, B. C.
W. J. MACKIN	- Assistant Manager and - General Sales Manager	- FRASER MILLS, B. C.
A. H. W. YOUNG	- Assistant Treasurer	- FRASER MILLS, B. C.
D. E. STAFFORD	- Assistant Secretary	- FRASER MILLS, B. C.

## SUPERVISORY AND SALES OFFICIALS, FRASER MILLS, B. C.

A. C. EWART	- Production Superintendent	D. HOUSSER	- Assistant Sales Manager
J. HOYEM	- Mechanical Superintendent	J. MACKENZIE	- Shingle and Door Sales
H. C. CRANDELL	- Chief Engineer	R. C. MCMILLAN	- Plywood Sales

## TRANSFER AGENTS AND REGISTRAR FOR SHARES

NATIONAL TRUST COMPANY LIMITED	- - - - - VANCOUVER, B. C., TORONTO, ONT., MONTREAL, P.Q.
THE BRITISH EMPIRE TRUST COMPANY, LIMITED	- - - LONDON, ENGLAND

## SECRETARY IN ENGLAND

THE BRITISH EMPIRE TRUST COMPANY, LIMITED, 52-60 BISHOPSGATE, LONDON, E.C.2.

## AUDITORS

HELLIWELL, MACLACHLAN & Co., VANCOUVER, B. C.

## SUBSIDIARY COMPANIES

### COMOX LOGGING AND RAILWAY COMPANY, LADYSMITH, B. C.

J. G. McQUINN . . . . Superintendent . . . HEADQUARTERS, B. C.  
J. C. SHEASGREEN . . . Superintendent . . . LADYSMITH, B. C.

### FRASER MILLS SASH, DOOR AND SHINGLE CO. LIMITED, FRASER MILLS, B. C.

E. F. JORDAN . . . . . Manager Plywood and Door Divisions  
D. E. McLEOD . . . . . Superintendent Shingle Mill

### CANADIAN TUGBOAT COMPANY LIMITED, FRASER MILLS, B. C.

S. H. CLIFFE . . . . . Manager

### COAST LUMBER YARDS LIMITED, WINNIPEG, MAN.

A. COOPER . . . . . Manager

### CROWN LUMBER COMPANY LIMITED, CALGARY, ALTA.

R. J. McLEAN . . . . . Manager  
H. F. CHRITCHLEY . . . . . Treasurer

### SECURITY LUMBER COMPANY LIMITED, MOOSE JAW, SASK.

J. W. HAMILTON . . . . . Manager  
C. K. FRIEL . . . . . Treasurer

**CANADIAN WESTERN LUMBER COMPANY, LIMITED**

---

Notice of Annual Meeting

*To the Shareholders of*

CANADIAN WESTERN LUMBER COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of CANADIAN WESTERN LUMBER COMPANY, LIMITED will be held in Salon "D", Hotel Vancouver, in the City of Vancouver, B. C., Canada, at the hour of 12 o'clock noon, on Thursday, the 12th day of April, 1951, to receive and consider the Annual Report of the Directors for the year ended December 31, 1950, the Financial Statements of the Company and the Report of the Auditors; to elect Directors; to appoint Auditors; and to transact such other business as may properly be brought before the Meeting.

By Order of the Board of Directors,

W. A. WALKER,  
*Secretary.*

VANCOUVER, B. C., MARCH 12, 1951.

**CANADIAN WESTERN LUMBER COMPANY, LIMITED**  
and its Subsidiary Companies

**FORTY-FIRST ANNUAL REPORT OF THE DIRECTORS**

To be submitted at the Annual Meeting to be held in Vancouver on the  
12th day of April, 1951, at 12 o'clock noon.

To the Shareholders of

CANADIAN WESTERN LUMBER COMPANY, LIMITED

The Consolidated Balance Sheet and Consolidated General Statement of Income and Expenditure and Earned Surplus for the year ended December 31, 1950, are submitted herewith by your Directors.

