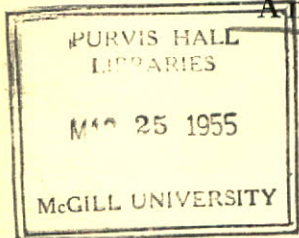


# *Annual Report*

— 1954 —

Anglo-Canadian Pulp and Paper Mills, Limited





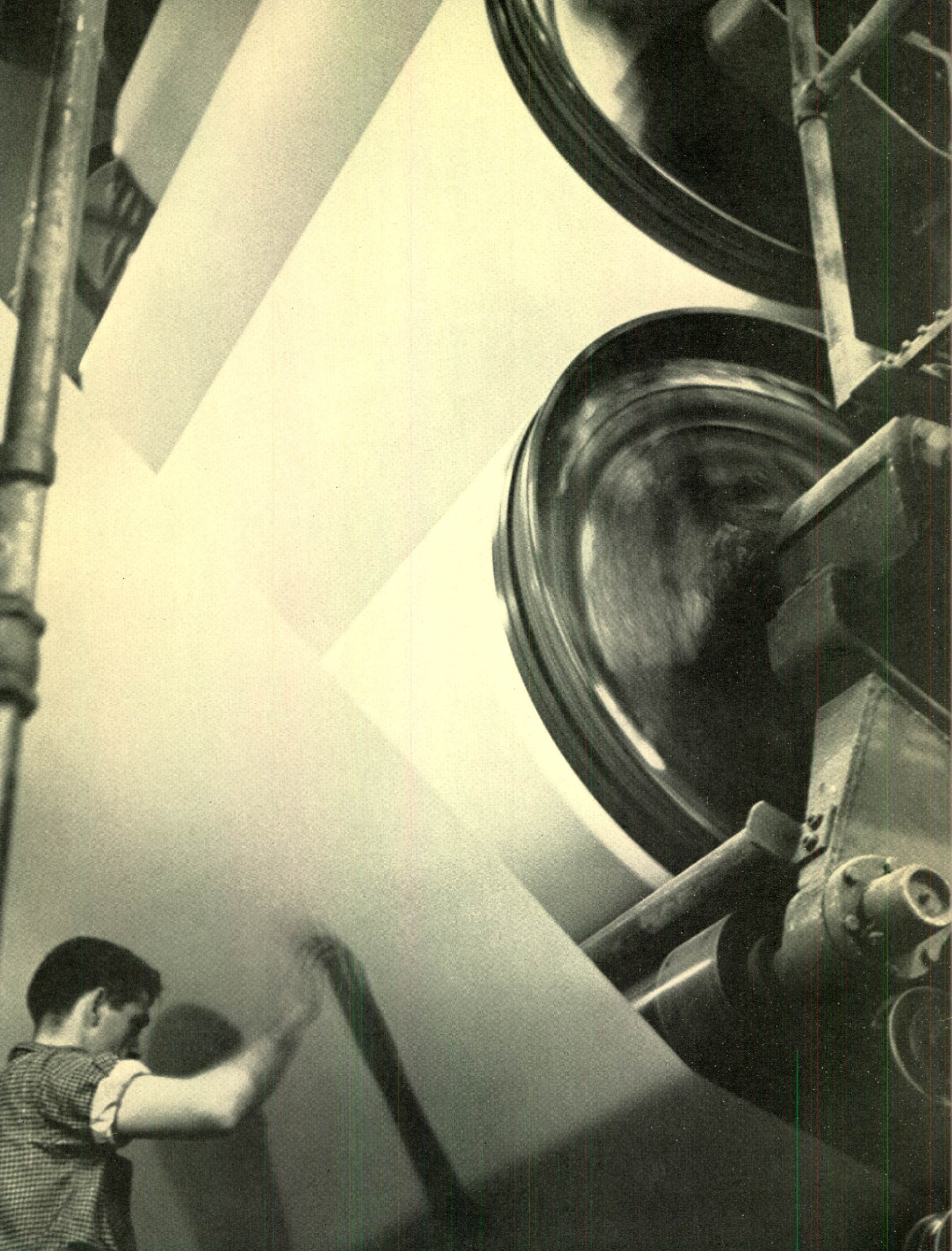
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*T w e n t y - n i n t h*

