

THE  
CONSOLIDATED  
MINING & SMELTING  
COMPANY OF CANADA  
LIMITED



THIRTY-FOURTH ANNUAL REPORT  
FOR TWELVE MONTHS ENDING  
DECEMBER 31, 1939



# THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA, LIMITED

## HEAD OFFICE

215 St. James St., MONTREAL, CANADA

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## DIRECTORS

SIR EDWARD BEATTY, G.B.E.	ARTHUR L. BISHOP	S. G. BLAYLOCK
HON. R. RANDOLPH BRUCE	L. A. CAMPBELL	J. C. HODGSON
SIR HERBERT S. HOLT	HENRY JOSEPH	THAYER LINDSLEY
R. S. McLAUGHLIN	R. H. McMASTER	F. GORDON OSLER
W. N. TILLEY, K.C.		ARTHUR B. PURVIS

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## EXECUTIVE COMMITTEE

SIR EDWARD BEATTY, G.B.E.	S. G. BLAYLOCK	SIR HERBERT S. HOLT
R. H. McMASTER		W. N. TILLEY, K.C.

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## OFFICERS

SIR EDWARD BEATTY, G.B.E. CHAIRMAN	S. G. BLAYLOCK PRESIDENT	SIR HERBERT S. HOLT VICE-PRESIDENT
R. C. CROWE, K.C. VICE-PRESIDENT AND GENERAL COUNSEL	W. S. RUGH VICE-PRESIDENT IN CHARGE OF SALES	R. E. STAVERT VICE-PRESIDENT AT MONTREAL
H. B. FULLER COMPTROLLER		J. E. RILEY SECRETARY
JAMES BUCHANAN GENERAL MANAGER, TRAIL, B.C.		R. W. DIAMOND ASSISTANT GENERAL MANAGER, TRAIL, B.C.

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## TRANSFER AGENTS

THE TORONTO GENERAL TRUSTS CORPORATION . . . . .	TORONTO
THE ROYAL TRUST COMPANY . . . . .	MONTREAL
THE ROYAL TRUST COMPANY . . . . .	VANCOUVER
BANK OF MONTREAL TRUST COMPANY . . . . .	NEW YORK

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## REGISTRARS

THE TRUSTS & GUARANTEE COMPANY, LIMITED . . . . .	TORONTO
MONTREAL TRUST COMPANY . . . . .	MONTREAL
MONTREAL TRUST COMPANY . . . . .	VANCOUVER
CHEMICAL BANK & TRUST COMPANY . . . . .	NEW YORK

# Directors' Report

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MONTREAL, P.Q., 5th April, 1940.

TO THE SHAREHOLDERS OF  
THE CONSOLIDATED MINING AND SMELTING  
COMPANY OF CANADA, LIMITED.

Your Directors submit herewith the usual financial statements, Auditors' Report and the report of the President, for 1939. The financial statements and reports of officers of the West Kootenay Power and Light Company, Limited, are also included.

Your Directors regret to report the death on the 30th July, 1939, of Sir Charles Gordon, who had been a member of the Board since the 12th November, 1934. The Board will miss his wise counsel and advice. The vacancy was filled by the election of Mr. Arthur B. Purvis.

## FINANCIAL

Operations for the year showed a profit of \$11,619,585.49 before making provision for Dominion and Provincial Income Taxes but after all other charges, including \$721,090.35 for Mine Development and Exploration, \$2,465,403.35 for Depreciation on Plants, \$926,255.77 for Mine Depletion and \$23,000.00 as an increase to the Employees' Pension Fund Reserve. After adequate provision for Income Taxes in the amount of \$2,280,000.00, the net profit carried to Unappropriated Earned Surplus Account amounted to \$9,339,585.49, as compared with \$6,213,724.96 in the year 1938.

The increase in the Net Profit over 1938 was due partly to a reduction in our unsold stocks of lead and zinc. Our cash position has been improved as the result of the settlement terms on our war contracts for lead and zinc against which we receive payments rather more promptly than on our ordinary commercial sales. It should be borne in mind that this position will be reversed after the end of the war.

The distribution to shareholders during the year amounted to \$1.00 per share by way of dividends, and an additional \$1.00 per share as a bonus, requiring \$6,540,672.00.

An amount of \$157,053.06 was written off to Profit and Loss Account and \$3,486,711.44 to Depletion Reserve to cover abandoned mining properties.

As required by the Companies Act, our auditors have reported their opinion that the dividends from subsidiary companies which have been brought into the 1939 Income and Expenditure Account exceed by \$171,849.10, the equity of this company in the profits, less losses, of all subsidiaries, for the year. In this connection it should be noted that the surplus of the West Kootenay Power and Light Company, Limited, at the 31st December, 1939, stood at \$4,730,554.52 against which the total of deficits, less surpluses, of our other subsidiary companies amounted to less than \$800,000.00, of which part is applicable to minority interests.

Capital expenditures during the year showed a substantial reduction from 1938. Our expenses in mining exploration and development were curtailed and most of the heavy expenditure in connection with the construction of plants at the Box and Con Mines was finished before the start of the year under review. The year's total addition to Capital Assets, including investments in and advances to other companies, before Depreciation and Depletion write-off was \$1,270,256.92.

Certain changes have been made in the Balance Sheet with a view to simplification and clarity. For instance, the assets of the Company have been re-grouped under three general

captions: "Property, Buildings and Equipment," "Investments and Sundry Non-Current Assets" and "Current Assets." The group of assets formerly described as "Mines, Mineral Claims and Securities of Other Companies" have been redistributed to separate the investment in mines and mining companies from those of a more general nature. The latter now appear as "Other Companies" under "Investments and Sundry Non-Current Assets." As required by the Companies Act, investments in subsidiary companies, whether mining companies or not, continue to be shown in a separate classification.

In accordance with the established policy of the Company, no valuation reserves have been provided for any of the investments to which reference has been made. They are held, for the most part, as a means of establishing connections with or control of, mines or other enterprises related to the Company's business, and it is neither expedient to realize upon them in times of high prices, nor necessary to dispose of them when values are low. These assets continue to be carried at cost less amounts written off in respect of interests abandoned or ascertained to be worthless and in the aggregate they are considered to be worth not less than their present book value.

