

THE
CONSOLIDATED
MINING & SMELTING
COMPANY OF CANADA
LIMITED



THIRTY-FIFTH ANNUAL REPORT
FOR TWELVE MONTHS ENDING
DECEMBER 31, 1940

THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA LIMITED

HEAD OFFICE

215 St. JAMES St., MONTREAL, CANADA

DIRECTORS

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

EXECUTIVE COMMITTEE

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

OFFICERS

SIR EDWARD BEATTY, G.B.E. CHAIRMAN	S. G. BLAYLOCK PRESIDENT	SIR HERBERT S. HOLT VICE-PRESIDENT
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.	

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

REGISTRARS

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

Directors' Report

MONTREAL, P.Q., 5th April, 1941.

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

Your Directors submit herewith the usual financial statements and Auditors' Report for 1940. The annual report of the West Kootenay Power and Light Company, Limited is also included.

Under present conditions it is considered advisable to omit from the following report certain information formerly contained in the annual reports of the Company. Our shareholders will understand that this policy has been adopted in the national interest.

FINANCIAL

As a result of the war, production was increased in practically all departments of your Company, and this heavier output, together with improved selling prices for some of your products, resulted in an increase in profits before taxes when compared with the previous year.

Operations for the year showed a profit of \$13,995,136.07 before making provision for Dominion and Provincial Income Taxes and employees' pensions, but after all other charges, including \$653,012.48 for Mine Development and Exploration, \$2,434,829.61 for Depreciation on Plants and \$1,217,897.80 for Mine Depletion. This profit represents an increase of about \$2,398,000 over 1939.

It was necessary to provide \$4,200,000 for Income Taxes which amounts to over \$1.28 per share on the issued capital. An amount of \$732,909.21 was appropriated for employees' pensions as mentioned below. After these deductions the net profit for the year carried to Unappropriated Earned Surplus Account was \$9,062,226.86.

The distribution to shareholders during the year amounted to \$1.00 per share by way of dividends and an additional \$1.25 per share as bonuses, amounting to a total of \$7,367,454.50.

An amount of \$2,000,000 has been transferred from "Unappropriated Surplus" to "Appropriated Surplus" to represent part of the expenditures made on additions and improvements in past years.

During 1940 the balance owing to the West Kootenay Power and Light Company, Limited was reduced by a further \$2,545,357.32, leaving the amount owing at the end of the year at \$1,905,628.49.

An amount of \$146,947.30 was written off to Profit and Loss Account and \$512,860.28 to Depletion Reserve to cover abandoned mining properties.

Capital expenditures during 1940, including investments in and advances to other companies, were substantially higher than in 1939. The expenditures were largely in connection with increases in plant capacity for war purposes. They also included the construction of the power plant in the Yellowknife district, mentioned later, and the plant at the Pinchi Lake mercury property.

As required by The Companies' Act, our auditors have reported their opinion that the dividends from subsidiary companies which have been brought into the 1940 Income and Expenditure Account exceed by \$592,922.28 the equity of the Company in the profits, less losses, of all subsidiaries for the year. In this connection it should be noticed that the surplus of the West Kootenay Power and Light Company, Limited as at December 31st, 1940, was \$4,453,121.03 against which the total deficits, less surpluses, of our other subsidiary companies amounted to \$1,258,000 of which part is applicable to minority interests.

SULLIVAN MINE AND CONCENTRATOR

Mining costs for the year were a little higher than for the year ending the 31st December, 1939. Milling costs, however, were lower, the result being that the cost of mining and milling in 1940 was exactly the same as in 1939. The grade of the ore extracted was slightly higher than in the previous year.

Only 246,000 cu. yds. of back filling was placed. This quantity is not sufficient to take care of the ore milled. The surface gravel was thinner and farther away from the collars of the filling raises. Another carryall has been purchased for 1941 as it is essential that the fill placed should be more than the ore removed. Some pillar mining has been continued with satisfactory results, and we expect a high percentage recovery of ore from this source.

Dust control is one of the big problems of this type of mining. Good ventilation has been maintained throughout the year. A definite drop has been shown in the dust count in the last two years.

Ore development has been kept ahead of production.

The Concentrator has demonstrated that it could handle a very much increased tonnage without any serious drop in the recoveries.