The Net Operating Profit together with Income from other sources  
amounted to ..... \$ 9,335,449

from which have been deducted:

Interest on First Mortgage Serial and Sinking Fund Bonds.....	\$ 155,833
Depletion of Timber Limits.....	221,928
Provision for Depreciation of Buildings and Equipment.....	1,000,000
Provision for Income Taxes.....	3,150,000
	4,527,761

resulting in Net Profit for the year of..... \$ 4,807,688

to which has been added Earned Surplus as at December 31, 1949..... 8,348,935

13,156,623

and from which have been deducted:

Quarterly Dividends declared December 6, 1950, payable 10 cents per share on January 15, April 16, July 16 and October 15, 1951....	1,229,200
Appropriation to Reserve for Timber Acquisitions.....	1,000,000
	2,229,200

leaving Earned Surplus as at December 31, 1950, as per Consolidated  
Balance Sheet ..... \$10,927,423

Production and sales in all departments for the year 1950 were, on the average, approximately 10% in excess of the previous year.

Increased net profits realized were brought about by higher prices prevailing, together with greater efficiency and savings effected as a result of improvements in manufacturing plants, facilities and equipment and more complete utilization.

Sales of Lumber and Shingles in the United States added considerably to the Company's earnings. Sales of Plywood and Doors to that important market were not possible, owing to high import duties.

During the latter part of the year sales to the United Kingdom and other Sterling markets improved and are continuing on a satisfactory basis.

Sales in Canada absorbed the following percentages of our production, viz., Lumber 35%, Plywood 86%, Doors 100% and Shingles 23%. Our retail subsidiaries, operating at ninety-five points in the Prairie Provinces, again contributed in a satisfactory manner to consolidated earnings.

Seaboard Lumber Sales Company Limited and its affiliate, Seaboard Shipping Company Limited, in both of which we have a substantial interest, again experienced a profitable year and made a sizable contribution to our earnings.

During the year our Company's timber holdings were re-examined by its forestry officials and, as our Management had anticipated, the quantity of timber on the land is estimated to be in excess of our book figures. This favourable condition was brought about by improved logging methods and equipment and by economic conditions which permit more complete utilization of substantially all wood on the ground and especially small trees and scattered timber at high elevations which until recent years were not considered economically recoverable. It was, therefore, considered advisable that the rate of depletion be changed to conform with the Timber Account and the estimated quantity of timber as at December 31, 1950. New acquisitions will be depleted at their cost price.

Reference was made in our report covering operations for the year 1949 to expected acquisitions of standing timber in 1950. However, due to delays in surveying and other causes, it was not until early in the year 1951 that arrangements were finalized which assured the Company of a substantial additional quantity of timbered lands adjacent to present holdings at a price and upon terms considered by your Directors as favourable. During the year under review \$1,000,000 was appropriated to reserve for timber acquisitions and since December 31, 1950, a deposit of that amount was made towards said acquisitions. These acquisitions will add materially to the Company's timber holdings.

In order to further assist in financing the above purchase of timber, your Directors approved the issue of the remaining First Mortgage Bonds authorized under our Trust Deed. Accordingly arrangements were completed in February, 1951, to sell these \$1,500,000 First Mortgage 4% Sinking Fund Bonds, Series "B", due August 1, 1962 at \$99.50 with deliveries of \$750,000 deferred until on or about August 1, 1951 and of \$750,000 until on or about August 1, 1952.