On the liability side of the Balance Sheet, items of a current nature have been brought together under the general caption "Current Liabilities." The balances at December 31, 1938, of the Contingent Reserve and of the Reserve for Additions to Property through Profit and Loss have been transferred to a new caption "Appropriated surplus invested in the Company's undertakings." It was through the appropriation of these reserves from Earned Surplus that funds have been made available for part of the additions and improvements made in past years to the Company's undertakings to expand its business. The contingent reserve is no longer required to meet any specific contingency which can be foreseen, and it was considered that the position of the Company would be most clearly stated by re-crediting the balances in these reserves to Earned Surplus for inclusion under the new caption referred to.

During 1939, the balance owing to the West Kootenay Power and Light Company, Limited, was reduced from \$6,759,009.06 to \$4,450,985.81 forming part of the "Accounts Payable—Subsidiary Companies" shown in the balance sheet. Of this total \$1,103,763.10 represented the unexpended balance of the proceeds of bonds issued for plant construction by the West Kootenay Power and Light Company, Limited, in December, 1938, which this Company was holding as guarantor of the bond issue. Since the end of the year a further \$1,268,870.00 has been paid off, leaving a balance of \$3,182,115.81 owing. This balance will be further reduced as plant construction proceeds.

## SALES

Compared to 1938, sales and deliveries of our various products showed large increases in both tonnage and dollar value—\$35,000,000 against \$28,000,000. At the start of 1939, our unsold stocks of lead and zinc were larger than average and were carried at cost. These stocks were liquidated gradually during the year and, owing to the terms of our sales contracts with the British Government, there were no unsold stocks of these metals on hand at the end of the year.

For the first eight months of the year, prices on the London Metal Exchange were steady and devoid of special interest, as may be noted by the comparative table which follows:

	Opening	Closing	Average
Lead (12 months) 1938	£15 2 6	£15 8 9	£15 5 4 (Can. \$74.99)
" ( 8 " ) 1939	14 17 6	16 10 0	14 14 2 (Can. \$69.02)
Zinc (12 months) 1938	£14 10 0	£14 0 0	£13 19 10 (Can. \$68.72)
" ( 8 " ) 1939	13 13 9	15 1 3	13 17 5 (Can. \$65.11)

There was a strong demand for lead and our sales for the period were well in excess of production. There was also a marked improvement in the demand for zinc in domestic as well as foreign markets, and sales showed a large increase over those for the same period of 1938.

When the British Empire declared war in 1914 it was in a very unfavourable position regarding its base metals supplies. This position was completely changed by 1939. The following table gives the lead and zinc production of the British Empire in 1914 and in 1938, in tons of 2,000 lbs.:

	1914	1938	
Lead.....	432	1,552	Tons per day.
Zinc.....	214	886	“ “
Total.....	646	2,438	“ “

Failing an Empire supply in 1914, the British were forced to buy metal wherever it could be had, which meant mainly from the United States. Full advantage was taken of the market and prices reached 27½ cents per pound for zinc against a normal price of 4 to 5 cents, and 12¼ cents per pound for lead against a normal of 3 to 4 cents.

At the commencement of this war in September, 1939, your Company joined the other Empire producers in accepting what might be called a virtual conscription of their metal production, assuring the British Government of prices considerably below normal for the metal needed for the war. The terms of the contracts protect us from all shipping risks and as to price are considered fair and reasonable under the circumstances.

It is believed that the Empire will be able to supply all of the lead, zinc, copper and nickel needed. The average prices for lead and zinc for the last 10, 20, 30 and 40 years are as follows, per long ton of 2,240 pounds:

	Lead	Zinc
Past 10 years.....	£15 19 6	£16 6 0
Past 20 years.....	22 5 6	24 16 2
Past 30 years.....	21 15 10	29 5 5
Past 40 years.....	19 18 4	27 9 6

The production of your Company in lead and zinc alone is greater now than the entire tonnage of all base metals refined in the British Empire in 1914. All of this zinc and most of the lead not required for Canada is taken by the British Government.

There was little change from the previous year in Canadian sales of our fertilizer products, the volume as usual being largely controlled by the purchasing power of the prairie farmers. However, export sales for the year showed an increase of about 30% over 1938. Prices in all markets were higher and, as the heavy demand continues, we are justified in anticipating equally good results for 1940.

Our sulphur sales also showed an improvement over past years and present conditions point to a continuation of the demand.

As usual our silver commanded a ready sale and was disposed of mostly in the United States. About the middle of the year there was a drop in the price paid by the U.S. Government which was later partly offset by the premium received on U.S. funds.

There was a stronger demand for bismuth during 1939 and our sales in this metal were higher than in any former year. Cadmium and antimony were not so active and we found some difficulty in disposing of all of our production during the early part of the year. After the outbreak of war, however, both the demand and the market prices for all three metals showed decided increases.

Most of our fertilizer products and some of our sulphur and lead are sold in U.S. funds and we received the benefit of the premium on exchange during the latter part of the year.

#### GOLD MINES

The report of the President covers the results at our gold mines. The profits from the producing mines amounted to slightly over \$900,000.00 in 1939, as against \$226,000.00 in the previous year, and we anticipate another increase in profits in 1940.

**PACIFIC COAST TERMINALS COMPANY, LIMITED**

Operations of this subsidiary company at New Westminster, B.C., resulted in increased earnings over previous years. The improvements and additions commenced in 1938 were completed and the Company now has facilities to take care of any increase of business which might reasonably be expected.

Since the outbreak of war there has been a reduction in tonnage and it is difficult to venture an opinion as to how long this may continue.

**COMPANY ORGANIZATION**

At the Board meeting immediately following the General Meeting of the Shareholders held on the 28th April, 1939, certain changes were made in the executive and other officers of the Company. The Executive Committee of the Board was increased from three to five members and Sir Edward Beatty, Sir Herbert Holt, Mr. S. G. Blaylock, Mr. R. H. McMaster and Mr. W. N. Tilley were elected. The new office of Chairman of the Company was created and Sir Edward Beatty was elected to this position. Mr. S. G. Blaylock was elected President to replace the late Mr. J. J. Warren. Sir Herbert Holt was elected Vice-President.

The following appointments were also made: Mr. R. C. Crowe as Vice-President and General Counsel, Mr. R. E. Stavert as Vice-President at Montreal, Mr. James Buchanan as General Manager at Trail, and Mr. R. W. Diamond as Assistant General Manager at Trail.

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Your thanks are due to the Staff and Employees for faithful and efficient service.