LEAD SMELTING

Costs for first part of the year were somewhat better than in 1939, but increased slightly towards the end of the year, mainly due to the increase in wages on account of the higher cost of living. Recoveries were good, being well above the average in all metals.

LEAD, SILVER AND GOLD REFINERIES

Operations in these plants have been very satisfactory during the year, costs and recoveries both being excellent. The higher grade of the silver produced has made this metal suitable for the mint and also for rolling sheet silver.

ZINC PLANT

Costs in the zinc plant were slightly higher than in 1939 due in the main to increased cost of supplies and labour. Recoveries were better than in 1939.

ANTIMONY PLANT

The initial troubles in starting this plant have been practically all overcome. The capacity of the plant has been brought up to 25% over the estimate. Costs, while better than formerly, have still been high owing to many changes which had to be made to make the plant commercial. Costs should be greatly reduced from now on.

CHEMICAL AND FERTILIZER PLANTS

Once again the operations of these plants have been very successful. The hydrogen cells are the most important part of the ammonia plant. Although the Company has tried many of the best cells made, our staff were not satisfied that a really good and efficient cell had yet been developed; consequently they have done a lot of research work on this question, and have developed a cell which promises to be far superior to anything on the market. A full battery of these cells has been in service for over two years. All hydrogen cells wearing out are being replaced with the new type at very little over half of the cost of the original cells. The new cells are also more efficient than the old ones. A further improvement in the hydrogen plant has been the discovery of an addition agent to the electrolyte in the cells which decreases the voltage approximately 8%.

GOLD MINES

Operations at the Big Missouri were very disappointing. A total of 212,112 tons of ore was milled, carrying only .068 ounces gold. Practically all the profit made was eaten up in maintenance expense in the two months the mill was idle on account of shortage of water.

A small profit was made on the Boulder Creek operation.

Operations at the Box resulted in an operating profit of slightly over \$59,000. While this result is somewhat disappointing, it is encouraging to note that costs were cut from \$1.81 per ton in 1939 to \$1.558 per ton in 1940. The grade of the ore was very low at .0479 ounces per ton.

A small operation was successfully conducted at the Caribou property in Nova Scotia throughout the year. More ore was developed during the year than was mined.

Developments in the Yellowknife area have continued to be very satisfactory. Your reserves in the Con have been increased from 53,720 tons containing .86 ounces at the beginning of the year to 130,460 tons of probable ore containing .61 ounces and 175,000 tons of indicated ore containing .37 ounces. Development work towards the end of the year was most encouraging. The power plant at Prosperous Lake was practically completed in December, and went on load early in January.

Operations at the Cordova were unable to break even; consequently the property was shut down and the plant dismantled.

The New Golden Rose property was operated throughout the year at the rate of slightly over 100 tons per day, and allowed a profit of about \$2.60 per ton. After depreciation, development and interest charges the operation showed a loss of \$73,438.25.

The development work at the Ptarmigan, near the Con, has been satisfactory. The shaft is being deepened another 300 feet, and decision regarding construction of a mill will be held pending the results of this work.

An interest was secured in the Thompson-Lundmark property, approximately 25 miles from the Ptarmigan, your Company receiving a proportion of stock for bringing the property into production. This is a small but promising property.

Work is being done on several properties across Canada under option agreements. None of these appears important to date.

MERCURY

Work on the mercury property at Pinchi Lake was very encouraging. Exploration for further mercury deposits is being carried on throughout the district.

The total profits from the gold mines and the mercury property in which the Company is interested amounted to \$1,077,000 in 1940.

ENGINEERING AND RESEARCH DEPARTMENTS

These departments have been extremely busy throughout the year, particularly in connection with the construction of additions to existing plants and several new plants for the Canadian and United Kingdom Governments.

INDUSTRIAL RELATIONS DEPARTMENT

This department has had a very busy year. The Trail and Kimberley employees have suffered the general unrest which has been disturbing the whole country. During the year demands were made for large increases in wages. The Company offered to make adjustments in the wages for the increases in the cost of living as shown by the Government index. This offer was finally accepted by the employees. The Co-operative Committees have had a very trying but apparently successful year. The general tendency in the plants is a reaction to the unrest and a definite effort to co-operate with the Company in making a substantial contribution to the Empire's task.