During the year Pacific Mills, Limited, which for many years has successfully operated a newsprint and pulp mill at Ocean Falls, B. C., and is a subsidiary of the Crown Zellerbach

Corporation, joined with our Company in organizing Elk Falls Company Limited to construct and operate a newsprint mill at Duncan Bay on Vancouver Island, B. C. In January, 1949, our Company, through Canadian Western Timber Company Limited, then a wholly-owned subsidiary, obtained from the Government of the Province of British Columbia a Forest Management Licence comprising certain areas of lands on which there is good forest regeneration and which are readily accessible to the newsprint mill now under construction. To assist in establishing said mill, our Company sold to Elk Falls Company Limited all its shares in the capital stock of Canadian Western Timber Company Limited at their original cost thereby placing said Forest Management Licence and certain lands under the control of Elk Falls Company Limited. From the lands covered by said Licence and from the Company's logged-off lands and other lands as same are logged, Elk Falls Company Limited will be enabled to secure pulp wood in perpetuity. The cost of wood from these sources will assure Elk Falls Company Limited of a strongly competitive position in the newsprint industry.

When Elk Falls Company Limited was organized, its common share capital to be issued was determined at \$6,000,000 of which Pacific Mills, Limited and our Company would each take up \$3,000,000. Later it was found that the Elk Falls Company Limited project could be more economically financed by providing an additional \$2,000,000 through the sale of Class "A" (non-voting) Common Shares. Pacific Mills, Limited subscribed for 100,000 Class "A" Shares at \$10 each and paid \$1,000,000 therefor. Messrs. H. J. Mackin and R. J. Filberg, acting on behalf of themselves and others, also subscribed for 100,000 Class "A" Shares at \$10 each and paid \$1,000,000 therefor. Messrs. Mackin and Filberg, acting on behalf of themselves and others, thereupon gave to our Company, without cost or obligation to it, an option to purchase the said 100,000 Class "A" Shares at \$10 per share of which 50,000 shares may be taken up on or before June 30, 1951, for \$500,000 cash and the remaining 50,000 shares may be taken up on or before June 30, 1952, for \$500,000 cash. Pacific Mills, Limited and our Company each subscribed for 300,000 Class "B" Shares at \$10 per share and at December 31, 1950, each had paid \$525,000 on account of its subscription. Except that the Class "B" Shares alone have voting rights, the two classes of shares are identical.

Our Company's investment in Elk Falls Company Limited is shown on the Consolidated Balance Sheet which accompanies this report. Your Directors feel assured that said investment will prove to be a profitable venture.

There continues to be a great need for forest products on this continent and throughout the world. We now have substantial order files at profitable prices for some months hence. We must, however, be apprehensive in respect to the future, owing to present tense world conditions.

Your Directors again record appreciation of the loyal and efficient services of the employees of the Company and its subsidiaries.

For the Directors,

H. J. MACKIN,  
President.

Vancouver, B. C.,  
March 12, 1951.



**CANADIAN WESTERN LUMBER COMPANY, LIMITED**  
and its Subsidiary Companies

**CONSOLIDATED  
STATEMENTS**

Year ended December 31, 1950.

# CANADIAN WESTERN LUMBER

And its Subsidiaries

## CONSOLIDATED BALANCE SHEET

### ASSETS

#### CURRENT ASSETS:

Cash in bank and on hand.....	\$ 2,120,562	
Government of Canada bonds and treasury bills (at market value)....	3,833,611	
Bills and accounts receivable (less reserve).....	2,471,342	
Logs, lumber and supplies, as per physical inventories (at cost, less reserve) .....	5,685,055	
		\$14,110,570

#### INVESTMENTS:

Shares of Elk Falls Company Limited (at cost).....	3,000,000	
Mortgages, real estate, miscellaneous shares, etc. (at book value, less reserve) .....	198,999	
		3,198,999

#### PROPERTIES:

Real estate, sawmills, buildings, plant, equipment, logging con- struction, tugboats, etc. (at cost).....	13,551,875	
Less reserve for depreciation.....	6,594,478	
		6,957,397
Timber limits (Company valuations as at December 31, 1932 as per directors' report for that year plus additions at cost less disposals and timber cut since December 31, 1932).....	2,730,806	
		9,688,203

#### DEFERRED CHARGES:

Insurance, logging construction, etc.....		673,324
		\$27,671,096

**Note:** Elk Falls Company Limited is engaged in the construction of a newsprint plant and has arranged financing to the extent of \$21,140,000. Canadian Western Lumber Company, Limited and Pacific Mills, Limited, a subsidiary of Crown Zellerbach Corporation, each having subscribed for 50 per cent. of the outstanding voting shares of that Company, have guaranteed jointly and severally to provide, if necessary, any additional funds, through purchase of Class "B" Common Shares (voting), required to complete the plant and to place it in operation with a working capital of \$2,000,000. Elk Falls Company engineers and consulting engineers retained by that Company are of the opinion, as a result of progress to date, that no substantial additional funds are likely to be required under the guarantee.

