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Anglo-Canadian Pulp and Paper Mills,
— Limited

Annual Report
" " 1951

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Anglo-Canadian Pulp and Paper Mills,
Limited

Annual Report
1951

ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED

TWENTY-SIXTH ANNUAL REPORT OF THE DIRECTORS FOR THE FISCAL YEAR ENDED 31st DECEMBER, 1951

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 31st December, 1951.

The accounts submitted herewith show a profit for the year of \$10,209,613, against which there have been charged the sums of \$1,544,511 as provision for depreciation and depletion, and \$4,418,968 as a provision for Income Taxes, leaving a net profit for the year of \$4,246,134.

The earned surplus as at 1st January, 1951, amounted to.....	\$	4,387,310
to which is to be added the net profit for the year.....		4,246,134
		8,633,444
making a total surplus of.....		
	\$	8,633,444
out of which dividends have been paid, as follows:—		
May 15th 1951 — 90c per share.....	\$	945,000
July 2nd 1951 — 45c per share.....	\$	472,500
Oct. 2nd 1951 — 45c per share.....	\$	472,500
		1,890,000
and Jan. 7th 1952 — 50c per share.....		525,000
		2,415,000
leaving Earned Surplus to be carried forward of.....	\$	6,218,444

There have also been declared further quarterly dividends payable during the year 1952, as follows:—

Apr. 7th 1952 — 50c per share
 July 7th 1952 — 50c per share
 Oct. 7th 1952 — 50c per share

The total of all products, during the year, was 277,303 tons made up, as follows:—

Newsprint.....	217,571 tons
Sideruns.....	2,526 “
Unbleached Sulphite (dry).....	27,533 “
Unbleached Sulphite (wet).....	12,148 “
Paper Board.....	17,525 “
	277,303 tons

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 additions to the original installation of the Board Machine and the installation of three additional Digesters together with the necessary building, etc., etc.

During the past year, a number of further improvements have been made to the plant and equipment. These include the installation of a second Kamyr machine and the necessary extensions to the buildings.

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

The M. V. "ROBERT McMICHAEL"

M. V. "GUY BARTHOLOMEW"

M. V. "R. A. McINNIS"

This subsidiary company also purchased another but somewhat smaller ship, viz. the M. V. "LADY CECIL". These ships were engaged during the shipping season in the transportation of pulpwood, sulphur, hay, and supplies generally.

The Company has, during the year, made payment of further calls amounting to \$468,750 in respect of its 50% interest in Lignosol Chemicals Limited referred to in last year's Report. There still remains to be called up, as at the end of the year, \$31,250. It is expected that the plant of this Company will go into operation very shortly.

The Company has, since the close of the year, acquired a small interest in another new company known as Canadian Glassine Co. Ltd. Construction of the plant for the manufacture of glassine and specialty papers is now in progress. Under the proposed arrangements, slush pulp will be supplied to this new company by means of a pipe-line from this Company.

On behalf of the Board,

E. M. LITTLE,

President.

Quebec, P.Q., March 17th, 1952.

ANGLO-CANADIAN PULP AND
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

		<i>1950 Comparative Figures</i>
CURRENT ASSETS		
Cash at Bank and on Hand.....	\$ 80,073	\$ 1,442,661
Government of Canada Bonds, at cost..... (Market Value \$1,435,000)	1,524,350	4,550,350
Accounts Receivable.....	3,871,698	3,130,509
Inventories — as determined and certified to by officials of the Company and valued at cost or lower, but not ex- ceeding market value.		
Finished Products, Mill Supplies, etc....	\$ 2,368,499	1,571,511
Pulpwood and Logging Supplies, includ- ing expenditures on Logging Operations in progress.....	7,827,810	3,611,980
	10,196,309	5,183,491
	\$ 15,672,430	14,307,011
DEFERRED CHARGES		
Prepaid and Deferred Expenditures.....	528,705	337,735
Deferred Expenditure on Logging Equipment and Improve- ments, at cost, less amounts written off.....	1,333,584	776,777
	1,862,289	1,114,512
INVESTMENTS IN AND LOAN TO ASSOCIATED COMPANIES		
Shares, at cost.....	606,250	137,500
Loan.....	125,000	125,000
	731,250	262,500
FIXED ASSETS		
Timber Limits and Land, at cost.....	4,118,183	4,100,124
Less: Depletion.....	623,659	567,437
	3,494,524	3,532,687
Note: The leases of certain limits on which the Company had operated since 1926, expired in 1946 and the cost thereof (\$5,131,546) was written off in 1946 against the provision for Depletion accumulated to that date.		
Mill Site, Buildings, Plant and Equipment, Ships, Logging Townsite, etc., at cost.....	30,861,478	26,460,308
Less: Depreciation.....	16,772,965	15,284,901
	14,088,513	11,175,407
	17,583,037	14,708,094
	\$ 35,849,006	\$ 30,392,117

