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Canadian Western Lumber Company, Limited

(Incorporated under the Laws of the Dominion of Canada)

AND ITS SUBSIDIARY COMPANIES.

ANNUAL REPORT

For the year ended December 31st, 1945,

and

NOTICE OF ANNUAL MEETING

COMMERCE

LIBRARY

McGILL UNIVERSITY

Canadian Western Lumber Company, Limited

(Incorporated under the Laws of the Dominion of Canada)

AND ITS SUBSIDIARY COMPANIES.

ANNUAL REPORT

For the year ended December 31st, 1945,

and

NOTICE OF ANNUAL MEETING

Board of Directors.

H. J. MACKIN, *President and Managing Director.*

A. J. MITCHELL, *Vice-President.*

C. L. BURTON, C.B.E.

J. F. LASH, K.C.

COL. K. R. MARSHALL, C.M.G., D.S.O.

R. J. FILBERG.

G. G. STEWART.

Secretary.

W. A. WALKER, Toronto.

Treasurer.

G. G. STEWART, Vancouver.

Offices.

25 KING STREET WEST, TORONTO, ONT. AND 1125 MARINE BUILDING, VANCOUVER, B.C.

Secretary in England.

THE BRITISH EMPIRE TRUST COMPANY, LIMITED,

HUDSON'S BAY HOUSE,

52-60, Bishopsgate, London, E.C.2.

Canadian Western Lumber Company, Limited

(Incorporated under the Laws of the Dominion of Canada)

FRASER MILLS, BRITISH COLUMBIA,
AND ITS SUBSIDIARY COMPANIES.

THIRTY-SIXTH ANNUAL REPORT OF THE DIRECTORS

*To be submitted at the Annual Meeting to be held in Toronto on Thursday,
the 25th day of April, 1946, at 12 o'clock noon.*

To the Shareholders of

CANADIAN WESTERN LUMBER COMPANY, LIMITED.

The Consolidated Balance Sheet and Consolidated General Statement of Income and Expenditure for the year ended December 31st, 1945, are submitted herewith by your Directors.

The Net Operating Profit together with Income from other sources amounted to.....			\$2,402,979.02
from which there has been deducted:			
Interest—			
On 5% Cumulative Income Debenture Stock (now redeemed)	\$	124,070.38	
On First Mortgage Serial and Sinking Fund Bonds.....		82,083.30	
Depletion of Timber Limits.....		397,441.54	
Reserve for Depreciation of Buildings and Equipment.....		239,765.29	
Provision for Income and Excess Profits Taxes (including refundable portion of excess profits tax \$155,223.08).....		1,100,000.00	1,943,360.51
leaving Net Profit for the year of.....			<u>\$ 459,618.51</u>

During the year the Company made the following changes in its capital structure:

(a) Created an authorized issue of \$7,500,000.00 First Mortgage Serial and Sinking Fund Bonds of which \$6,000,000.00 was issued to provide funds applied to the redemption of £758,070 5% Cumulative Income Debenture Stock together with Arrears of Interest thereon;

(b) By By-law sanctioned by the Shareholders and duly confirmed by Supplementary Letters Patent, \$3,073,000.00 was written off Capital, 27,000 Shares held by a Subsidiary Company were cancelled and the remaining Shares of \$2.00 par value each were converted into Shares without nominal or par value, thereby leaving the Share Capital of the Company at 3,073,000 Shares shown at an amount of \$3,073,000.00.

The effect of these changes on the Consolidated Balance Sheet may be summarized:

Redemption of £758,070 principal amount			
5% Cumulative Income Debenture Stock.....	\$	3,689,274.00	
Payment of Arrears of Interest on			
5% Cumulative Income Debenture Stock.....		2,471,813.58	<u>\$6,161,087.58</u>
Provided by—			
New Issue First Mortgage Serial and Sinking Fund Bonds..		6,000,000.00	
Saving in Exchange in redemption of principal of 5% Cumulative Income Debenture Stock less discount on new issue and reserve for expenses.....		161,087.58	<u>\$6,161,087.58</u>
Depletion of Timber Limits not provided for as per Consolidated Balance Sheet dated 31st December, 1944.....			\$1,083,644.38
Arrears of Interest on former 5% Cumulative Income Debenture Stock.....			<u>2,471,813.58</u>
			3,555,457.96
Reduction in Share Capital.....	\$	3,073,000.00	
Provision from Reserves for General Purposes and Contingencies.....	\$	321,370.38	
To which is added amount provided from saving in Exchange.....		161,087.58	<u>482,457.96</u>
			<u>\$3,555,457.96</u>

Lumber shipped during the year amounted to 120,515,712 feet compared with 144,901,458 feet in the preceding year—a decrease of 24,385,746 feet.

Prices for domestic sales were under the regulations of the Timber Controller for Canada. Some increased prices were secured for certain of the products manufactured, particularly on export shipments. Operating costs were higher due to reduced production brought about by lack of sufficient help to carry on full logging and sawmilling operations. The Company's subsidiaries operating retail lumber yards in the Prairie Provinces again enjoyed a large volume of trade.