Signed on behalf of the Board:

H. J. MACKIN }  
M. F. RYAN } *Directors.*

VANCOUVER, British Columbia,  
March 12, 1951.

# LUMBER COMPANY, LIMITED

Subsidiary Companies

Balance Sheet AS AT DECEMBER 31, 1950

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable .....	\$ 1,118,035
Interest accrued on funded debt .....	62,500
First mortgage serial bonds maturing August 1, 1951 .....	400,000
Uncalled balance of subscription on Class "B" Common Shares of Elk Falls Company Limited .....	2,475,000
Reserve for taxes .....	1,927,433
Dividends payable .....	1,229,200
	<hr/>
	\$ 7,212,168

### FIRST MORTGAGE SERIAL AND SINKING FUND BONDS:

Authorized .....	\$ 7,500,000
	<hr/>
Issued:	
First mortgage serial bonds .....	2,800,000
Deduct—Retired .....	\$2,000,000
Included under current liabilities .....	400,000
	<hr/>
	2,400,000
2¾% maturing August 1, 1952 .....	400,000
First mortgage sinking fund 4% bonds maturing August 1, 1962 .....	3,200,000
	<hr/>
	3,600,000

### SHARE CAPITAL:

Authorized, outstanding and fully paid: 3,073,000 shares without nominal or par value .....	3,073,000
--	-----------

RESERVE FOR GENERAL PURPOSES AND CONTINGENCIES .....

1,858,505

RESERVE FOR TIMBER ACQUISITIONS .....

1,000,000

EARNED SURPLUS .....