SAFETY WORK

While the safety records at the Sullivan Mine were not nearly as good as in 1939, Tadanac and the Sullivan Mill were better. The latter record was extremely satisfactory—only .04 shifts were lost per thousand. The fact that there were only two fatalities in the entire operation at Kimberley and Trail, in spite of the increased number of workers, is most encouraging.

	Fatalities	Tadanac Shifts lost per thousand worked	Fatalities	Sullivan Mill Shifts lost per thousand worked	Fatalities	Sullivan Mine Shifts lost per thousand worked
1939	2	4.2	0	1.2	1	3.0
1940	1	4.6	0	0.4	1	7.7

PENSION PLAN

A non-contributory employees' pension plan has been in force since 1926. This was amended during 1940 to provide greater security for the payment of pensions. A pension fund society was incorporated, the first funds of which were provided by transferring to it the employees' housing loans valued at \$1,399,810.80, bearing interest at five per cent. Four per cent of the payroll is turned over to the pension society each month. It is estimated that this will not be sufficient to cover the cost of pensions when the saturation point is reached. As your force has been growing steadily, four per cent is more than enough to meet the requirements at present. The pension society will pay the current pensions and add the excess to the pension fund until the fund is increased to the actuarial requirements to fully protect the pensions. It is also possible that from time to time further contributions may be made if it is thought desirable or necessary. A change was also made during the year to allow an employee the option of receiving the whole pension himself on his retirement, or having this pension commuted into a smaller sum, half of which amount would be continued as a pension to his widow after his death until her remarriage or death.

SECURITY

Your Company has been put to very heavy expense to guard your plants from sabotage. It is difficult to decide how far the Company should go in this connection, and perhaps we have overdone it. No part of the boundaries of any of your plants is out of vision of at least one guard, day or night. The guards are all sworn in as special constables and have special uniforms, and must have a loaded rifle with them at all times. They have to be good shots and active men, and should be very efficient. The Company has an armoured tank carrying four machine guns and six rifles ready for action at any moment.

SALES

Although war-time conditions have caused the loss of some of your world markets for various products, the metal contracts with the United Kingdom Government and the increased demands from other markets still available have helped to maintain a satisfactory sales position. In the case of some products, such as fertilizers, it has been difficult to supply the demand.

PACIFIC COAST TERMINALS

As anticipated, the volume of business handled by your subsidiary company at New Westminster, B.C., was considerably less than in 1939, with a resultant decrease in profits.

On the 14th July, 1940, the Company suffered a severe loss in the death of Mr. R. C. Crowe, Vice-President and General Counsel of the Company. Mr. Crowe joined the staff of the Consolidated on the 26th November, 1920. During the years of his service he had charge of a great many very important legal matters, both Canadian and International. He won the respect and admiration of everyone. His place will be difficult to fill.

It is with great regret that we record the death, on the 2nd November, 1940, of Mr. J. C. Hodgson, a Director of the Company. Mr. Hodgson served on the Board of the Company longer than any other Director, having been elected a Director on the 29th October, 1906. After his close contact with the affairs of the Company for over thirty-four years, he will be greatly missed.

During a difficult year your employees and staff performed their duties loyally and efficiently.

On behalf of the Board,

E. W. BEATTY, *Chairman.*
S. G. BLAYLOCK, *President.*

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 \$2,228,635.20	\$ 9,270,845.64
Less reserve for depletion	7,699,635.66
	\$ 1,571,209.98
Land, buildings and equipment:	
At cost, less depreciation written off and sales at realized values	31,597,629.84
Less reserve for depreciation	14,831,638.53
	16,765,991.31

\$18,337,201.29

INVESTMENTS AND SUNDRY NON-CURRENT ASSETS:

Subsidiary companies:	
Shares	7,731,405.11
Bonds	1,160,881.13
Advances	5,214,185.35
	14,106,471.59
Other companies:	
Shares	857,505.97
Bonds	91,100.63
Advances	50,570.70
	999,177.30
Sundry loans and non-current accounts receivable:	
Shareholders	13,082.50
Others	268,598.02
	281,680.52

15,387,329.41

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	8,762,216.37
Stores and materials:	
In accordance with records periodically verified by physical inventories and certified by company officials. Valued at cost less depreciation	6,104,576.28
Prepaid charges:	
On sales contracts	106,067.25
Other	86,819.06
	192,886.31
Accounts receivable:	
Officers	721.38
Shareholders	64,536.90
Customers and sundry and accrued revenue	2,224,184.87
	2,289,443.15
Dominion, Provincial, Municipal and industrial bonds:	
At cost (market value \$1,265,153.83)	1,271,870.13
Dominion of Canada Treasury Bills due April 18, 1941:	
At cost (par value \$750,000.00)	748,763.77
Cash	5,961,042.47

25,330,798.48

\$59,055,329.18

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 \$592,922.28; 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 20, 1941.

