

stock



CANADIAN WESTERN LUMBER
COMPANY, LIMITED

42ND

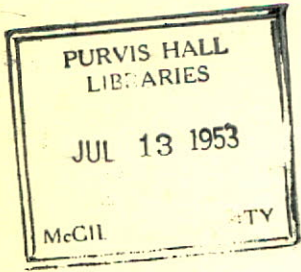
ANNUAL REPORT

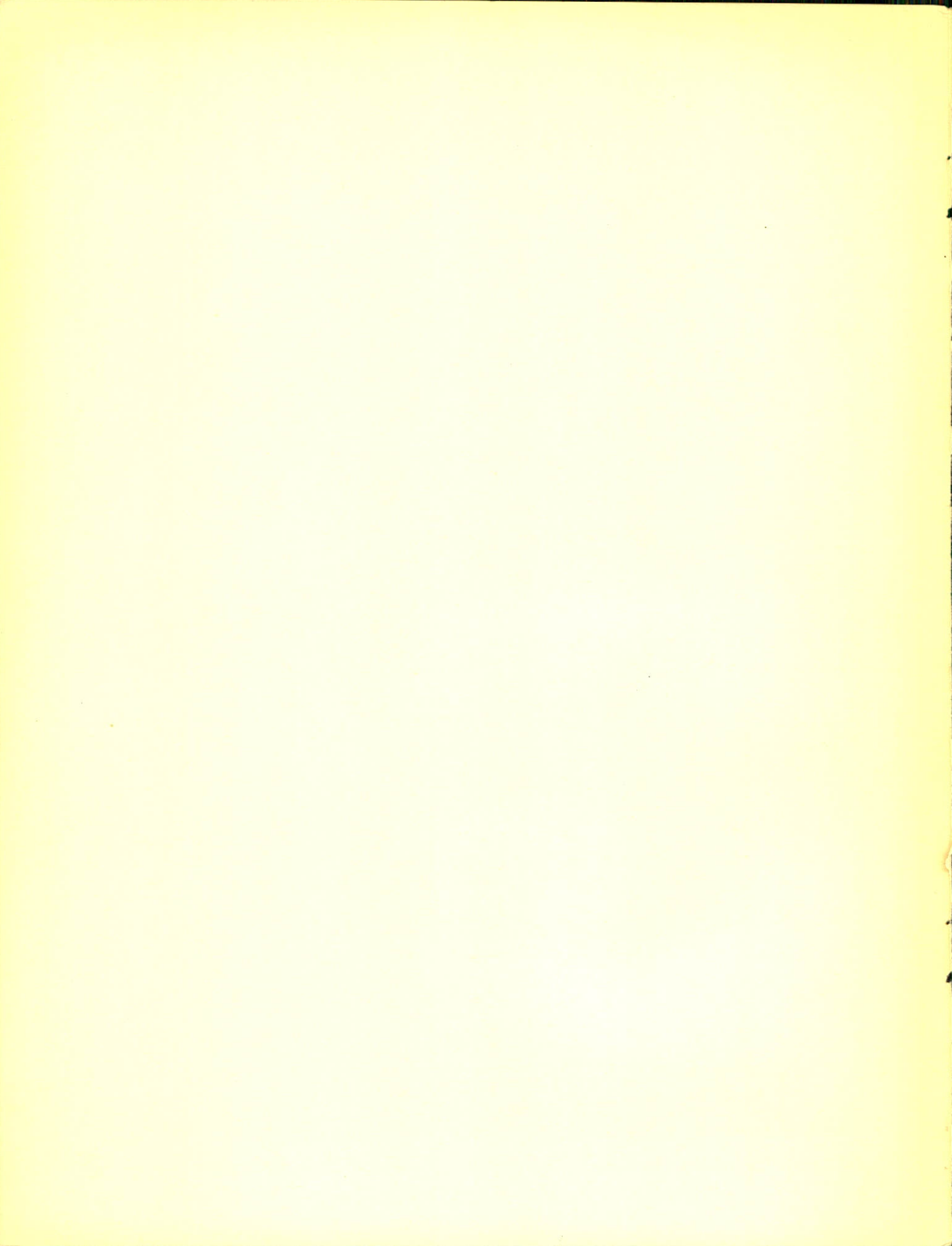
YEAR

1951

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.
D. E. STAFFORD	- Assistant Secretary	- FRASER MILLS, B. C.
A. H. W. YOUNG	- Assistant Treasurer	- 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 HERBY GIVEN that the Annual Meeting of the Shareholders of CANADIAN WESTERN LUMBER COMPANY, LIMITED will be held in Salon "A", Hotel Vancouver, in the City of Vancouver, B. C., Canada, at the hour of 12 o'clock noon, on Thursday, the 10th day of April, 1952, to receive and consider the Annual Report of the Directors for the year ended December 31, 1951, 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., FEBRUARY 25TH, 1952.

