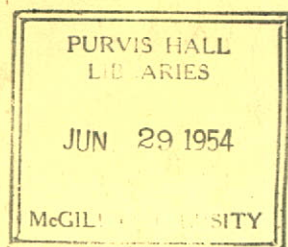


C
stock

Anglo-Canadian Pulp and Paper Mills,
Limited

Annual Report
1952



Anglo-Canadian Pulp and Paper Mills,
Limited

Annual Report

1952

ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED

TWENTY-SEVENTH ANNUAL REPORT OF THE DIRECTORS FOR THE FISCAL YEAR ENDED DECEMBER 31st, 1952

To the Shareholders,

The Directors submit herewith their report and audited statement of consolidated accounts of the Company and its subsidiary Companies covering the fiscal year ended December 31st, 1952.

The accounts submitted herewith show a profit for the year of \$6,792,176, against which there have been charged the sums of \$2,295,058 as provision for depreciation and depletion, and \$2,344,564 as a provision for Income Taxes, leaving a net profit for the year of \$2,152,554.

The earned surplus as at January 1st, 1952, amounted to.....	\$ 6,218,444
to which is to be added the net profit for the year.....	2,152,554
making a total surplus of.....	<u>\$ 8,370,998</u>

out of which dividends have been paid as follows: —

April 7th 1952 — 50c per share.....	\$ 525,000
July 7th 1952 — 50c per share.....	\$ 525,000
Oct. 7th 1952 — 50c per share.....	\$ 525,000
	<u>\$ 1,575,000</u>
and Jan. 7th 1953 — 50c per share.....	525,000
	<u>\$ 2,100,000</u>

and there has been charged Provision for Additional Depreciation in respect of the year 1951.....	795,000	\$ 2,895,000
leaving earned surplus to be carried forward of.....		<u>\$ 5,475,998</u>

Reference is made to the Provision for Depreciation and to the Provision for Additional Depreciation in respect of the year 1951, in the Note at the foot of the Consolidated Statement of Profit and Loss and Earned Surplus.

The total of all products, during the year, was 283,615 tons made up, as follows: —

Newsprint.....	220,770 tons
Sideruns.....	826 "
Unbleached Sulphite (dry).....	37,584 "
Unbleached Sulphite (wet).....	12,310 "
Paper Board.....	12,125 "
	<u>283,615 tons</u>

The additions and improvements which were reported as being in progress at the date of the last Directors' Annual Report have now been completed. These include the installation of a second Kamyr machine and the necessary extensions to the buildings.

During the past year, a number of further improvements have been made to the plant and equipment. These include the installation of two curlators.

Last Spring, one of our subsidiary companies purchased another L.S.T. ship, making a total of four of these ships now owned and operated. These are:

The M. V. "ROBERT McMICHAEL"

M. V. "GUY BARTHOLOMEW"

M. V. "R. A. McINNIS"

M. V. "FRANK J. HUMPHREY"

These ships were engaged throughout the shipping season in the transportation of pulpwood, coal, and supplies generally.

The Company has, during the year, made payment of the final call amounting to \$31,250, making a total amount subscribed and paid up of \$625,000 in respect of its 50% interest in Lignosol Chemicals Limited. The plant of this Company went into operation during the year and is expected to be on a profit earning basis during the current year.

Construction of the Canadian Glassine Co. Ltd.'s plant, for the manufacture of glassine and specialty papers is now completed and operation of the plant was started recently. In addition to supplying the slush pulp your Company has acquired a small interest in this new Company.

On behalf of the Board,

E. M. LITTLE,

President.

Quebec, P.Q., March 16th, 1953.

ANGLO-CANADIAN PULP AND
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

		1951 Comparative Figures
CURRENT ASSETS		
Cash at Bank and on Hand.....	\$ 104,980	\$ 80,073
Government of Canada Bonds, at cost..... (Market Value \$1,427,500)	1,524,350	1,524,350
Accounts Receivable.....	3,779,995	3,871,698
Inventories — as determined and certified to by officials of the Company and valued at cost or lower but not exceed- ing market value.		
Finished Products, Mill Supplies, etc.....	\$ 2,473,363	2,368,499
Pulpwood and Logging Supplies, including expenditures on Logging Operations in progress.....	6,797,312	7,827,810
	9,270,675	10,196,309
	\$ 14,680,000	15,672,430
PREPAID AND DEFERRED EXPENDITURES	467,526	528,705
INVESTMENTS IN AND LOAN TO ASSOCIATED COMPANIES		
Shares, at cost.....	637,500	606,250
Loan.....	121,133	125,000
	758,633	731,250
FIXED ASSETS		
Timber Limits and Land, at cost.....	4,112,658	4,118,183
Less: Depletion.....	703,351	623,659
	3,409,307	3,494,524
Mill Site, Buildings, Plant and Equipment, Ships, Logging Townsite, etc., at cost.....	32,918,329	30,861,478
Less: Depreciation.....	18,943,110	16,772,965
	13,975,219	14,088,513
Logging Equipment and Improvements, at cost.....	4,200,571	4,076,231
Less: Depreciation.....	3,244,124	2,742,647
	956,447	1,333,584
	18,340,973	18,916,621
	<u>\$ 34,247,132</u>	<u>\$ 35,849,006</u>

On behalf of the Board:

