

Stacks



CANADIAN WESTERN LUMBER
COMPANY, LIMITED

45TH

ANNUAL REPORT

FOUR MONTHS ENDED APRIL 30, 1954

YEAR ENDED APRIL 30, 1955

AND

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS





CANADIAN WESTERN LUMBER COMPANY, LIMITED

(Incorporated under the laws of Canada)

HEAD OFFICE

640 HASTINGS STREET WEST
VANCOUVER, B.C.

BOARD OF DIRECTORS

F. B. BROWN	- VANCOUVER, B.C.	W. J. MACKIN	- VANCOUVER, B.C.
F. A. DRUMB	- VANCOUVER, B.C.	M. F. RYAN	- FRASER MILLS, B.C.
R. J. FILBERG, O.B.E.	- VANCOUVER, B.C.	J. C. SHEASGREEN	- VANCOUVER, B.C.
	F. N. YOUNGMAN	- VANCOUVER, B.C.	

OFFICERS

F. N. YOUNGMAN	- <i>Chairman of the Executive Committee</i>	- VANCOUVER, B.C.
R. J. FILBERG	- <i>Chairman of the Board</i>	- VANCOUVER, B.C.
F. A. DRUMB	- <i>President</i>	- VANCOUVER, B.C.
W. J. MACKIN	- <i>First Vice-President</i>	- VANCOUVER, B.C.
M. F. RYAN	- <i>Vice-President and Managing Director</i>	- FRASER MILLS, B.C.
J. C. SHEASGREEN	- <i>Vice-President</i>	- VANCOUVER, B.C.
T. A. FRASER	- <i>Secretary</i>	- VANCOUVER, B.C.
G. J. C. HODSON	- <i>Treasurer-Comptroller</i>	- VANCOUVER, B.C.

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.

SUBSIDIARY COMPANIES

FRASER MILLS SASH, DOOR AND SHINGLE CO., LIMITED, FRASER MILLS, B.C.
COMOX LOGGING AND RAILWAY COMPANY, LADYSMITH, B.C.
CANADIAN TUGBOAT COMPANY, LIMITED, FRASER MILLS, B.C.
SECURITY LUMBER COMPANY, LIMITED, MOOSE JAW, SASK.
CROWN LUMBER COMPANY, LIMITED, CALGARY, ALTA.
COAST LUMBER YARDS, LIMITED, WINNIPEG, MAN.

(R) Res - National Trust Co. Ltd - Mar 2 '56

June 28, 1955.

TO THE SHAREHOLDERS:

The last Annual Report covered the operations for the calendar year 1953. Since that Report, the fiscal year end of the Company has been changed to April 30.

Submitted herewith are Consolidated Balance Sheet at April 30, 1955 and Statements of Consolidated Income and Income Retained in the Business for the four months ended April 30, 1954 and for the year ended April 30, 1955.

Net income for the sixteen month period was \$4,960,599.

In recent years the Company has provided and claimed for tax purposes, depreciation at maximum rates allowable under income tax regulations. These regulations have now been changed permitting depreciation claims at maximum rates regardless of amounts used for accounting purposes. Commencing May 1, 1954 normal depreciation has been recorded in the accounts in order to avoid a distortion of our reported earnings, but the claim for tax purposes remains on the same basis as heretofore resulting in an increase in the net income of approximately \$500,000.

Sales volume generally was higher with most manufacturing divisions sharing in the improvement. Retail prairie subsidiaries operated at lower levels due to less favourable economic conditions in that area.

Of major significance is the modernization and expansion program carried out in the plywood plant. This was completed in November, 1954 at a total cost of \$1,183,417 and substantial benefits from increased production and operating efficiencies should accrue in the current year.

The manufacture of doors was discontinued in December, 1954.

During the period \$2,239,225 was spent on timber acquisitions and improvements to logging facilities.

The cash balance at April 30, 1955 including interest bearing deposits, was \$7,019,546. The accumulation of these funds is in accordance with our program of retention of earnings, as outlined in the last Annual Report, for the purpose of financing substantial capital expenditures for replacements, modernization and expansion. A major expansion of the Duncan Bay plant of Elk Falls Company Limited is under way. This project, estimated to cost in excess of \$25,000,000, includes the installations of a new paper machine, kraft pulp mill, bleach plant and sawmill. It is expected that the Company in conjunction with Crown Zellerbach Canada Limited, will provide a large portion of the funds necessary for the construction of these new units. Plans are also under consideration for modernization of lumber manufacturing facilities at Fraser Mills and additional timber acquisitions.

There were several executive changes. Mr. F. N. Youngman, previously Chairman of the Board, becomes Chairman of the Executive Committee. Mr. R. J. Filberg, previously President, was appointed Chairman of the Board and Mr. F. A. Drumb was appointed President and Director. Mr. Drumb was resident manager of the Crown Zellerbach Canada Limited mill at Ocean Falls, B.C. from 1933 to 1941 and subsequently became an Assistant Vice-President of Crown Zellerbach Corporation in San Francisco and Portland. Col. K. R. Marshall and Mr. W. A. Walker resigned as Directors and Mr. J. C. Sheasgreen was appointed a Director.

We express our appreciation to all employees for their contribution to the growth of our Company.