Company of Canada, Limited

DECEMBER 31, 1940

LIABILITIES

CAPITAL:

Authorized:		
4,000,000 shares of \$5.00 each.....	\$20,000,000.00	
Issued and fully paid:		
As at December 31, 1939—3,271,669 shares.....	16,358,345.00	
Allotted as fully paid during 1940:		
To employees as bonus—4,250 shares.....	21,250.00	
Total as at December 31, 1940—3,275,919 shares.....		\$16,379,595.00

PREMIUM ON SHARES ISSUED.....		7,572,092.89
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RESERVES:

Insurance.....		1,282,716.68
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CURRENT LIABILITIES:

Accounts payable—sundry.....	3,868,886.99	
Accounts payable—subsidiary companies.....	2,056,473.49	
Payments received in advance on sales contracts.....	135,630.90	
Reserve for taxes.....	3,860,205.21	
Dividends payable.....	1,704,973.56	
		11,626,170.15

EARNED SURPLUS:

Appropriated surplus invested in the Company's undertakings.....	16,127,131.51	
Unappropriated surplus.....	6,067,622.95	
		22,194,754.46

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 \$5,863,000.00, redeemed \$637,000.00

Series "B", 3¾ per cent.:

Outstanding \$2,380,000.00, redeemed \$120,000.00

Purchase obligations guaranteed by Dominion Government \$1,968,588.56

Contracts, commitments and claims \$317,581.45

Sundry guarantees \$17,191.27 Canadian and \$5,000.00 U.S. funds

On behalf of the Board:

H. S. HOLT,
S. G. BLAYLOCK, } Directors.

\$59,055,329.18

AUDITORS' REPORT

We have audited the accounts of The Consolidated Mining and Smelting Company of Canada Limited, for the year ended December 31, 1940, 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, 1940, 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.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

VANCOUVER, B.C., March 20, 1941.

The Consolidated Mining and Smelting

FOR THE YEAR ENDED

STATEMENT OF INCOME AND EXPENDITURE

Operating profit after charging proportion of total remuneration of \$28,167.58 paid to legal advisers but before deduction of expenses shown hereunder..... \$16,119,135.88

Deduct:

Executive officers' fees and remuneration.....	\$ 135,887.24	
Directors' fees and remuneration.....	48,500.00	
	<u> </u>	184,387.24

Net operating profit before provision for depreciation, depletion, income taxes and employees' pension reserve..... 15,934,748.64

Add:

Income from investments.....	1,704,542.63	
Profit on bonds sold and Treasury bills redeemed.....	8,572.21	
	<u> </u>	1,713,114.84
		<u>17,647,863.48</u>

Deduct:

Provision for depreciation of plant and equipment.....	2,434,829.61	
Provision for depletion of mineral properties.....	1,217,897.80	
Provision for income taxes.....	4,200,000.00	
Provision for employees' pension reserve.....	732,909.21	
	<u> </u>	8,585,636.62

NET PROFIT CARRIED TO UNAPPROPRIATED EARNED SURPLUS ACCOUNT... \$ 9,062,226.86

Company of Canada, Limited

DECEMBER 31, 1940

STATEMENT OF EARNED SURPLUS ACCOUNT

APPROPRIATED SURPLUS INVESTED IN THE COMPANY'S UNDERTAKINGS

Balance December 31, 1939.....	\$14,127,131.51
<i>Add</i> transfer from unappropriated surplus.....	<u>2,000,000.00</u>
BALANCE AT DECEMBER 31, 1940, PER BALANCE SHEET.....	<u>\$16,127,131.51</u>

UNAPPROPRIATED SURPLUS

Balance December 31, 1939.....	\$ 6,372,850.59
<i>Add</i> net profit for the year ended December 31, 1940.....	<u>9,062,226.86</u>
<i>Deduct</i> appropriation for dividends Nos. 70 and 71.....	<u>15,435,077.45</u> <u>7,367,454.50</u>
<i>Deduct</i> transfer to appropriated surplus.....	<u>8,067,622.95</u> <u>2,000,000.00</u>

BALANCE AT DECEMBER 31, 1940, PER BALANCE SHEET.....