CANADIAN WESTERN LUMBER COMPANY, LIMITED
and its Subsidiary Companies

FORTY-SECOND ANNUAL REPORT OF THE DIRECTORS

To be submitted at the Annual Meeting to be held in Vancouver on the
10th day of April, 1952, at 12 o'clock noon.

To the Shareholders of

CANADIAN WESTERN LUMBER COMPANY, LIMITED

The Consolidated Balance Sheet and Consolidated Statement of Profit and Loss and Earned Surplus for the year ended December 31, 1951, are submitted herewith by your Directors.

The Net Operating Profit together with Income from other sources amounted to	\$11,207,957
from which have been deducted:	
Interest and Standby Fees on First Mortgage Serial and Sinking Fund Bonds	\$ 163,229
Depletion of Timber.....	290,900
Provision for Depreciation of Buildings and Equipment.....	1,139,709
Provision for Income Taxes.....	5,010,000
	6,603,838
resulting in Net Profit for the year of	\$ 4,604,119
to which has been added Earned Surplus as at December 31, 1950.....	10,927,423
	15,531,542
and from which have been deducted Quarterly Dividends declared December 6, 1951, payable 12½ cents per share on January 15, April 15, July 15 and October 15, 1952.....	1,536,500
	13,995,042
leaving Earned Surplus as at December 31, 1951, as per Consolidated Balance Sheet	\$13,995,042

The output of our mills and factories again increased slightly over the previous year. Despite higher prices, resulting in a substantial increase in value of sales and more complete recovery, net profits for the year were down \$203,569. Three factors largely contributed to this reduction:

1. Higher taxable income and substantially higher tax rates resulted in an increase of \$1,860,000 in provision for taxes.
2. Substantial increases in costs, principally wages.
3. An unprecedentedly dry summer. Though no fires occurred on our timber lands, large sums were expended in preventative measures to keep fires on nearby areas from spreading to our lands. Log production was at a virtual standstill for approximately three months (June 20 to September 26), due to the extreme fire hazard. Following the dry spell, it was essential to expand our logging programme in order to ensure sufficient log supplies for the winter and spring months. This expansion increased our costs above normal.

Distribution of lumber sales was approximately as follows:

Canada	31%
U. S. A.	32%
U. K.	21%
Other Sterling markets	12%
Various remainder	4%

As in previous years, the United States absorbed a large percentage of our shingle production. Practically all our plywood was consumed in Canada, relatively small shipments being made to the United Kingdom. Door shipments were made entirely to Canadian destinations.

Due to efficient operation, Seaboard Lumber Sales Company Limited and its affiliate, Seaboard Shipping Company Limited, through which all our export sales are made and shipped, again contributed considerably to our earnings.

Our retail subsidiaries on the Prairies, operating in some ninety-three cities and towns, again added a sizeable amount to our profits.

Restrictions in financing for housing projects in the United States and Canada resulted in a slowing down of sales to these important markets but, fortunately, were offset by increased shipments elsewhere.

Our report of operations for the year 1950 referred to an appropriation of \$1,000,000 for timber acquisitions and stated that during the year 1951 that amount was deposited towards these acquisitions. Later in the year 1951 an additional \$979,000 was paid for some blocks of the timber referred to in our 1950 report.

Reference was also made in the report for 1950 to the Company's interest in Elk Falls Company Limited. The accompanying consolidated balance sheet shows the Company's investment in this project at December 31, 1951. Additional funds may be required to complete the newsprint mill of Elk Falls Company Limited and provide that Company with working capital of \$2,000,000 but the amount required will not be substantial. The increase in cost of the newsprint mill is largely occasioned by expediting the construction of the buildings and installing the equipment which will bring the project into production at an earlier date than originally planned.

During the year more progress was made in the utilization of waste from our manufacturing processes. With the installations now under way, which will be completed shortly, we are confident that all our manufacturing waste will be utilized to the best advantage possible at this time.