# *Annual Report*

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Anglo-Canadian Pulp and Paper Mills, Limited





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*Anglo-Canadian Pulp and Paper Mills, Limited*

HEAD OFFICE: QUEBEC, P.Q., CANADA

*Directors*

JAMES COOKE  
J. F. E. COOPE  
A. S. FULLER  
E. L. GOODALL  
W. H. HOWARD, C.B.E., Q.C.  
C. H. KING  
E. M. LITTLE  
R. C. McMICHAEL, Q.C.  
THE VISCOUNT ROTHERMERE  
H. D. RUTHMAN  
W. E. SOLES  
PHILIP G. WALKER, F.C.A.

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*Officers*

*Chairman of the Board:* R. C. McMICHAEL, Q.C.  
*President:* E. M. LITTLE  
*Vice-President and General Manager:* W. E. SOLES  
*Secretary:* H. D. RUTHMAN  
*Assistant Secretary:* W. P. CREAGH  
*Treasurer:* C. H. SMITH  
*Assistant Treasurer:* W. G. D. STANLEY

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*Subsidiary  
and  
Associated Companies*

St. Charles Transportation Company Limited  
La Compagnie Le Parc St. Charles Limitée  
Lignosol Chemicals Limited  
Forestville Realties Limited  
Northeastern Paper Products Limited  
The Bersimis Mining Company (*No Personal Liability*)  
Dryden Paper Company, Limited, Dryden, Ontario

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*Registrars  
and  
Transfer Agents*

*For Common Shares*  
Montreal Trust Company, Montreal  
*For Preferred Shares*  
Montreal Trust Company  
Montreal, Toronto, Winnipeg, Vancouver and Halifax

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*Auditors*

Lever, Honeyman, Leetham & Co., Montreal

# Directors' Report

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TO THE SHAREHOLDERS OF  
ANGLO-CANADIAN PULP AND PAPER MILLS,  
LIMITED

Your Directors have pleasure in submitting herewith their report together with the audited Consolidated Balance Sheet as at December 31st, 1954 and Consolidated Statement of Profit and Loss and Earned Surplus for the year then ended.

## *Production and Sales*

Production at the Quebec Mill for 1954 was 226,669 tons of newsprint, 58,700 tons of salable unbleached sulphite pulp and 20,272 tons of paperboard—a total of 305,641 tons. At the Dryden Mill, 70,715 tons of kraft pulp and papers were produced.

Total sales amounted to \$43,373,482.

## *Profits*

Consolidated net profits for the year,



attributable to shareholders of this Company, was \$4,668,785. After providing for dividends on the Preferred shares outstanding, this amounted to \$3.34 per Common share.

## *Dividends*

Four dividends of \$0.50 a share were paid during the year on the outstanding Common shares of the Company. These payments amounted to \$2,527,529. An amount of \$448,000 was also paid in four quarterly dividends of \$0.70 a share on the Preferred shares.

## *Financial*

Working Capital at December 31st, 1954 amounted to \$15,743,871, an increase of

\$710,589, as compared with \$15,033,282 at the end of the previous year.

Current Assets were three times Current Liabilities.

On December 15th, 1954, the 4% First Mortgage Bonds and the 5¼% Debentures of Dryden Paper Company, Limited then outstanding were redeemed. Funds for this redemption and to meet in part the cost of its new development programme are

provided for through the sale by that Company of \$14,000,000 4¾% Debentures of which \$8,225,000 were then issued. The remaining \$5,775,000 is deliverable at later dates.

### *Capital Stock*

1,413 Common shares of Anglo-Canadian Pulp and Paper Mills, Limited were issued

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One of the four Company wood boats arriving at the Quebec mill wharf with a load of pulpwood from Forestville. The converted L.S.T. boats each carry some 1,300 cords of loose loaded wood.



to shareholders of Dryden Paper Company, Limited in part payment for the Dryden shares they sold to us during the period from January 1st to February 15th, 1954 when our offer dated September 14th, 1953 expired. There are now outstanding, as a result, 1,264,271 Common shares of your Company.