\$ 6,067,622.95

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. R. GIEGERICH, D. S. CAMPBELL, P. T. BLOOMER, H. C. GIEGERICH, H. M. POWELL, R. J. ARMSTRONG, W. E. AITCHISON, J. WIGHTMAN, R. B. SHELEDY, J. K. CRAM, McLEOD WHITE, E. BRONLUND.
Exploration - - - - -	G. H. KILBURN, L. TELFER, G. H. FINLAND, D. C. McKECHNIE, E. D. O'BRIEN, W. J. DEAN, C. E. WHITE, H. O. DYER.
GEOLOGICAL DEPARTMENT - - - -	DR. G. G. GILBERT, DR. L. V. BELL, DR. C. O. SWANSON, DR. A. G. PENTLAND.
CONCENTRATION DEPARTMENT - - - -	C. T. OUGHTRED, General Superintendent; H. R. BANKS, Supt. Kim- berley Concentrator; S. GRAY, W. H. POOLE, P. M. ELLIOTT.
METALLURGICAL DEPARTMENT - - - -	R. R. McNAUGHTON, Chief Metallurgist, T. H. WELDON, A. D. TURNBULL, Asst. Metallurgists.
SMELTING DEPARTMENT - - - -	W. E. NEWTON, Superintendent; J. H. HARGRAVE, Asst. Supt.; L. S. PIPER, L. M. P. DAVISON.
ZINC PLANT - - - - -	B. A. STIMMEL, Superintendent; F. S. WILLIS, Asst. Supt.; K. D. MCBEAN, J. BRYDEN, D. S. WETMORE, J. D. HARTLEY, Divisional Superintendents.
REFINERIES - - - - -	P. F. McINTYRE, Superintendent; R. D. PERRY, Asst. Supt.
SMOKE PLANTS - - - - -	R. K. BLOIS, Superintendent; H. DOYLE, Asst. Supt.
CHEMICAL AND FERTILIZER DEPARTMENT - - - - -	E. A. G. COLLS, Superintendent; A. M. CHESSEY, W. D. BURGESS, A. W. MOORE, Divisional Superintendents; J. ATWELL, J. F. MILLICAN.
CHEMICAL ENGINEER - - - -	A. L. McCALLUM.
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 - - - -	ASST. CONSTRUCTION ENGINEER - - - -	do
A. G. DICKINSON - - - -	ELECTRICAL ENGINEER - - - -	do
E. MASON - - - -	ASST. TO THE CHIEF ENGINEER - - - -	do
H. CLARK - - - -	MASTER MECHANIC - - - -	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

A. L. JOHANNSON - - - -	GENERAL SOLICITOR - - - -	TRAIL, B.C.
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GENERAL OFFICES

H. B. FULLER - - - -	COMPTROLLER - - - -	TRAIL, B.C.
G. A. WALLINGER - - - -	CHIEF ACCOUNTANT - - - -	do
E. G. RANDALL - - - -	ASST. CHIEF ACCOUNTANT - - - -	do
W. R. BAXENDALE - - - -	PURCHASING AGENT - - - -	do
R. G. ANDERSON - - - -	ASST. PURCHASING AGENT - - - -	do
N. G. RANDALL - - - -	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. WOLFEILL - - - -	ASSISTANT MANAGER METAL SALES - - - -	do
H. G. McBOYLE - - - -	ASSISTANT MANAGER METAL SALES - - - -	do
R. RUICKBIE - - - -	MANAGER FERTILIZER AND CHEMICAL SALES - - - -	do
DR. T. H. MATHER - - - -	ASSISTANT MANAGER FERTILIZER SALES - - - -	VANCOUVER, B.C.
DR. R. E. NEIDIG - - - -	FERTILIZER RESEARCH - - - -	SAN FRANCISCO, CALIF.