On behalf of the Board,

E. W. BEATTY,  
Chairman.

# The Consolidated Mining and Smelting

BALANCE SHEET AS AT

## ASSETS

### PROPERTY, BUILDINGS AND EQUIPMENT:

Mines, mineral claims and mining investments:		
At cost, including shares in other companies, \$2,167,080.28 . . . . .	\$ 9,264,154.99	
Less reserve for depletion . . . . .	6,994,598.14	\$ 2,269,556.85
Land, buildings and equipment:		
At cost, less depreciation written off and sales at realized values . . . . .	32,435,404.78	
Less reserve for depreciation . . . . .	15,593,352.12	16,842,052.66

\$19,111,609.51

### INVESTMENTS AND SUNDRY NON-CURRENT ASSETS:

Subsidiary companies:		
Shares . . . . .	7,699,582.17	
Bonds . . . . .	1,160,881.13	
Advances . . . . .	4,988,994.74	13,849,458.04
Other companies:		
Shares . . . . .	857,500.97	
Bonds . . . . .	91,100.63	
Advances . . . . .	50,359.43	998,961.03
Housing loans:		
Shareholder employees . . . . .	414,173.46	
Others . . . . .	985,637.34	1,399,810.80
Sundry loans and non-current accounts receivable:		
Shareholders . . . . .	13,994.01	
Others . . . . .	263,661.96	277,655.97

16,525,885.84

### CURRENT ASSETS:

Inventories of ores and products:		
In accordance with records and certified by Company officials. Portion under sales contracts at net selling value, remainder at cost or market, whichever is lower . . . . .		\$7,949,124.19
Stores and materials:		
In accordance with records periodically verified by physical inventories and certified by Company officials. Valued at cost less depreciation . . . . .		5,048,722.50
Prepaid charges:		
On sales contracts . . . . .	\$ 251,271.95	
Other . . . . .	133,544.65	384,816.60
Accounts receivable:		
Officers . . . . .	565.11	
Shareholders . . . . .	56,822.37	
Customers and sundry and acerued revenue . . . . .	3,637,935.96	3,695,323.44
Municipal and industrial bonds:		
At cost (market value, \$574,094.97) . . . . .		619,045.87
Cash . . . . .		3,511,468.39

21,208,500.99

\$56,845,996.34

### STATEMENT AS TO SUBSIDIARY COMPANIES

Except to the extent of dividends received from subsidiary companies, neither profits nor losses of subsidiaries, so far as they concern the holding company, have been dealt with in the accounts of the holding company; in our opinion the dividends treated as income in the income and expenditure account of the holding company exceed its proportion of the combined aggregate of profits less losses of all subsidiaries by \$171,849.10; the balances of profits (less dividends) and losses, as well as development and maintenance expenses of certain subsidiary mining companies which were not in production, are carried forward in the accounts of the subsidiary companies.

HELLIWELL, MACLACHLAN & CO.,  
Chartered Accountants.

VANCOUVER, B.C., March 14, 1940.



# Company of Canada, Limited

DECEMBER 31, 1939

## LIABILITIES

CAPITAL:		
Authorized:		
4,000,000 shares of \$5.00 each.....	\$20,000,000.00	
Issued and fully paid:		
As at December 31, 1938—3,267,330 shares.....	16,336,650.00	
Allotted as fully paid during 1939:		
To employees as bonus—4,339 shares.....	21,695.00	
Total as at December 31, 1939—3,271,669 shares.....		\$16,358,345.00
PREMIUM ON SHARES ISSUED.....		7,434,656.50
RESERVES:		
Insurance.....	1,213,272.22	
Employees' pensions.....	666,901.59	
		1,880,173.81
CURRENT LIABILITIES:		
Accounts payable—sundry.....	1,785,494.34	
Accounts payable—subsidiary companies.....	4,601,830.81	
Payments received in advance on sales contracts.....	67,697.88	
Reserve for taxes.....	2,124,148.71	
Dividends payable.....	2,093,667.19	
		10,672,838.93
EARNED SURPLUS:		
Appropriated surplus invested in the Company's undertakings.....	14,127,131.51	
Unappropriated surplus.....	6,372,850.59	
		20,499,982.10
CONTINGENT LIABILITIES:		
As guarantor of West Kootenay Power and Light Company Limited bonds due March 1, 1956:		
Total authorized \$20,000,000.00:		
Series "A", 4 per cent.:		
Outstanding \$6,032,000.00, redeemed \$468,000.00		
Series "B", 3¾ per cent.:		
Outstanding \$2,441,000.00, redeemed \$59,000.00		
Contracts to sell \$532,600.00 U.S. funds.		
Sundry guarantees \$7,454.83 Canadian and \$5,000.00 U.S. funds.		
Bills discounted, \$868,855.89 U.S. funds.		

On behalf of the Board:

E. W. BEATTY, }  
S. G. BLAYLOCK, } Directors.

\$56,845,996.34

### AUDITORS' REPORT

We have audited the accounts of The Consolidated Mining and Smelting Company of Canada Limited for the year ended December 31, 1939, maintained at the offices at Trail, Kimberley, Warfield, Vancouver and Calgary, and during the year have made inspections of the accounts at other branch offices. We report to the shareholders that we have received all the information and explanations we have required, and that in our opinion the above balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at December 31, 1939, according to the best of our information and the explanations given to us, and as shown by the books of the Company audited by us, and by the accounts of the Montreal office as audited by Messrs. Edwards, Morgan & Co.

VANCOUVER, B.C., March 14, 1940.

HELLIWELL, MACLACHLAN & CO.,  
Chartered Accountants.