The number of shareholders continues to increase. At December 31st, 1954 there were 1,886 registered holders of Common shares as compared with 1,193 a year ago. Holders of Preferred shares increased in number to 1,893 as compared with 1,678.

### *Properties*

All plants and equipment continue to be well maintained and net capital expenditures during the year for additions and improvements totalled \$3,404,784.

At the Quebec mill, conversion of the steam plant to use oil instead of coal, begun last year, was completed. A newsprint storage shed was built at a cost of \$265,878, and \$171,002 was spent in providing additional groundwood refining equipment. Apart from the recurrent substantial expenditure on camps, roads and other woods improvements, a large storage dam was built at Lake Sault-au-Cochon at a cost of \$276,731. This dam, providing more adequate control of water levels in the Sault-au-Cochon River, will greatly facilitate driving operations on that

river and the loading of pulpwood on ships at Forestville, with consequent savings in the cost of these operations.

At the Dryden mill, \$781,019 was spent in completing the expansion programme undertaken in 1952. A new development programme designed to increase the annual productive capacity of this mill to 142,000 tons of marketable products has been embarked upon and the actual construction work is to get under way in 1955. This new development programme now planned for completion by mid 1957, also includes the construction of a bleach plant with a capacity to bleach 92,000 of the 142,000 tons of marketable production.

On October 14th, 1954 the Government of the Province of Ontario granted a licence to Dryden Paper Company, Limited on an additional area of about 3,783 square miles of timber lands. This will ensure an adequate supply of pulpwood to the enlarged Dryden mill.

### *The Outlook*

Your mills, as throughout 1954, are operating at capacity levels. There is a steadily increasing demand for Canadian newsprint around the world. Demand for pulps too is growing and it is not unreasonable to expect that pulp prices will continue to improve.

We look forward, in 1955, to a year of high production and satisfactory operation.



### *Directors and Officers*

During the year Mr. W. J. Clarke, Vice-President and Mr. G. H. Bridge, Treasurer, both Directors of your Company for over twenty years, retired.

Mr. W. E. Soles, General Manager, was elected Vice-President and General Manager, and Mr. C. H. Smith was appointed Treasurer of your Company.

At the last General Meeting of Shareholders, Mr. H. D. Ruthman, Secretary, was elected a Director of your Company.

### *Employee Relations*

At the year end there were 2,234 regular employees at the mills of the Company and its subsidiaries including Dryden Paper Company, Limited. During the more active period in our logging operations, upwards of 4,400 employees, mostly seasonal, were at work in the woods.

Throughout the year the Company enjoyed the best of relationships with its employees and the unions concerned.