Export Representatives:

HENRY GARDNER & CO. LTD. -	METALS IN EUROPE
LONDON, ENGLAND	
A. CAMERON & CO. LTD. -	METALS AND FERTILIZERS IN JAPAN
KOBE, JAPAN	
A. CAMERON & CO. (CHINA) LTD.	METALS AND FERTILIZERS IN CHINA
SHANGHAI, CHINA	
BALFOUR GUTHRIE & CO. LTD.	FERTILIZERS IN WASHINGTON, OREGON, CALIFORNIA AND ARIZONA
SAN FRANCISCO, CALIF.	

ON LOAN TO GOVERNMENT OWNED PLANTS AT CALGARY

E. M. STILES - - - -	CHIEF ENGINEER - - - -	ALBERTA NITROGEN CO.
W. S. KIRKPATRICK - - - -	MANAGER - - - -	do
L. G. TOMS - - - -	ACCOUNTANT - - - -	do
R. G. ANDERSON - - - -	PURCHASING AGENT - - - -	do

PRODUCTS
of
THE CONSOLIDATED MINING AND SMELTING COMPANY
OF CANADA, LIMITED

LEAD
ANTIMONY
ZINC DUST
GOLD
SULPHUR
SULPHURIC ACID
TRIPLE SUPERPHOSPHATE
MONO-CALCIUM PHOSPHATE

CADMIUM
MERCURY

ZINC
BISMUTH
ZINC OXIDE
SILVER
OLEUM
AMMONIUM SULPHATE
SINGLE SUPERPHOSPHATE
AMMONIUM PHOSPHATES

WEST KOOTENAY POWER
and LIGHT COMPANY
LIMITED

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ANNUAL REPORT *and* STATEMENTS
FOR THE TWELVE MONTHS ENDED
DECEMBER 31, 1940

West Kootenay Power and Light Company Limited

HEAD OFFICE: TRAIL, B.C.

DIRECTORS

SIR EDWARD BEATTY, G.B.E.

GEORGE F. BENSON

LORNE A. CAMPBELL

ELWOOD B. HOSMER

SIR HERBERT S. HOLT

ROSS H. McMASTER

RT. HON. ARTHUR B. PURVIS, P.C.

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.

FORTY-THIRD ANNUAL REPORT AND STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1940

West Kootenay Power and Light Company Limited

DIRECTORS' REPORT

TO THE SHAREHOLDERS OF
WEST KOOTENAY POWER AND LIGHT COMPANY LIMITED:

Your Directors submit herewith the Forty-third Annual Report, together with the usual Financial Statements for the year 1940.

After deducting amounts covering operating expenses, interest on Bonds, setting up reserves for Income Taxes and also for Depreciation, there was a surplus of \$1,285,566.51; 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, there remains at credit of Earned Surplus Account, as at December 31, 1940, an amount of \$4,453,121.03.

The Company's Gross Consolidated Revenue for the year ended December 31, 1940, was \$4,168,660.63, and for the year ended December 31, 1939, \$4,014,914.22, showing an increase in revenue for the year 1940 over 1939 of \$153,746.41. The decrease in the net profit is due chiefly to increases in Maintenance Charges and Income Taxes.

No. 2 Plant Extension has been completed and was put on the line April 1, 1940, but the increased power capacity of this extension cannot very well be determined until it is operated through a full storage period. The usual storage period is from the first of December of one year to the fifteenth of April the following year.

You will be asked to approve a minor amendment to the By-laws of the Company, making three a quorum at meetings of the Board of Directors.

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

On behalf of the Board.

E. W. BEATTY,
Chairman.

LORNE A. CAMPBELL,
President and Managing Director.

TRAIL, B.C., February 12, 1941.