The need for forest products throughout the world continues unsatisfied but unrest, financial difficulties in the Sterling areas and the requirement of funds for defence purposes make it unwise to predict very far ahead the probable state of business. We now have orders on hand for several months' production and at prices which should return reasonable profits.

Our logging and manufacturing departments and our retail subsidiaries' plants and equipment have been kept fully modernized and are efficient.

For the second consecutive year, the Company received recognition by The Workmen's Compensation Board of British Columbia for the best accident prevention performance in its class. The Plywood division also received a similar award, its first. We record our appreciation to all employees for their contribution to this record. We also record appreciation for the loyal and efficient services of the employees of the Company and its subsidiaries.

For the Directors,

H. J. MACKIN,
President.

Vancouver, B. C.
February 25, 1952.

CANADIAN WESTERN LUMBER COMPANY, LIMITED
and its Subsidiary Companies

**CONSOLIDATED
STATEMENTS**

Year ended December 31, 1951.

CANADIAN WESTERN LUMBER

And its Subsidiaries

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$ 1,527,476	
Government of Canada bonds and treasury bills (at market value)	2,734,777	
Bills and accounts receivable (less reserve)	2,253,702	
Proceeds of sale of \$750,000 First Mortgage Sinking Fund 4% Bonds, Series "B", due on or about February 1, 1952	746,250	
Cash on deposit with Trustee	55,000	
Logs, lumber and supplies (physical inventories at cost, less reserve)	6,685,371	
		\$14,002,576

INVESTMENTS:

Shares of Elk Falls Company Limited (at cost)	4,000,000	
Mortgages, real estate, miscellaneous shares, etc. (at book value, less reserve)	193,527	
		4,193,527

PROPERTIES:

Real estate, sawmills, buildings, plant, equipment, logging construction, tugboats, etc. (at cost)	14,439,163	
Less reserve for depreciation	7,514,104	
	6,925,059	
Timbered lands and 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)	3,585,879	
Deposit on purchase of timber	1,000,000	
		11,510,938

DEFERRED CHARGES:

Insurance, logging construction, etc.	829,264	
		\$30,536,305

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 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 some additional funds, though not of a substantial nature, will be required under the guarantee.

Signed on behalf of the Board:

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

WILSON LUMBER COMPANY, LIMITED

and its Subsidiary Companies

STATEMENT AS AT DECEMBER 31, 1951

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$1,376,721	
Interest and standby fees accrued on funded debt	73,854	
First mortgage serial bonds maturing August 1, 1952	400,000	
Reserve for taxes	2,522,683	
Dividends payable	1,536,500	
		\$ 5,909,758

FIRST MORTGAGE 4% SINKING FUND BONDS:

Authorized and issued:		
Series "A", maturing August 1, 1962	3,200,000	
Series "B", maturing August 1, 1962:		
Issued February 1, 1951, subject to deferred delivery:		
Delivered August 1, 1951	\$750,000	
To be delivered February 1, 1952	750,000	
	1,500,000	
		4,700,000

SHARE CAPITAL:

Authorized:		
3,200,000 shares of no par value		
Issued and fully paid:		
3,073,000 shares of no par value	3,073,000	
RESERVE FOR GENERAL PURPOSES AND CONTINGENCIES	1,858,505	
RESERVE FOR TIMBER ACQUISITIONS	1,000,000	
EARNED SURPLUS	13,995,042	
		19,926,547
		<u>\$30,536,305</u>