# The Consolidated Mining and Smelting

## FOR THE YEAR ENDED

### STATEMENT OF INCOME AND EXPENDITURE

Sales of smelter, chemical and fertilizer products, etc. . . . .	\$35,469,809.83	
Royalties, rents and sundry revenue. . . . .	71,129.00	
	35,540,938.83	
Ores, metals, smelter products and chemical and fertilizer products at December 31, 1938. . . . .	\$9,533,088.07	
Mining, smelting, chemical and fertilizer and general expense (including proportion of total remuneration of \$23,322.94 paid to legal advisers). . . . .	16,537,976.25	
Customs ore, bullion and fertilizer materials purchased. . . . .	2,097,414.32	
Freight on company ores. . . . .	950,571.37	
Development expense. . . . .	721,090.35	
Executive officers' fees and remuneration. . . . .	161,703.87	
Directors' fees and remuneration. . . . .	41,695.00	
Interest and exchange. . . . .	106,882.54	
Sundry items written off and reserved for. . . . .	56,583.14	
	30,207,004.91	
<i>Deduct</i> ores, metals, smelter products and chemical and fertilizer products at December 31, 1939. . . . .	7,949,124.19	
	22,257,880.72	
Net operating profit before provision for depreciation (general), depletion, income taxes and employees' pension reserve. . . . .	\$13,283,058.11	
<i>Add</i> income from investments. . . . .	1,750,365.32	
	15,033,423.43	
<i>Deduct:</i>		
Provision for depreciation of plant and equipment (the remainder of the total provision of \$2,465,403.35 has been charged to operating accounts). . . . .	2,464,582.17	
Provision for depletion of mineral properties. . . . .	926,255.77	
Provision for income taxes. . . . .	2,280,000.00	
Provision for employees' pension reserve. . . . .	23,000.00	
	5,693,837.94	
NET PROFIT CARRIED TO UNAPPROPRIATED EARNED SURPLUS ACCOUNT. . . . .	\$9,339,585.49	

# Company of Canada, Limited

DECEMBER 31, 1939

## STATEMENT OF EARNED SURPLUS ACCOUNT

### APPROPRIATED SURPLUS INVESTED IN THE COMPANY'S UNDERTAKINGS

Transferred from accounts carried under the heading of "Reserves" as at  
December 31, 1938:

Contingent reserve .....	\$4,505,848.30
Reserve for additions to property through profit and loss .....	9,621,283.21
BALANCE AT DECEMBER 31, 1939, PER BALANCE SHEET.....	<u>\$14,127,131.51</u>

### UNAPPROPRIATED SURPLUS

Balance December 31, 1938.....	\$3,573,937.10
Add net profit for the year ended December 31, 1939.....	9,339,585.49
	<u>12,913,522.59</u>
Deduct appropriation for dividends Nos. 68 and 69.....	6,540,672.00

BALANCE AT DECEMBER 31, 1939, PER BALANCE SHEET.....

\$6,372,850.59

# President's Report

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TRAIL, B.C., 26th March, 1940.

TO THE CHAIRMAN,  
THE CONSOLIDATED MINING AND SMELTING  
COMPANY OF CANADA, LIMITED.

I beg to submit the following report of the Company's operations for 1939.

## **SULLIVAN MINE AND CONCENTRATOR:**

Costs per ton of ore mined were up slightly over last year due chiefly to the lower tonnage mined, holiday payments and a much higher silicosis assessment. The grade of ore mined was somewhat higher than in 1938. Ore development has kept well ahead of production. Plans have been made for diamond drilling this year below the 3,350 level. The underground crushing plant was completed and preparations were made for stope production from the lower levels. Backfilling from the surface was on a reduced scale due principally to insufficient bulkheads which are now all placed. Pillar mining from within the surface fill has been started with satisfactory results and will be continued this year.

Mill recoveries showed a considerable improvement over recent years and milling costs were approximately the same as in 1938.

## **LEAD SMELTING:**

Despite the 10% curtailment in lead production in common with other large lead producers, the tonnage smelted was an all time record due to smelting a charge of lower lead content. The adoption of a new type burner in the sintering division cut the oil consumption by 40%. Costs generally were as good or better than in 1938. Recoveries were slightly lower than last year but still well above the average.

## **LEAD, SILVER AND GOLD REFINERIES:**

These plants operated very successfully during the year, showing improvements in both costs and recoveries. Refined lead production was down due to the 10% curtailment which ended on the 15th September. Gold receipts at Trail in both bullion and high grade ores were lower. Recoveries of both gold and silver were excellent. The precious metal content of refined lead was much lower than in former years. Current efficiency was higher and acid loss lower than in 1938.

The new electrolytic parting plant in the silver refinery went into operation on the 18th December and has given entire satisfaction.

## **ZINC PLANT:**

Operations were very satisfactory during the year and several new records were made. The outstanding achievement in this regard was in the roaster division where an average of 121 tons was treated per roaster day compared with 111 tons in 1938, and it is expected that this tonnage will be increased during the present year. Costs were consistently lower in all departments and recovery was slightly higher.

## **ANTIMONY PLANT:**

An antimony reduction plant was built to work up an accumulation of antimony-arsenic flue dust. This plant is making an excellent product but all the difficulties which developed in the process have not yet been overcome.

#### CHEMICAL AND FERTILIZER PLANT:

Results for the year were excellent and distinct technical progress was made in all divisions. Costs of finished products were quite satisfactory. The percentage of sulphur dioxide removed from flue gases from metallurgical operations and utilized mainly in the production of sulphuric acid, sulphur and fertilizers, increased to 70.3% compared with 62.4% in 1938 and 53.3% in 1937.

#### ENGINEERING DEPARTMENT:

The major construction items were additions to the sulphuric acid plant, construction of the underground crushing plant at the Sullivan Mine, installation of a third sulphur reduction unit and a cell-cooling system in one of the zinc tank rooms. The rebuilding of the silver refinery, the only piece of major construction unfinished at the end of the year, has been slow due to the necessity of maintaining production in an area where reconstruction is taking place. The work should be completed by May, 1940.

#### RESEARCH:

The principal investigations of this department during the year included the use of oxygen in suspension roasting of zinc concentrates, which shows great promise, and the development of catalysts for sulphur reduction and ammonia synthesis. Development of an improved process on a semi-commercial scale for the production of magnesium was successfully concluded. A process for the production of manganese has been practically completed and production of oil from tar sands was intensively studied.

#### INDUSTRIAL RELATIONS DEPARTMENT:

The labour turnover was much lower than normal. Of those in our service at December 31, 1939, 75% were born in Canada or other parts of the British Empire. Shifts worked per man per month were up slightly at the Tadanac and Warfield Plants but down at both the mine and mill at Kimberley, as compared with 1938.

Holidays with pay were resumed under an improved scheme based on length of service, with a maximum of ten days holidays with pay for day wage employees with ten years or more service with the Company.

Under the Housing Loans Plan, a total of \$612,729.43 was advanced to employees at Tadanac and Kimberley during the year, leaving an outstanding balance of \$1,399,810.80 at December 31, 1939.

Compulsory retirement on pension of employees at the age of 65 under normal circumstances was instituted. During the year 24 pensions were granted, bringing the number now in force up to 132.