R. J. FILBERG,
Chairman of the Board.

F. A. DRUMB,
President.

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 "C", Hotel Vancouver, in the City of Vancouver, B.C., Canada, at the hour of 12 o'clock noon, on Thursday, the 21st day of July, 1955, to receive and consider the Annual Report of the Directors for the period from January 1, 1954, to April 30, 1955, 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,

T. A. FRASER,
Secretary.

VANCOUVER, B.C., JULY 4, 1955.

CANADIAN WESTERN LUMBER

And its Subsidiaries

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash	\$ 3,319,546
Interest-bearing deposits	3,700,000
Notes and accounts receivable, net of allowance for losses	2,961,478
Inventories at lower of cost or market	8,625,782
Total current assets	<u>18,606,806</u>

INVESTMENTS AND LONG TERM RECEIVABLES:

Investment in Elk Falls Company Limited, at cost less amount written off	\$ 4,109,815	
Other investments, at cost	140,168	
Accounts receivable, net of allowance for losses	98,574	
		<u>4,348,557</u>

PROPERTIES:

Buildings, machinery and equipment, at cost	17,270,592	
Less allowance for depreciation	10,914,234	
		<u>6,356,358</u>
Timberlands and leases, land and logging facilities, at cost net of depletion and amortization	8,558,577	
Deposits on timber purchases	1,100,000	
		<u>16,014,935</u>

DEFERRED CHARGES (principally insurance and taxes) 478,287

\$39,448,585

Approved on behalf of the Board:

F. N. YOUNGMAN, Director.

F. A. DRUMB, Director.

LUMBER COMPANY, LIMITED

Subsidiaries

Balance Sheet AS AT APRIL 30, 1955

LIABILITIES

CURRENT LIABILITIES:

Sinking fund requirements due June 1, 1955, less bonds deposited with Trustee	\$ 746,000
Accounts payable	1,849,933
Accrued taxes on income, net of payments	1,726,575
Total current liabilities	<u>4,322,508</u>

FIRST MORTGAGE 4% SINKING FUND BONDS, MATURING AUGUST 1, 1962.

Authorized and issued	\$ 3,522,000
Less sinking fund requirements due June 1, 1955 and cash in hands of Trustee	797,000
	<u>2,725,000</u>
Total liabilities	<u>7,047,508</u>

CAPITAL

CAPITAL STOCK:

Common shares of no par value:

Authorized	3,200,000 shares	
Issued and fully paid	3,196,550 shares	4,184,950

INCOME RETAINED IN THE BUSINESS

28,216,127

Total capital

32,401,077

\$39,448,585

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Canadian Western Lumber Company, Limited and its subsidiaries as at April 30, 1955 and the consolidated statements of income and income retained in the business 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 the accounting records and such other supporting evidence as we considered necessary in the circumstances.

In our opinion the above consolidated balance sheet and the related consolidated statements of income and income retained in the business are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Canadian Western Lumber Company, Limited and its subsidiaries as at April 30, 1955 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 companies.

VANCOUVER, B.C.
June 7, 1955.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

CANADIAN WESTERN LUMBER COMPANY, LIMITED
And Its Subsidiaries

STATEMENT OF CONSOLIDATED INCOME RETAINED IN THE BUSINESS
For the year ended April 30, 1955

Balance, April 30, 1954	\$24,142,223
Add net income for the year ended April 30, 1955	4,073,904

Balance, April 30, 1955 as per consolidated balance sheet	\$28,216,127

STATEMENT OF CONSOLIDATED INCOME
For the year ended April 30, 1955

Net operating income after deducting directors' fees \$2,500, salaries of executive officers and legal fees and costs \$163,755	\$ 8,682,575
Gain on sale of capital assets	254,957
Income from investments	8,463

	8,945,995
 Deduct:	
Interest on first mortgage sinking fund bonds	\$ 140,668
Depletion of timber	591,438
Provision for depreciation (see note)	1,125,985
Provision for Federal and Provincial taxes on income (see note)	3,014,000

	4,872,091
Net income for the year ended April 30, 1955	\$ 4,073,904

NOTE: For the year ended April 30, 1955 depreciation has been calculated by the "straight-line method". In preceding periods depreciation was calculated by the "diminishing balance method" at maximum rates allowable for income tax purposes. The charge for income taxes takes into account maximum depreciation allowable for tax purposes. As a result of this change in basis, depreciation for the 1955 year is approximately \$500,000 less, and net income approximately the same amount more, than it would have been had the change not been made.

CANADIAN WESTERN LUMBER COMPANY, LIMITED
And Its Subsidiaries

STATEMENT OF CONSOLIDATED INCOME RETAINED IN THE BUSINESS
For the four months ended April 30, 1954

Balance, December 31, 1953	\$23,255,528
Add net income for the four months ended April 30, 1954	886,695
	886,695
Balance, April 30, 1954	\$24,142,223
	24,142,223

STATEMENT OF CONSOLIDATED INCOME
For the four months ended April 30, 1954

Net operating income after deducting directors' fees \$3,333, salaries of executive officers and legal fees and costs \$54,903	\$ 2,628,187
Income from investments	8,047
	2,636,234
Deduct:	
Interest on first mortgage sinking fund bonds	\$ 51,698
Depletion of timber	261,978
Provision for depreciation	449,963
Provision for Federal and Provincial taxes on income	985,900
	1,749,539
Net income for the four months ended April 30, 1954	\$ 886,695
	886,695

NOTE: The Company's fiscal year-end has been changed from December 31 to April 30. This statement therefore covers the period from January 1 to April 30, 1954 and supplements the financial statements for the fiscal year ended April 30, 1955.