West Kootenay Power and Light

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT:

Cash on hand and in Banks 2,685,587.51

ACCOUNTS RECEIVABLE:

The Consolidated Mining and Smelting Company of Canada Limited . . . 1,905,628.49

Customers and Sundry 177,182.95

Less, Reserve for Doubtful Accounts 6,000.00

171,182.95

2,076,811.44

INVENTORIES:

Merchandise 52,808.68

Stores, Materials and Supplies 363,399.99

Construction Equipment 213,550.48

(As shown by stock records periodically verified by inventories and priced at cost less deduction for depreciation)

629,759.15

5,392,158.10

INVESTMENTS:

Dominion of Canada, First War Loan 3¼% Bonds, due February 1, 1952—Cost 125,000.00

Dominion of Canada, Second War Loan 3% Bonds, due October 1, 1952—Cost 185,156.25

Corporation of the City of Nelson 4% Bonds, due February 1, 1960—Cost 28,000.00

Shares of Dominion Agricultural Credit Company Limited—Cost 2,500.00

Housing Loans to Employees 14,350.50

355,006.75

FIXED:

Property, Plant and Equipment—Cost 25,454,982.60

Less, Reserve for Depreciation 11,152,569.40

14,302,413.20

DEFERRED CHARGES:

Prepaid Expenses and Deferred Charges 11,132.64

Debt Discount and Expense 61,471.90

Premium on Bonds Redeemed 308,819.89

381,424.43

\$20,431,002.48

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 6, 1941.

Company Limited and Subsidiaries

AS AT DECEMBER 31, 1940

LIABILITIES

CURRENT:

Accounts Payable—Trade	87,900.83	
Accrued Payrolls	18,416.66	
Interest	107,968.33	
Provision for Income Taxes	882,607.84	
(Sinking Fund Instalments due March 1, 1941 \$238,980.00 and Bonds of Series "B" to be called for redemption March 1, 1941, \$291,067.50)		1,096,893.66

DEFERRED INCOME:

Deposits received for power not yet delivered		10,987.79
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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	637,000.00	
		5,863,000.00
Series "B" 3¾% Bonds, due March 1, 1956	2,500,000.00	
Less, Cancelled	120,000.00	
		2,380,000.00
		8,243,000.00

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	
		6,612,000.00

EARNED SURPLUS

4,453,121.03

CONTINGENT LIABILITIES:

Construction Contracts—\$65,842.00	
Income Tax — 46,918.69	

On behalf of the Board:

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

\$20,431,002.48

REPORT

Companies, for the year ended December 31, 1940, 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, 1940.

R. M. HOYLAND,
Chartered Accountant.

West Kootenay Power and Light Company Limited
and Subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED DECEMBER 31, 1940

OPERATING REVENUE.....		4,118,852.19
OPERATING EXPENSES:		
Power Purchased.....	33.60	
Power Plant and Distributing Station Expenses.....	186,197.05	
Maintenance and Repairs.....	263,270.71	
Depreciation.....	728,747.40	
Water Fees.....	123,551.21	
Taxes (Other than Income Taxes).....	54,588.31	
Rents and Royalties.....	9,395.76	
Miscellaneous.....	43,519.81	
	1,409,303.85	
GENERAL EXPENSES:		
Selling and Administrative Expenses.....	165,772.32	
Provision for Doubtful Accounts.....	19,798.66	
Other General Expenses.....	54,739.07	
	240,310.05	
		1,649,613.90
		2,469,238.29
OTHER INCOME:		
Interest on Account due by The Consolidated Mining and Smelting Company of Canada Limited.....	27,371.54	
Interest on Housing Loans.....	687.33	
Miscellaneous Interest.....	15,206.02	
House Rentals—Employees.....	6,543.55	
	49,808.44	
		2,519,046.73
INCOME DEDUCTIONS:		
Interest and Debt Discount and Expenses:		
Interest on Funded Debt.....	325,277.91	
Amortization of Debt Discount and Expenses.....	4,057.85	
Premium on Bonds Redeemed.....	21,338.61	
Other Interest.....	198.01	
	350,872.38	
Net Income before Provision for Income Taxes.....		2,168,174.35
Provision for Income Taxes.....		882,607.84
Net Income transferred to Earned Surplus.....		\$1,285,566.51

Carried Forward:

Brought Forward:

EARNED SURPLUS

Balance at December 31, 1939	4,730,554.52
Net Income from Profit and Loss Account.....	1,285,566.51
	<u>6,016,121.03</u>
CHARGES TO SURPLUS:	
Dividends:	
Cash—Preferred 7%.....	35,000.00
Cash—Common 25%.....	1,528,000.00
	<u>1,563,000.00</u>
BALANCE AT DECEMBER 31, 1940, AS PER CONSOLIDATED BALANCE SHEET.....	<u><u>\$4,453,121.03</u></u>