#### SAFETY WORK:

This department continues to do excellent work, and the accident record for 1939 shows an improvement over 1938.

	TADANAC		SULLIVAN MILL		SULLIVAN MINE	
	Fatalities	Shifts lost per 1,000 worked	Fatalities	Shifts lost per 1,000 worked	Fatalities	Shifts lost per 1,000 worked
1938.....	3	4.5	0	1.20	1	3.86
1939.....	2	4.2	0	1.19	1	2.98

#### GOLD MINES:

Expenditures on exploration and development were greatly reduced by discontinuing work on most of the properties which were marginal and which did not promise a fair return on the investment, without curtailing our efforts in any of the favourable localities or promising properties. Furthermore, construction expense at the Box and the Con

mines had passed its maximum by the end of 1938. During the year many mineral claims of doubtful value, which had been kept in good standing, have been carefully reviewed in order to drop all holdings which do not justify the expenditure necessary to retain them.

Developments in our properties in the Yellowknife area have been very satisfactory. Operations at the Con mine, staked and owned by the Company, on which a mill was built and put into operation more on the strength of the rich assays on the property than on the developed tonnages, have fully justified the confidence placed in this property. Although there was only about three months' ore developed when the mill started up, 53,000 tons have been mined and milled, in addition to which there was at the end of the year 53,720 tons of developed ore containing 0.86 ounces per ton in gold. The average grade of the ore mined to date has been 0.82 ounces gold per ton. It is estimated that early in 1940 the entire expenditure in connection with the Con will have been repaid out of profits. The Rycon, adjoining the Con, has not had as much development nor has it shown as much promise as the Con property. Sufficient high grade ore has been found, however, to indicate that there is a reasonable chance of making this a successful property. Approximately twelve miles away, the Ptarmigan group, control of which was purchased by the Company, has been developing satisfactorily, and indicates that it will equal the Con in tonnage. The grade however, while not as high, is still high enough to make the Ptarmigan a promising property.

The tonnage developed and the prospects in the Yellowknife area justify the construction of a 4,700 horse-power hydro-electric plant at Prosperous Lake. Our application for the right to build this plant was granted in February, 1940, and a contract has been let for its construction.

Mine preparation in the Box mine at Lake Athabaska indicated that the grade of ore would be lower in value than that used in the earlier estimates made when construction of the power and mine plant was decided on. The subsequent diamond drilling campaign, together with previous information, indicated 2,328,000 tons of ore with a grade of 0.061 ounces of gold, an additional possible tonnage of 264,000 tons of 0.091 ounces, besides a possible 10,000,000 to 15,000,000 tons of from 0.03 to 0.04 ounces of gold. Estimates of the cost of mining and milling indicated that sufficient profit could be made from this ore to justify the completion of the plants. These plants were completed and put into operation in July, 1939. Although the grade of the mill feed at first was below the estimate, each month showed a betterment and by the end of the year the estimated grade was reached and has been maintained since that date. Costs, while slightly above the estimate, will undoubtedly be down to the estimate when the operation becomes standardized. The property made a small profit in October, increasing steadily each month thereafter. Average total costs for the year, including the starting-up period, were \$1.81 per ton, the best month's costs being \$1.65. The mill, which was designed for 1,000 tons daily capacity, will probably handle 1,300 or 1,400 tons a day. Metallurgical recoveries have been all that could be desired, the tailings for the year carrying only 0.0036 ounces gold. When sufficient tonnage has been extracted to make it definitely certain that the grade of the ore can be maintained, it will probably be wise to double the capacity of this mill in order to reduce costs still further.

Two properties in Ontario—the Cordova, wholly owned, and the Addington, controlled by this Company—had sufficient tonnages of marginal ore developed to test out whether they could be mined at a profit. Consequently, it was considered advisable to build a mill on one of the properties. As this Company owned 100% of the Cordova and as the Cordova ore was slightly higher in grade than the Addington, it was decided to make the experiment on the Cordova. The mill was built and brought into operation late in October. Calculated mill feed was disappointing but has been improving. While it is possible, and even probable, that there is some tie-up of gold in the mill, and while there has been a decided improvement in the grade of the ore, it is still below the estimates.

There is no change in the situation at the Big Missouri Mine, or at the New Golden Rose. The operation at the Caribou, Nova Scotia, while small, has been satisfactory.

**MERCURY:**

An 85% interest in a Mercury property near Pinchi Lake in British Columbia was optioned and several more claims were staked by the Company. Mercury is one of the metals urgently required for war purposes. As the property appeared to be promising, plans were rushed for bringing it into production as early as possible. A winter road was made and construction started. This plant should be in operation before midsummer. Concurrent development of the property has been very favourable and, in all probability, will call for doubling the plant as soon as the present 50-ton plant is in successful operation.

The satisfactory results of the year's operations prove that the full force has worked faithfully in the interests of the Company.