On behalf of the Board:

R. C. McMICHAEL, Director
G. H. BRIDGE, Director

PAPER MILLS, LIMITED

COMPANIES

AS AT DECEMBER 31ST 1951

		<i>1950 Comparative Figures</i>
CURRENT LIABILITIES		
Bank Loan and Overdraft (secured).....	\$ 1,010,657	\$ —
Accounts Payable and Accrued Liabilities.....	1,219,014	953,249
Dividend Payable January 7th, 1952 (Note 3).....	525,000	—
Provision for Income Taxes.....	3,300,976	1,400,035
	<u>\$ 6,055,647</u>	<u>2,353,284</u>
DEFERRED LIABILITIES		
Secured Loans.....	421,457	341,373
Cost of Past Service Credits under Employees' Retirement Plan — balance payable in instalments over next five years.....	783,456	940,148
	<u>1,204,913</u>	<u>1,281,521</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.....	6,218,444	4,387,310
	<u>27,588,446</u>	<u>25,757,312</u>
Notes (1) There is an uncalled liability on shares in an Associated Company amounting to \$31,250.		
(2) Commitments under contracts for capital expenditures at December 31st, 1951 not included in the above Balance Sheet amounted to \$825,180.		
(3) In addition to the dividend payable on January 7th, 1952, shown above, the following further dividends were also declared at a meeting of the Board of Directors held on November 6th, 1951:		
50 cents per share payable April 7th, 1952		
50 cents per share payable July 7th, 1952		
50 cents per share payable October 7th, 1952		
	<u>\$ 35,849,006</u>	<u>\$ 30,392,117</u>

This is the Balance Sheet referred to in our Report dated March 14th, 1952.

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, 1951

		<i>1950 Comparative Figures</i>
Profit on Trading before providing for Depreciation and Depletion.....	\$ 10,201,398	\$ 6,273,529
Income from Government of Canada Bonds.....	75,444	87,420
	10,276,842	6,360,949
 DEDUCT:		
Interest on Loans.....	\$ 11,079	10,276
Loss on Sale of Government of Canada Bonds.....	56,150	—
	67,229	10,276
	10,209,613	6,350,673
 DEDUCT:		
Provision for Depreciation.....	\$ 1,488,288	1,147,098
Provision for Depletion.....	56,223	61,329
	1,544,511	1,208,427
Profit before providing for Income Taxes.....	8,665,102	\$ 5,142,246
Provision for Income Taxes.....	4,418,968	2,127,995
Net Profit.....	4,246,134	3,014,251
 ADD:		
Earned Surplus at beginning of year.....	4,387,310	2,423,059
	8,633,444	5,437,310
 DEDUCT:		
Dividends paid during year.....	\$ 1,890,000	1,050,000
Dividend payable January 7th, 1952.....	525,000	—
	2,415,000	1,050,000
Earned Surplus at end of year.....	\$ 6,218,444	\$ 4,387,310

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, 1951 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, 1951 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 14th, 1952.

ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED

DIRECTORS

H. G. BARTHOLOMEW	F. J. HUMPHREY
G. H. BRIDGE	C. H. KING
W. J. CLARKE	E. M. LITTLE
JAMES COOKE	R. C. McMICHAEL, Q.C.
A. S. FULLER	The VISCOUNT ROTHERMERE
W. H. HOWARD, C.B.E., Q.C.	W. E. SOLES
E. A. SURSHAM	

OFFICERS

<i>Chairman of the Board</i>	R. C. McMICHAEL, Q.C.
<i>President</i>	E. M. LITTLE
<i>1st Vice-President</i>	H. G. BARTHOLOMEW
<i>Vice-President</i>	W. J. CLARKE
<i>Treasurer</i>	G. H. BRIDGE, F.C.I.S., A.S.S.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 Realities 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.