The Company's liability for Income and Excess Profits Taxes has not been determined in respect of the years subsequent to 1942 but the provision therefor is deemed adequate.

In consequence of the cessation of hostilities and the return of employees from the armed services and direct war industries, the supply of help improved commencing in October, 1945. With skilled help re-employed, operations will be increased from time to time and it is expected that at a comparatively early date logging and manufacturing will be restored to full production capacity.

Indications are that a heavy demand for all building materials will continue for some considerable time. The Company has on hand orders for substantial quantities of its products.

The Directors desire to acknowledge their appreciation of the services rendered by the employees during the year.

Submitted on behalf of the Board,

H. J. MACKIN,
President.

TORONTO, CANADA,
FEBRUARY 19th, 1946.

CANADIAN WESTERN LUMBER COMPANY, LIMITED

AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1945

ASSETS	
CURRENT ASSETS:	
Logs, lumber and supplies, as per physical inventories (cost, less reserve).....	\$4,154,550.72
Bills and accounts receivable (less reserve).....	200,434.18
Dominion of Canada bonds, par value \$270,000.00 (cost).....	270,000.00
Cash in bank and on hand.....	559,891.55
	\$ 5,184,876.45
 REFUNDABLE PORTION OF EXCESS PROFITS TAX	599,045.91
 INVESTMENTS:	
Mortgages, real estate, miscellaneous shares, etc. (at book value, less reserve).....	53,219.79
 PROPERTIES:	
Real estate, sawmills, buildings, plant, equipment, logging construction, tugboats, etc. (at cost).....	\$7,907,580.19
Timber 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).....	4,104,437.26
	12,012,017.45
 DEFERRED CHARGES:	
Insurance, logging construction, etc.....	478,763.42
	\$18,327,923.02

Signed on behalf of the Board:
H. J. MACKIN, Director
A. J. MITCHELL, Director.

TORONTO, ONTARIO,
FEBRUARY 19, 1946.

LIABILITIES	
CURRENT LIABILITIES:	
First mortgage serial bonds maturing August 1, 1946.....	\$ 400,000.00
Interest accrued on funded debt.....	82,083.30
Accounts payable.....	761,030.92
Reserve for taxes.....	1,223,550.95
	\$ 2,466,665.17
 FUNDED DEBT:	
First mortgage serial and sinking fund bonds—Authorized.....	7,500,000.00
<i>Issued—</i>	
2 1/4% to 2 3/4% maturing August 1, 1947 to 1952, inclusive.....	2,400,000.00
4% maturing August 1, 1962.....	3,200,000.00
	5,600,000.00
 RESERVES:	
For Depreciation of buildings and equipment.....	5,623,991.56
For General purposes and contingencies.....	505,601.87
	6,129,593.43
 SHARE CAPITAL:	
Authorized, fully-paid and outstanding—	
3,073,000 Shares without nominal or par value.....	3,073,000.00
 DEFERRED CREDIT TO SURPLUS:	
Portion of excess profits tax refundable.....	599,045.91
 EARNED SURPLUS:	
Profit for the year ended December 31, 1945.....	459,618.51
	4,131,664.42
	\$18,327,923.02

To the Shareholders:

We report that we have audited the Books and Accounts of CANADIAN WESTERN LUMBER COMPANY, LIMITED, and its Subsidiary Companies for the year ended December 31, 1945, and that we have obtained all the information and explanations we have required.

We are of the opinion that the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of CANADIAN WESTERN LUMBER COMPANY, LIMITED, and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the respective Companies.

VANCOUVER, B.C.,
FEBRUARY 18, 1946.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants, Auditors.

CANADIAN WESTERN LUMBER COMPANY, LIMITED

AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED GENERAL STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 1945.

Net Operating Profit after deducting remuneration of executive officers including managing director \$127,660.00, directors' fees \$7,000.00, legal remuneration and costs \$7,820.13 (exclusive of \$20,989.11 charged to reserve for contingencies re legal remuneration and costs incurred in refinancing funded debt).....	\$2,250,713.82
Reserve for investments provided in prior years not now required.....	63,531.89
Income from investments and interest earned.....	88,733.31
	\$2,402,979.02

Deduct:

INTEREST—

On 5% cumulative income debenture stock (now redeemed).....	\$ 124,070.38	
On First mortgage serial and sinking fund bonds.....	82,083.30	
Depletion of timber limits.....	397,441.54	
Reserve for depreciation of buildings and equipment.....	239,765.29	
Provision for income and excess profits taxes (including refundable portion of excess profits tax \$155,223.08).....	1,100,000.00	1,943,360.51
NET PROFIT for the year.....		\$ 459,618.51

Canadian Western Lumber Company, Limited

(Incorporated under the Laws of the Dominion of Canada).

And its Subsidiary Companies.

ANNUAL REPORT

For the year ended December 31st, 1945.

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 the Company's Offices, 25 King Street West, in the City of Toronto, Canada, at the hour of 12 o'clock noon, on Thursday, the 25th day of April, 1946, to receive and consider the Annual Report of the Directors, 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,

W. A. WALKER,
Secretary.

TORONTO, CANADA,
February 28, 1946.