Respectfully submitted,

S. G. BLAYLOCK,  
President.

## OPERATING DEPARTMENTS

### *Mines Department—General:*

W. LINDSAY	-	-	-	-	GEN. SUPT. Sullivan Mine	-	-	-	KIMBERLEY, B.C.
M. M. O'BRIEN	-	-	-	-	GEN. SUPT. Western & Northern Operating				
					Mines other than the Sullivan	-	-	-	TRAIL, B.C.
L. W. OUGHTRED	-	-	-	-	GEN. SUPT. Eastern District	-	-	-	MONTREAL, QUE.
W. G. JEWITT	-	-	-	-	GEN. SUPT. North Central District	-	-	-	GOLDFIELDS, SASK.
F. A. FORTIER	-	-	-	-	-	-	-	-	TRAIL, B.C.
OPERATING PROPERTIES	-	-			J. GIEGERICH, D. L. THOMPSON, M. G. HENDERSON, D. CAMPBELL, P. BLOOMER, H. GIEGERICH, H. POWELL, W. E. AITCHISON, C. A. SEATON, J. WIGHTMAN, R. B. SHELEDY, J. K. CRAM and McLEOD WHITE.				
EXPLORATION	-	-	-	-	G. H. KILBURN, W. L. McDONALD, L. TELFER, G. H. FINLAND, D. C. McKECHNIE, E. D. O'BRIEN, W. J. DEAN, H. O. DYER, C. E. WHITE, EMIL BRONLUND.				
GEOLOGICAL DEPARTMENT	-	-			DR. G. G. GILBERT, DR. L. V. BELL, DR. C. O. SWANSON and DR. A. G. PENTLAND.				
CONCENTRATION DEPARTMENT	-				C. T. OUGHTRED, General Superintendent; H. R. BANKS, Supt. Kim- berley Concentrator; S. GRAY and W. H. POOLE.				
METALLURGIST	-	-	-	-	R. R. McNAUGHTON.				
SMELTING DEPARTMENT	-	-			W. E. NEWTON, Superintendent; J. H. HARGRAVE, L. S. PIPER, R. E. G. HAYWARD, Shift Superintendents.				
ZINC PLANT	-	-	-	-	B. A. STIMMEL, Superintendent; F. S. WILLIS, Assistant Superinten- dent; K. D. McBEAN, J. BRYDEN, T. H. WELDON, D. S. WETMORE and J. D. HARTLEY, Divisional Superintendents.				
REFINERIES	-	-	-	-	P. F. McINTYRE, Superintendent; A. D. TURNBULL, Assistant Super- intendent.				
SMOKE PLANTS	-	-	-	-	R. K. BLOIS, Superintendent; H. DOYLE, Assistant Superintendent.				
CHEMICAL AND FERTILIZER DEPARTMENT	-	-	-	-	A. L. McCALLUM, Superintendent; E. A. G. COLLS, Assistant Super- intendent in Charge of Warfield Chemical Plants; W. S. KIRK- PATRICK, Assistant Superintendent in Charge of Tadanac Chemical Plants; A. M. CHESSER, J. ATWELL, W. D. BURGESS, J. M. McKAY, Assistant Superintendents.				
RESEARCH DEPARTMENT	-	-			F. E. LEE, W. H. HANNAY, DR. B. P. SUTHERLAND, DR. C. H. WRIGHT, R. LEPSOE, Electro-Chemical Engineer.				
ASSAY OFFICE	-	-	-	-	KURT RAHT, Chief Chemist.				



## ENGINEERING DEPARTMENT

E. M. STILES - - - - - CHIEF ENGINEER - - - - - TRAIL, B.C.  
H. F. TIEDJE - - - - - CONSTRUCTION ENGINEER - - - - - do  
G. H. MCKAY - - - - - ASSISTANT CONSTRUCTION ENGINEER - - - - - do  
A. G. DICKINSON - - - - - ELECTRICAL ENGINEER - - - - - do

## INDUSTRIAL RELATIONS DEPARTMENT

C. W. GUILLAUME - - - - - SUPERVISOR - - - - - TRAIL, B.C.  
E. W. CAMPBELL - - - - - ASSISTANT - - - - - do  
G. W. WILSON - - - - - ASSISTANT - - - - - KIMBERLEY, B.C.

## LEGAL DEPARTMENT

R. C. CROWE, K.C. - - - - - VICE-PRESIDENT AND GENERAL COUNSEL - - - - - TRAIL, B.C.  
A. L. JOHANNSON - - - - - SOLICITOR - - - - - do

## GENERAL OFFICES

H. B. FULLER - - - - - COMPTROLLER - - - - - TRAIL, B.C.  
G. A. WALLINGER - - - - - CHIEF ACCOUNTANT - - - - - do  
E. G. RANDALL - - - - - ASSISTANT CHIEF ACCOUNTANT - - - - - do  
W. R. BAXENDALE - - - - - PURCHASING AGENT - - - - - do  
R. G. ANDERSON - - - - - ASSISTANT PURCHASING AGENT - - - - - do  
E. E. JACKSON - - - - - ACCOUNTANT - - - - - KIMBERLEY, B.C.  
W. C. MACKENZIE - - - - - PAYMASTER - - - - - TRAIL, B.C.

## SALES DEPARTMENT

W. S. RUGH - - - - - VICE-PRESIDENT IN CHARGE OF SALES - - - - - MONTREAL, QUE.  
M. A. WOLFKill - - - - - ASSISTANT MANAGER METAL SALES - - - - - do  
H. G. McBoyle - - - - - ASSISTANT MANAGER METAL SALES - - - - - do  
R. Ruickbie - - - - - MANAGER, FERTILIZER SALES - - - - - do  
DR. T. H. MATHER - - - - - ASSISTANT MANAGER, FERTILIZER SALES - - - - - VANCOUVER, B.C.  
DR. R. E. NEIDIG - - - - - FERTILIZER RESEARCH - - - - - SAN FRANCISCO.

### *Export Representatives*

HENRY GARDNER & Co. LTD. - - - - - METALS - - - - - EUROPE  
LONDON, ENGLAND  
A. CAMERON & Co. LTD. - - - - - METALS AND FERTILIZERS - - - - - JAPAN  
Kobe, JAPAN  
A. CAMERON & Co. (CHINA) LTD. - - - - - METALS AND FERTILIZERS - - - - - CHINA  
SHANGHAI, CHINA  
BALFOUR GUTHRIE & Co. LTD. - - - - - FERTILIZERS - - - - - WASHINGTON, OREGON  
SAN FRANCISCO, U.S.A. - - - - - CALIFORNIA, ARIZONA

PRODUCTS

*of*

THE CONSOLIDATED MINING AND SMELTING COMPANY  
OF CANADA, LIMITED

1

LEAD

ANTIMONY

ZINC DUST

GOLD

SULPHUR

SULPHURIC ACID

TRIPLE SUPERPHOSPHATE

MONO-CALCIUM PHOSPHATE

CADMIUM

OLEUM

AMMONIUM SULPHATE

SINGLE SUPERPHOSPHATE

AMMONIUM PHOSPHATES

ZINC

BISMUTH

ZINC OXIDE

SILVER



WEST KOOTENAY POWER  
*and* LIGHT COMPANY  
LIMITED

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ANNUAL REPORT *and* STATEMENTS  
FOR THE TWELVE MONTHS ENDED  
DECEMBER 31, 1939

# West Kootenay Power and Light Company Limited

HEAD OFFICE: TRAIL, B.C.

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## DIRECTORS

SIR EDWARD BEATTY, G.B.E.