R. C. McMICHAEL, Director

E. M. LITTLE, Director

D PAPER MILLS, LIMITED

COMPANIES

AS AT DECEMBER 31ST, 1952

		1951 Comparative Figures
CURRENT LIABILITIES		
Bank Overdraft (secured).....	\$ 250,861	\$ 1,010,657
Accounts Payable and Accrued Liabilities.....	2,748,783	1,219,014
Dividend Payable January 7th, 1953.....	525,000	525,000
Provision for Income Taxes.....	1,522,458	3,300,976
	<u>\$ 5,047,102</u>	<u>6,055,647</u>
DEFERRED LIABILITIES		
Secured Loans.....	727,266	421,457
Cost of Past Service Credits under Employees' Retirement Plan — balance payable in instalments over next four years.....	626,764	783,456
	<u>1,354,030</u>	<u>1,204,913</u>
RESERVE FOR CONTINGENCIES	1,000,000	1,000,000
CAPITAL AND SURPLUS		
Capital Stock		
Authorized — 1,500,000 Shares without nominal or par value		
Issued — 1,050,000 Shares.....	19,950,000	19,950,000
Capital Surplus.....	1,420,002	1,420,002
Earned Surplus — since January 1st, 1940.....	5,475,998	6,218,444
	<u>26,846,000</u>	<u>27,588,446</u>
 NOTES (1) Commitments under contracts for capital expenditures at December 31st, 1952 not included in the above Balance Sheet amounted to \$100,635.		
(2) "Logging Equipment and Improvements" includes assets formerly described as "Deferred Logging Expenditures" and included under heading of "Deferred Charges" in previous Balance Sheets.		
	<u>\$ 34,247,132</u>	<u>\$ 35,849,006</u>

This is the Balance Sheet referred to in our Report dated March 16th, 1953.

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

ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31st, 1952

		1951 Comparative Figures
Profit on Trading before providing for Depreciation and Depletion.....	\$ 6,769,369	\$ 10,201,398
Income from Government of Canada Bonds.....	43,750	75,444
	6,813,119	10,276,842
DEDUCT:		
Interest on Loans.....	\$ 20,943	11,079
Loss on Sale of Government of Canada Bonds.....	—	56,150
	20,943	67,229
	6,792,176	10,209,613
DEDUCT:		
Provision for Depreciation (see note).....	\$ 2,215,366	1,488,288
Provision for Depletion.....	79,692	56,223
	2,295,058	\$ 1,544,511
Profit before providing for Income Taxes.....	4,497,118	\$ 8,665,102
Provision for Income Taxes.....	2,344,564	4,418,968
Net Profit.....	2,152,554	4,246,134
ADD:		
Earned Surplus at beginning of year.....	6,218,444	4,387,310
	8,370,998	8,633,444
DEDUCT:		
Dividends paid.....	\$ 1,575,000	1,390,000
Dividend payable January 7th, 1953.....	525,000	525,000
	2,100,000	2,415,000
Provision for additional Depreciation in respect of year 1951 (see note).....	795,000	—
	2,895,000	2,415,000
Earned Surplus at end of year.....	\$ 5,475,998	\$ 6,218,444

NOTE: — The 1952 "Provision for Depreciation" includes \$412,398 provided in respect of "Logging Equipment and Improvements". In the accounts for 1951 and previous years the amounts written off in respect of such assets (then described as "Deferred Logging Expenditures") were not included in the "Provision for Depreciation" but were deducted in arriving at the "Profit on Trading".

The rate at which Capital Cost allowances may be claimed for Federal Income Tax purposes on the undepreciated Capital Cost of such Logging Expenditures and on Logging Townsite Assets has been increased substantially and the sum of \$795,000 has been charged against Earned Surplus in 1952 to bring the total provided for the depreciation and write off of such assets in respect of the year 1951 up to the total that it is proposed to claim for Federal Income Tax purposes for that year.

AUDITORS' REPORT

To the Shareholders of
Anglo-Canadian Pulp and Paper Mills, Limited.

We have examined the consolidated balance sheet of Anglo-Canadian Pulp and Paper Mills, Limited and subsidiary companies as at December 31st, 1952 and the related consolidated statements of profit and loss and earned surplus for the year then ended and have obtained all the information and explanations which we required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

In our opinion, the attached consolidated balance sheet and related consolidated statements 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 combined affairs of the companies as at December 31st, 1952 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.

LEVER, HONEYMAN, LEETHAM & CO.,
Chartered Accountants.

Montreal,
March 16th, 1953.

ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED

DIRECTORS

G. H. BRIDGE, F.C.I.S., A.S.A.A.	W. H. HOWARD, C.B.E., Q.C.
W. J. CLARKE	C. H. KING
JAMES COOKE	E. M. LITTLE
J. F. E. COOPE	R. C. McMICHAEL, Q.C.
W. P. CREAGH	THE VISCOUNT ROTHERMERE
A. S. FULLER	W. E. SOLES

PHILIP G. WALKER, F.C.A.

OFFICERS

<i>Chairman of the Board</i>	R. C. McMICHAEL, Q.C.
<i>President</i>	E. M. LITTLE
<i>Vice-President</i>	W. J. CLARKE
<i>Treasurer</i>	G. H. BRIDGE, F.C.I.S., A.S.A.A.
<i>Secretary</i>	H. D. RUTHMAN
<i>Assistant Treasurer</i>	C. H. SMITH, F.C.I.S.
<i>Assistant Secretary</i>	W. P. CREAGH

HEAD OFFICE: QUEBEC, P.Q., CANADA

SUBSIDIARY AND ASSOCIATED COMPANIES

St. Charles Transportation Company Limited	Forestville Realties Limited
La Compagnie Le Parc St. Charles Limitée	Northeastern Paper Products Limited
Lignosol Chemicals Limited	

REGISTRARS AND TRANSFER AGENTS

Montreal Trust Company, Montreal, P.Q.

AUDITORS

Lever, Honeyman, Leetham & Co., Montreal, P.Q.