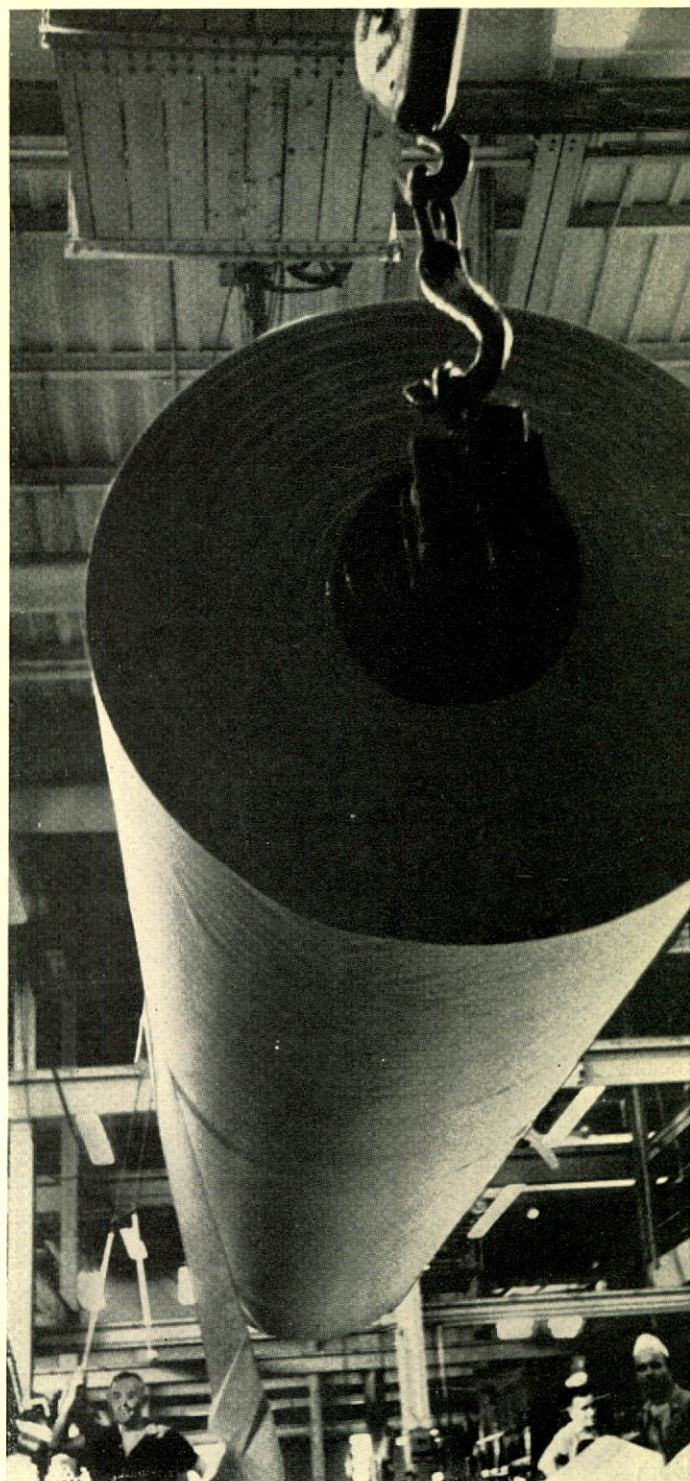
Continued success will depend in great measure upon the people who work for your Company, and once again the Directors express appreciation for their loyal and effective services.

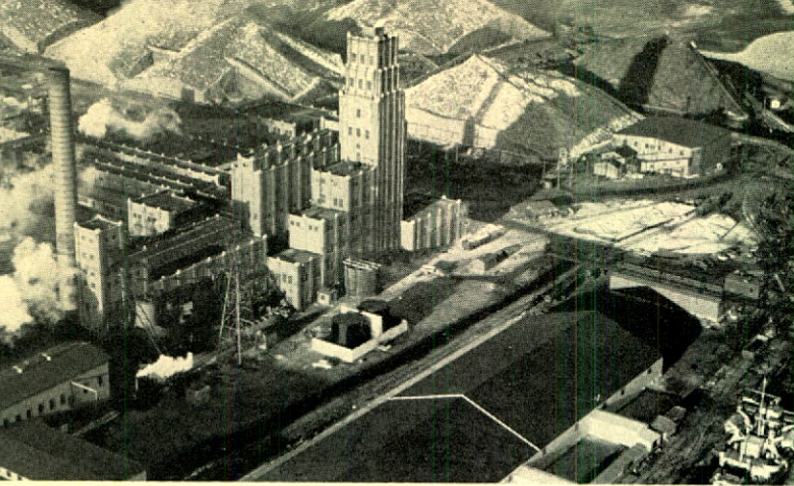
On behalf of the Board,



*President.*

QUEBEC, P.Q., March 7th, 1955.





*Anglo-Canadian Pulp  
AND SUBSIDIARY COMPANIES INCLUD*

*Consolidated Balance Sheet  
as at December 31st, 1954*

*Assets*

CURRENT ASSETS:

Cash at Banks, with Trust Companies and on Hand . . . . .	\$ 4,740,563	1953 Comparative Figures \$ 2,001,608
Government of Canada and Provincial Guaranteed Bonds at Cost . . . . .	969,550	2,789,300
(Quoted Market Value \$970,000)		
Accounts and Bills Receivable . . . . .	5,777,591	6,451,125
Dryden Paper Company, Limited Bonds, purchased in anticipation of Sinking Fund Payments . . . . .	—	243,000
Inventories — Valued at cost or lower but not exceed- ing Market value:		
Finished Products, Mill Supplies, etc. . . . .	\$ 3,116,322	2,891,268
Pulpwood and Logging Supplies — including ex- penditures on Logging Operations in progress . . . . .	9,025,916	7,930,358
	<u>12,142,238</u>	<u>\$10,821,626</u>
	\$23,629,942	<u>\$22,306,659</u>

PREPAID AND DEFERRED EXPENDITURE . . . . .