GEORGE F. BENSON

LORNE A. CAMPBELL

ELWOOD B. HOSMER

SIR HERBERT S. HOLT

ROSS H. McMASTER

ARTHUR B. PURVIS

## OFFICERS

SIR EDWARD BEATTY, G.B.E.  
CHAIRMAN OF THE BOARD

LORNE A. CAMPBELL  
PRESIDENT AND MANAGING DIRECTOR

ROSS H. McMASTER  
VICE-PRESIDENT

F. E. McNALLY, SECRETARY-TREASURER  
204 HOSPITAL STREET, MONTREAL

C. B. SMITH, ASSISTANT SECRETARY-TREASURER  
TRAIL, B.C.

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FORTY-SECOND ANNUAL REPORT AND STATEMENTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1939

# West Kootenay Power and Light Company Limited

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## DIRECTORS' REPORT

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TO THE SHAREHOLDERS OF  
WEST KOOTENAY POWER AND LIGHT COMPANY, LIMITED—

The forty-second Financial Statement together with report of the President and Managing-Director are submitted herewith.

After deducting amounts covering the operating expenses, interest on Bonds, making provision for Sinking Fund accounts, and setting up reserves for Income Taxes and also for Depreciation, there was a surplus of \$1,639,409.60; this amount has been carried to Earned Surplus Account. After payment of the regular annual dividend of 7% on the Preferred Shares and dividend and bonus of 25% on the Common Shares, aggregating \$1,563,000.00, and adjustment of Income Tax on prior year's profit of \$119.76, there remains at credit of Earned Surplus Account, as at December 31st, 1939, an amount of \$4,730,554.52.

You will be asked to approve of minor amendments made to the By-laws of the Company, covering the creation of the office of Chairman of the Board and giving to the Assistant Secretary-Treasurer the same authority as that held by the Secretary-Treasurer.

It is with deep regret that your Directors report the death on the 30th day of July, 1939, of Sir Charles B. Gordon, G.B.E., who was a director of the Company for only a short time. The vacancy thus created was filled by the election of Mr. Arthur B. Purvis.

During the year under review, because of death, the following changes were made in the personnel of the Board:—

Chairman of the Board . . . . .	SIR EDWARD BEATTY, G.B.E.
President and Managing Director . . . . .	MR. LORNE A. CAMPBELL
Vice-President . . . . .	MR. ROSS H. MCMASTER.

Your Directors are pleased to acknowledge their appreciation of the loyal and efficient services rendered by the Employces and Staff during the year.

On behalf of the Board.

E. W. BEATTY,  
*Chairman.*

MONTREAL, February 15th, 1940.

# West Kootenay Power and Light Company Limited

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## REPORT OF THE PRESIDENT AND MANAGING DIRECTOR

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TRAIL, B.C., February 20, 1940.

TO THE CHAIRMAN OF THE BOARD,

WEST KOOTENAY POWER AND LIGHT COMPANY LIMITED.

I submit herewith the Forty-Second Annual Report for the year ended December 31, 1939.

The Company's gross consolidated revenue for the year ended December 31, 1939, was \$4,014,914.22, and for the year ended December 31, 1938, \$3,869,308.12, showing an increase in revenue for the year 1939 over 1938 of \$145,606.10. This shows slight increase in light and power revenue in all outside districts; however, the principal increase was made by the increased consumption of The Consolidated Mining and Smelting Company of Canada Limited, and this was brought about by better power conditions on the Kootenay River which can be attributed to the storage under which we are now operating in Kootenay Lake.

The revenue producing load for the twelve months ended December 31, 1939, was 189,034.6 H.P., and for the year ended December 31, 1938, 186,051.6 H.P., showing an increase for the year 1939 over 1938 of 2,983.0 H.P.

The kilowatt hours generated for the year 1939 amounted to 1,235,333,772 and for the year 1938 1,215,828,721, showing an increase of 19,505,051 kilowatt hours.

The peak load of all plants, being No. 1, Lower Bonnington, No. 2, Upper Bonnington, No. 3, South Slocan and No. 4, Corra Linn, was 162,200 kilowatts, or 217,426 H.P., which occurred on December 16th, 1939.

### ***Penticton, Kelowna and Southern Okanagan Extensions:***

The business in this particular section of the country has shown but a very slight increase, this increase occurring at Oliver, Kelowna, Penticton and Hedley.

### ***Sheep Creek District:***

As previously advised, I was of the opinion we had reached the maximum consumption in this district, and apparently I was right in this assumption, as our revenue from this district was approximately the same as for the year ended December 31, 1938.

### ***Line Conditions:***

During the past year we revamped approximately five miles of transmission line from Hedley to Allenby, and also did considerable work on that section of transmission line between Cascade and the crossing of the Columbia River twelve miles east of Trail. The lines from Tadanac to South Slocan and South Slocan to Lower Bonnington, Upper Bonnington and Corra Linn have been given the usual overhaul and are all in good operating condition.

***Kootenay Lake Storage:***

The enlargement of Grohman Narrows was proceeded with to fulfil the Order as set forth by the International Joint Commission. We were of the opinion that this work could be completed before the high water of 1939; however, this we were unable to accomplish. Just so soon as the water receded we again resumed operations to complete the work at Grohman and said work was completed and approved by the Joint Board of Control on November 27th, 1939. This was completed at a date when we were able to take advantage of the full storage as set forth in the Order of the International Joint Commission, namely six feet. As this work progressed we found it would be to our advantage to excavate above the yardage as set forth in the Order of the International Joint Commission. The Order called for excavation of 250,000 cubic yards of gravel and boulders and 14,000 cubic yards of rock. Actual excavation was 334,585 cubic yards of gravel and boulders and 17,297 cubic yards of solid rock. The reason we excavated above the Order of the International Joint Commission was to bring about further improvements on head conditions at the high water period at our Corra Linn Plant, and I expect from year to year we will derive considerable benefit from this increased excavation.

***No. 2 Plant Extension:***

Work on this extension was started when authorization was granted. This work has progressed to the point where at December 31, 1939, the whole job was approximately 80% completed, and we believe that by the end of March, 1940, the whole job should be completed.

The increased power capacity when No. 2 Plant is completed cannot very well be determined until such time as we run through a full storage period after plant is put in operation.

***Operating:***

As in the past, our Plants Nos. 1, 2, 3, 4 and Goat River have been maintained in a high operating condition and the service we believe has been satisfactory to all our customers.

The showing which has been made during the past year is largely due to the efficiency of all operators and maintenance men, as well as the Officials of your Company.