10,927,423

---

16,858,928

---

\$27,671,096

---

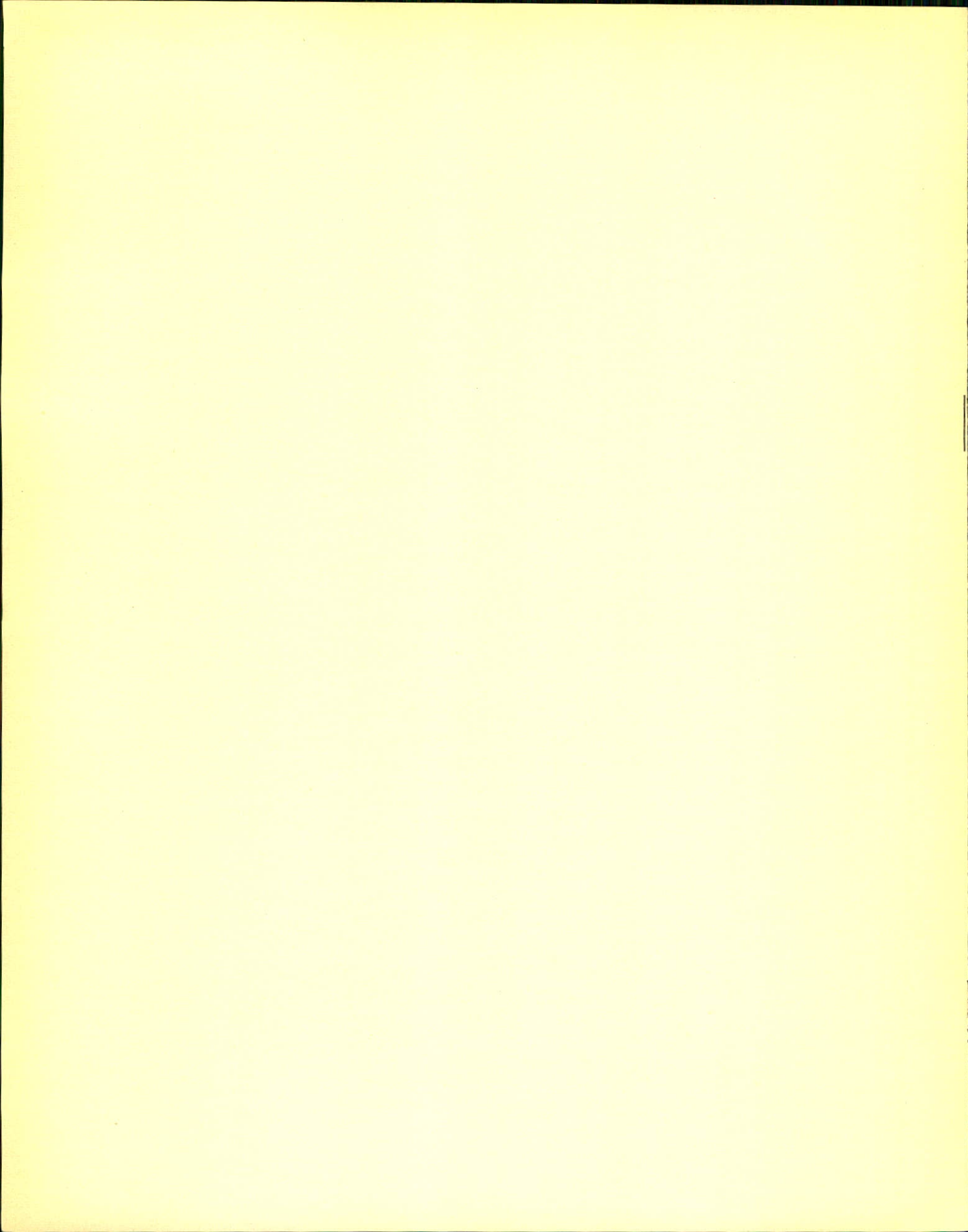
### Auditors' Report to the Shareholders

We report that we have audited the books and accounts of CANADIAN WESTERN LUMBER COMPANY, LIMITED and its Subsidiary Companies for the year ended December 31, 1950, and that we have obtained all the information and explanations we have required.

We are of the opinion that the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of Canadian Western Lumber Company, Limited and its subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the respective Companies.

HELLIWELL, MACLACHLAN & CO.,  
Chartered Accountants.

VANCOUVER, British Columbia,  
February 23, 1951



# CANADIAN WESTERN LUMBER COMPANY, LIMITED

and its Subsidiary Companies

## CONSOLIDATED GENERAL STATEMENT OF INCOME AND EXPENDITURE AND EARNED SURPLUS

For the year ended December 31, 1950.

Net operating profit after deducting remuneration of executive officers including managing director \$168,917, directors' fees \$7,000, legal remuneration and costs \$20,460 .....	\$ 9,303,366
Income from investments and interest earned .....	32,083
	9,335,449
<i>Deduct:</i>	
Interest on first mortgage serial and sinking fund bonds .....	\$ 155,833
Depletion of timber limits .....	221,928
Provision for depreciation of buildings and equipment .....	1,000,000
Provision for income taxes .....	3,150,000
	4,527,761
Net Profit for the year .....	\$ 4,807,688
<i>Add:</i>	
Earned surplus at December 31, 1949 .....	8,348,935
	13,156,623
<i>Deduct:</i>	
Quarterly dividends declared December 6, 1950, payable 10 cents per share on January 15, April 16, July 16 and October 15, 1951 .....	1,229,200
Appropriation to reserve for timber acquisitions .....	1,000,000
	2,229,200
Earned surplus at December 31, 1950, as per Consolidated Balance Sheet .....	\$10,927,423