682,833 \$ 568,188

INVESTMENTS:

Associated Companies		
Shares at Cost, less amount written off . . . . .	\$ 757,225	\$ 728,070
Loans and Notes . . . . .	414,548	307,102
		1,171,773
Funds of Dryden Paper Company, Limited on Deposit with Trustee held for new development programme . . . . .		3,474,849

FIXED ASSETS:

Timber Limits and Land		
At Cost . . . . .	\$ 4,216,881	\$ 4,214,941
At Valuation placed thereon in 1920 . . . . .	2,233,120	2,233,120
	\$ 6,450,001	\$ 6,448,061
Less: Depletion . . . . .	1,780,453	1,553,321
	\$ 4,669,548	\$ 4,894,740

Mill Site, Buildings, Plant and Equipment, Ships, Log- ging Townsite, Water Power Development, etc.		
At Cost . . . . .	\$47,108,433	\$44,348,226
At depreciated replacement values as at September 30, 1940 per appraisal of Canadian Appraisal Company Limited . . . . .	3,167,962	3,167,962
	\$50,276,395	\$47,516,188
Less: Depreciation . . . . .	28,585,224	25,782,293
	21,691,171	\$21,733,895

Logging Equipment and Improvements at Cost . . . . .	\$ 3,833,428	\$ 3,586,193
Less: Depreciation . . . . .	2,566,405	2,452,686
	1,267,023	\$ 1,133,507
	27,627,742	<u>\$27,762,142</u>

EXCESS OF COST OF SHARES OF SUBSIDIARY COMPANIES:

Over the book values of the net assets of those Companies attributable thereto as at the date of acquisition of the shares . . . . .	3,336,421	\$ 3,299,198
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NOTE:

The following have not been included as Liabilities in the above Balance Sheet:

1. Commitments under contracts for Capital Expenditure amounting to approximately \$355,000, which includes \$240,000 in respect of "new development programme" of Dryden Paper Company, Limited estimated at cost \$11,600,000.
2. Balance of Past Service Contributions under Dryden Paper Company, Limited's Employees Retirement Plan, \$183,843.
3. Amount to be set aside for Preferred Share Sinking Fund on or before January 6, 1955, \$160,000.

\$59,923,560 \$54,971,359

On behalf of the Board:

E. M. LITTLE, Director.  
W. H. HOWARD, Director.

# p and Paper Mills, Limited

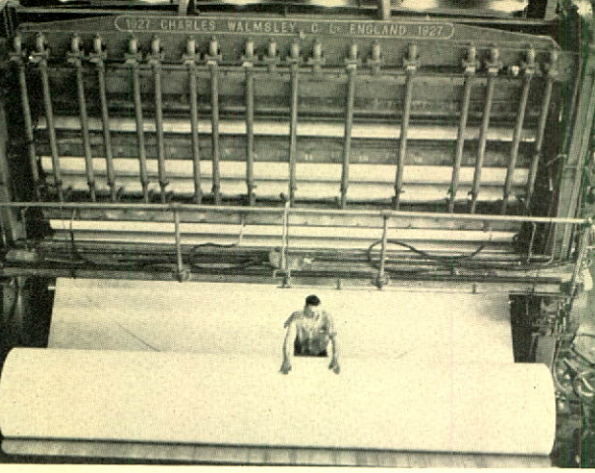
ING DRYDEN PAPER COMPANY, LIMITED

## Balance Sheet

### Liabilities

		1953 Comparative Figures
<b>CURRENT LIABILITIES:</b>		
Accounts Payable and Accrued Liabilities . . . . .	\$ 3,458,288	\$ 3,229,450
Interest Accrued on Funded Debt . . . . .	20,943	23,094
Dividends Payable:		
On Preference Shares January 20, 1955 . . . . .	112,000	112,000
On Common Shares January 7, 1955 . . . . .	632,135	630,722
To Minority Shareholders of Subsidiaries . . . . .	2,223	1,102
Provision for Income Taxes . . . . .	3,660,482	2,954,009
Sinking Fund Instalments due within one year . . . . .	—	323,000
	\$ 7,886,071	\$ 7,273,377
<b>DEFERRED LIABILITIES:</b>		
Secured Loans . . . . .	\$ 362,888	\$ 382,723
Other Loans . . . . .	—	600,000
Cost of Past Service Credits under Parent Company's Employees Retirement Plan — balance payable in equal annual instalments during the next two years . . . . .	313,380	470,072
	676,268	\$ 1,452,795
<b>FUNDED DEBT OF DRYDEN PAPER COMPANY, LIMITED:</b>		
4¾% Debentures	Subscribed	Issued
Authorized limit not fixed by Trust Deed Serial Debentures to mature \$500,000 annually 1958 to 1964 inclusive . . . . .	\$ 3,500,000	—
Sinking Fund Debentures to mature in 1974; Sinking Fund payments to commence in 1962 . . . . .	10,500,000	\$ 8,225,000
	\$14,000,000	8,225,000
		\$ 4,477,000
RESERVE FOR CONTINGENCIES . . . . .		1,000,000
MINORITY INTERESTS in Subsidiaries . . . . .		44,495
		\$ 95,932
<b>CAPITAL AND SURPLUS:</b>		
\$2.80 CUMULATIVE REDEEMABLE SINKING FUND PREFERRED SHARES of the par value of \$50 each (redeemable on thirty days' notice at \$51.50 plus accrued dividends)		
Authorized, issued and fully paid 160,000 Shares . . . . .	8,000,000	\$ 8,000,000
<b>COMMON SHARES:</b>		
Authorized 1,500,000 Shares without nominal or par value		
Issued — 1,264,271 Shares . . . . .	\$25,306,775	\$25,255,450
CAPITAL SURPLUS . . . . .	758,206	758,206
<b>EARNED SURPLUS:</b>		
Since January 1st, 1940 . . . . .	7,866,745	6,658,599
Appropriated for Preferred Share Sinking Fund . . . . .	160,000	—
	34,091,726	\$32,672,255
This is the Consolidated Balance Sheet of Anglo-Canadian Pulp and Paper Mills, Limited and Subsidiaries including Dryden Paper Company, Limited, referred to in our report dated March 7th, 1955.	\$59,923,560	\$54,971,359

LEVER, HONEYMAN, LEETHAM & Co.  
Chartered Accountants, Auditors.