LORNE A. CAMPBELL,  
*President and Managing Director.*

# West Kootenay Power and Light

## CONSOLIDATED BALANCE SHEET

### ASSETS

**CURRENT:**

Cash on hand and in Banks . . . . . 924,789.27

**ACCOUNTS RECEIVABLE:**

The Consolidated Mining and Smelting Company of Canada Limited . . . . .	4,450,985.81	
Customers and Sundry . . . . .	192,617.12	
<i>Less</i> , Reserve for Doubtful Accounts . . . . .	6,000.00	
	186,617.12	
		4,637,602.93

**INVENTORIES:**

Merchandise . . . . .	50,989.45	
Stores, Materials and Supplies . . . . .	324,299.50	
Construction Equipment . . . . .	160,841.92	
(As shown by stock records periodically verified by inventories and priced at cost less deduction for depreciation)	536,130.87	
		6,098,523.07

**INVESTMENTS:**

Shares of Dominion Agricultural Credit Company Limited—Cost . . . . .	2,500.00	
Housing Loans to Employees . . . . .	25,109.98	
	27,609.98	

**FIXED:**

Property, Plant and Equipment—Cost . . . . .	24,642,297.52	
<i>Less</i> , Reserve for Depreciation . . . . .	10,459,713.00	
	14,182,584.52	

**DEFERRED CHARGES:**

Prepaid Expenses and Deferred Charges . . . . .	19,716.25	
Debt Discount and Expense . . . . .	65,529.75	
Premium on Bonds Redeemed . . . . .	329,182.50	
	414,428.50	

\$20,723,146.07

### AUDITOR'S

I certify that I have audited the accounts of the West Kootenay Power and Light Company Limited, and its Subsidiary have required. I report to the shareholders that the above Balance Sheet is, in my opinion, properly drawn up so as to best of my information and the explanations given to me and as shown by the books of the several Companies at

TRAIL, B.C., February 1, 1940.



# Company Limited and Subsidiaries

AS AT DECEMBER 31, 1939

## LIABILITIES

### CURRENT:

Accounts Payable—Trade.....	145,586.11	
Accrued Payrolls.....	13,789.44	
Interest.....	110,984.17	
Provision for Income Taxes.....	610,636.22	
(Sinking Fund Instalments, due March 1, 1940, \$229,932.50)		<u>880,995.94</u>

### DEFERRED INCOME:

Deposits received for power not yet delivered.....		11,595.61
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### LONG TERM DEBT:

Authorized.....		\$20,000,000.00	
Issued, Series "A" 4% Bonds, due March 1, 1956.....	6,500,000.00		
Less, Cancelled.....	468,000.00		
		<u>6,032,000.00</u>	
Series "B" 3¾% Bonds, due March 1, 1956....	2,500,000.00		
Less, Cancelled.....	59,000.00		
		<u>2,441,000.00</u>	
			<u>8,473,000.00</u>

### RESERVE:

Fire Insurance.....		15,000.00
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### CAPITAL STOCK:

Authorized:			
150,000 Shares of \$100.00 each.....		\$15,000,000.00	
Issued:			
5,000 Shares of \$100.00 each 7% Cumulative Preferred Stock.....	500,000.00		
61,120 Shares of \$100.00 each Common Stock.....	6,112,000.00		
			<u>6,612,000.00</u>

EARNED SURPLUS.....		4,730,554.52
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### CONTINGENT LIABILITIES:

Construction Contracts.....	\$ 273,816.50	
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On behalf of the Board:

L. A. CAMPBELL }  
E. W. BEATTY } *Directors.*

\$20,723,146.07

## REPORT

Companies, for the year ended December 31, 1939 and that I have received all the information and explanations I exhibit a true and correct view of the state of the affairs of the Company, and its Subsidiary Companies, according to the December 31, 1939.

R. M. HOYLAND,  
*Chartered Accountant.*

West Kootenay Light and Power Company Limited  
and Subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR  
THE YEAR ENDED DECEMBER 31, 1939

<b>OPERATING REVENUES:</b>		
The Consolidated Mining and Smelting Company of Canada Limited...	3,023,387.42	
Miscellaneous.....	892,866.82	
	3,916,254.24	
<b>OPERATING EXPENSES:</b>		
Power Purchased.....	567.92	
Power Plant and Distributing Station Expenses.....	139,582.68	
Maintenance and Repairs.....	142,869.64	
Depreciation.....	672,333.09	
Water Fees.....	121,803.23	
Taxes (Other than Income Taxes).....	54,679.01	
Rents and Royalties.....	9,170.76	
Miscellaneous.....	58,726.78	
	1,199,733.11	
<b>GENERAL EXPENSES:</b>		
Selling and Administrative Expenses.....	158,665.85	
Provision for Doubtful Accounts.....	6,450.22	
Other General Expenses.....	41,312.19	
	206,428.26	
		1,406,161.37
		2,510,092.87
<b>OTHER INCOME:</b>		
Interest on Account due by The Consolidated Mining and Smelting Company of Canada Limited.....	88,746.79	
Interest on Housing Loans.....	935.24	
Miscellaneous Interest.....	2,108.14	
House Rentals—Employees.....	6,869.81	
	98,659.98	
		2,608,752.85
<b>INCOME DEDUCTIONS:</b>		
<b>Interest and Debt Discount and Expenses:</b>		
Interest on Funded Debt.....	334,052.20	
Amortization of Debt Discount and Expenses.....	4,057.85	
Premium on Bonds Redeemed.....	20,362.61	
Other Interest.....	234.37	
	358,707.03	
Net Income before Provision for Income Taxes.....		2,250,045.82
Provision for Income Taxes.....		610,636.22
Net Income transferred to Earned Surplus.....		\$1,639,409.60

*Carried forward:*

*Brought forward:*

EARNED SURPLUS

Balance at December 31, 1938. . . . .			4,654,264.68
Net Income from Profit and Loss Account. . . . .			1,639,409.60
			<u>6,293,674.28</u>
CHARGES TO SURPLUS:			
Additional Income Tax paid on prior years profits. . . . .		119.76	
Dividends:			
Cash—Preferred 7%. . . . .	35,000.00		
Cash—Common 25%. . . . .	<u>1,528,000.00</u>		
		<u>1,563,000.00</u>	
			<u>1,563,119.76</u>
BALANCE AT DECEMBER 31, 1939, AS PER CONSOLIDATED BALANCE SHEET. . . . .			<u><u>\$ 4,730,554.52</u></u>