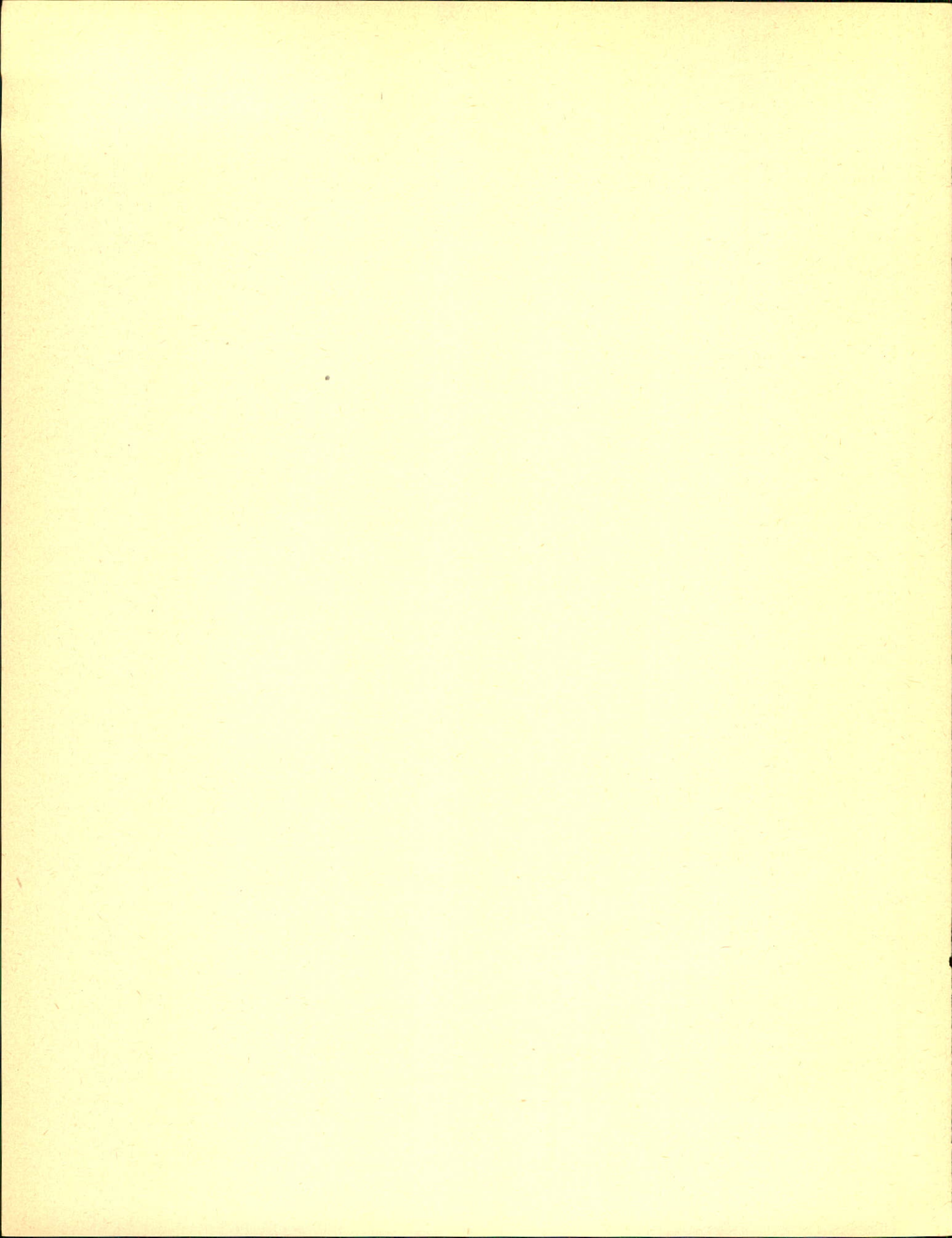
Auditors' Report to the Shareholders

We have examined the Consolidated Balance Sheet of CANADIAN WESTERN LUMBER COMPANY, LIMITED and its Subsidiary Companies as at December 31, 1951, and the Consolidated Statement of Profit and Loss and Earned Surplus for the year ended on that date and have obtained all the information and explanations we have 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 above Consolidated Balance Sheet and related Consolidated Statement 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 Canadian Western Lumber Company, Limited and its Subsidiary Companies as at December 31, 1951, and the results of their 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 respective companies.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

VANCOUVER, British Columbia,
February 22, 1952.



CANADIAN WESTERN LUMBER COMPANY, LIMITED
and its Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS
For the year ended December 31, 1951

Net operating profit after deducting remuneration of executive officers including managing director \$206,100, directors' fees \$8,500, legal remuneration and costs \$18,744.....	\$11,195,916
Income from investments.....	12,041
	11,207,957
 <i>Deduct:</i>	
Interest and standby fees on first mortgage serial and sinking fund bonds	\$ 163,229
Depletion of timber	290,900
Provision for depreciation of buildings and equipment.....	1,139,709
Provision for income taxes	5,010,000
	6,603,838
Net profit for the year.....	\$ 4,604,119
 <i>Add:</i>	
Earned surplus at December 31, 1950.....	10,927,423
	15,531,542
 <i>Deduct:</i>	
Quarterly dividends declared December 6, 1951, payable 12½ cents per share on January 15, April 15, July 15 and October 15, 1952	1,536,500
Earned surplus as at December 31, 1951, as per Consolidated Balance Sheet	\$13,995,042