# Anglo-Canadian Pulp and Paper Mills, Limited

INCLUDING DRYDEN PAPER COMPANY, LIMITED

## Consolidated Statement of Profit and Loss and Earned Surplus

FOR THE YEAR ENDED DECEMBER 31st, 1954

		<i>1953 Combined Totals</i> <i>(Including profits of Dryden Paper Company, Limited for three months to December 31st, 1953 only)</i>
Profit on Trading and other Income, before providing for Depreciation and Depletion . . . . .	\$13,191,932	\$ 9,681,753
Surplus on Disposals of Fixed Assets . . . . .	17,311	173,817
Interest from Government of Canada and Provincial Guaranteed Bonds . . . . .	\$ 61,133	\$ 53,419
Dividends on Shares in Associated Companies . . . . .	12,774	39,994
Interest on Notes Receivable . . . . .	14,491	8,203
	<u>88,398</u>	<u>101,616</u>
<i>Deduct:</i>	<u>\$13,297,641</u>	<u>\$ 9,957,186</u>
Interest on Funded Debt of Dryden Paper Company, Limited . . . . .	\$ 227,612	\$ 55,031
<i>Less:</i> Interest on Bonds and Debentures held for Sinking Fund . . . . .	8,001	2,369
	<u>\$ 219,611</u>	<u>\$ 52,662</u>
Interest on Loans Payable . . . . .	40,054	17,021
	<u>259,665</u>	<u>69,683</u>
<i>Deduct:</i>	<u>\$13,037,976</u>	<u>\$ 9,887,503</u>
Provision for Depreciation . . . . .	\$ 3,289,785	\$ 2,592,994
Provision for Depletion . . . . .	227,132	122,276
	<u>3,516,917</u>	<u>2,715,270</u>
Profit before providing for Income Taxes . . . . .	\$ 9,521,059	\$ 7,172,233
Provision for Income Taxes . . . . .	4,850,164	3,520,494
Net Profit . . . . .	<u>\$ 4,670,895</u>	<u>\$ 3,651,739</u>
<i>Deduct:</i>		
Proportion applicable to Minority Shareholders and to Shares of Dryden Paper Company, Limited held by Anglo-Canadian Pulp and Paper Mills, Limited earned prior to acquisition . . . . .	2,110	151,416
Net Profit attributable to Shareholders of Anglo-Canadian Pulp and Paper Mills, Limited . . . . .	<u>\$ 4,668,785</u>	<u>\$ 3,500,323</u>
Earned Surplus at December 31, 1953 . . . . .	6,658,599	5,475,998
	<u>\$11,327,384</u>	<u>\$ 8,976,321</u>
Dividends paid or payable by Anglo-Canadian Pulp and Paper Mills, Limited		
On Preferred Shares—Paid . . . . .	\$ 336,000	\$ —
—Payable January 20, 1955 . . . . .	112,000	112,000
	<u>\$ 448,000</u>	<u>\$ 112,000</u>
On Common Shares—Paid . . . . .	\$ 1,896,407	\$ 1,575,000
—Payable January 7, 1955 . . . . .	632,135	631,122
	<u>\$ 2,528,542</u>	<u>\$ 2,206,122</u>
<i>Less:</i> Received by Subsidiary Company . . . . .	650	400
	<u>\$ 2,527,892</u>	<u>\$ 2,205,722</u>
Total . . . . .	<u>\$ 2,975,892</u>	<u>\$ 2,317,722</u>
Bond and debenture redemption premiums and debenture issue discount and expenses . . . . .	324,747	—
Appropriated for Preferred Share Sinking Fund . . . . .	160,000	—
	<u>3,460,639</u>	<u>2,317,722</u>
Earned Surplus at December 31, 1954 . . . . .	<u>\$ 7,866,745</u>	<u>\$ 6,658,599</u>

*Auditors' Report to the Shareholders of  
Anglo-Canadian Pulp and Paper Mills, Limited*

We have examined the books and accounts of Anglo-Canadian Pulp and Paper Mills, Limited and its wholly-owned subsidiary companies for the year ended December 31, 1954, and have obtained all the information and explanations which we required. Our examination was made in accordance with generally accepted auditing standards and, without making a detailed audit, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have been furnished with the consolidated balance sheet as at December 31, 1954, of Dryden Paper Company, Limited and its subsidiary which, together with the related consolidated profit and loss and earned surplus accounts have been examined and reported upon by an independent firm of auditors.

Based upon such examination and independent auditors' report, the attached consolidated balance sheet of Anglo-Canadian Pulp and Paper Mills, Limited and subsidiary companies and related consolidated statements of profit and loss and earned surplus are, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies as at December 31, 1954, and the results of their 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 examined by us and the financial statements furnished to us.

LEVER, HONEYMAN, LEETHAM & Co.,  
*Chartered Accountants.*

Montreal, March 7, 1955



The photograph above shows the charging of a digester with wood chips to produce sulphite pulp. The chips are cooked in the presence of acid and steam to separate cellulose from lignin.

At left is seen the start of a sheet of newsprint. The paper stock leaving the head box and flowing onto the Fourdrinier wire contains over 99% water.

Photo at right shows typical country on the North Shore of the St. Lawrence, where are situated the main timber limits of Anglo-Canadian Pulp and Paper Mills, Limited.

The photograph below shows additions to the mill of Dryden Paper Company, Limited, at Dryden, Ontario, completed in 1954. The new buildings include a chemical recovery unit, an evaporator unit and a steam plant. A further expansion programme is under way at Dryden to increase the mill's pulp producing capacity.



