

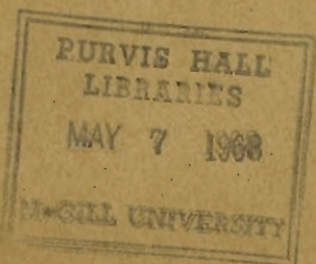
Cominco

C

THE
**CONSOLIDATED
MINING & SMELTING
COMPANY OF CANADA
LIMITED**



THIRTY-SEVENTH ANNUAL REPORT
FOR THE TWELVE MONTHS ENDING
DECEMBER 31, 1942



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
L. A. CAMPBELL	JOHN W. HOBBS	HENRY JOSEPH
THAYER LINDSLEY	R. S. McLAUGHLIN	R. H. McMASTER
F. GORDON OSLER	G. W. SPINNEY	R. E. STAVERT
	MORRIS W. WILSON	

EXECUTIVE COMMITTEE

*SIR EDWARD BEATTY, G.B.E.	S. G. BLAYLOCK	R. H. McMASTER
	R. E. STAVERT	

OFFICERS

*SIR EDWARD BEATTY, G.B.E. CHAIRMAN	S. G. BLAYLOCK PRESIDENT AND MANAGING DIRECTOR	R. E. STAVERT VICE-PRESIDENT
	W. S. RUGH VICE-PRESIDENT IN CHARGE OF SALES	
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

*Deceased.

Directors' Report

MONTREAL, P.Q., 12th April, 1943.

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

Your Directors submit herewith the financial statements and Auditors' Report for 1942, together with the annual report of the West Kootenay Power and Light Company, Limited.

FINANCIAL

Operations for the year showed a profit of \$19,001,618.69 before providing for Dominion Income and Excess Profits Taxes and Provincial Mineral Taxes, but after all other charges including mine development, exploration and abandoned development \$914,235.81, depreciation of plants \$4,899,237.38, and provision for depreciation of investments in subsidiary mining companies \$1,303,651.33.

Provision for Income, Excess Profits and Mineral Taxes amounted to \$6,800,000.00 or \$2.08 per share. After this deduction the net profit for the year carried to Unappropriated Earned Surplus account was \$12,201,618.69.

Appropriations of \$500,000.00 for addition to the Insurance Reserve, and \$4,000,000.00 for post-war contingencies, have been provided from Unappropriated Earned Surplus.

The distribution to shareholders during the year amounted to \$1.00 per share by way of dividends and an additional \$1.50 per share as bonuses, amounting to a total of \$8,189,552.50.

In the annual report for 1939 it was stated that certain reserves had been transferred to Appropriated Surplus to indicate that a large share of the Company's profits had been invested in the enlargement of its undertakings. During 1942 provisions for normal and special war depreciation and the provision for depreciation of investments in subsidiary mining companies exceeded new investments in such assets, and Appropriated Surplus has accordingly been reduced to a round sum of \$19,000,000 by transfer of \$1,127,131.51 to Unappropriated Surplus.

It should be borne in mind that approximately one-half of our 1942 taxable income is assessed at rates lower than existing rates; consequently, we shall be faced with a higher rate of taxation in 1943.

The working capital of the Company was again increased during the year. This is in line with the policy of your Directors in preparation for the post-war period when we should be prepared for some disorganization of markets.

WAR ACTIVITIES

In line with government policy, it is again advisable to omit from this report information concerning the volume of production, but it is permissible to outline briefly some of your Company's war efforts.

Shortly after the commencement of hostilities, your Company contracted to sell to the British Government all of its zinc production in excess of Canadian requirements and about 65% of its lead production. The prices agreed upon were less than any five years' average in the history of these metals. However, provisions were made in the contracts whereby the prices would be increased to compensate for increases in the costs of production over those obtaining immediately prior to the war. Subsequently, arrangements were made with the Canadian Government to supply the lead and zinc for Canada's war requirements on the same terms. While wages have increased approximately 23% and the costs of supplies are materially higher, the production costs of lead and zinc have risen less than 15%.

The following table shows the prices received by your Company under its British contracts, the market prices in the United States and the U.S. prices of the Great War. All of your zinc production would rank as "High Grade":

	British contract price f.o.b. Tadanac		Present U.S.A. St. Louis	Great War, U.S.A. (No price control) Highest price
	1939	1942		
Lead.....	2.77c lb.	3.04c lb.	6.50c lbs.	12.0c lb.
Zinc:				
Prime Western.....	3.34c lb.	3.60c lb.	8.25c lb.	27.0c lb.
High Grade.....	3.34c lb.	3.60c lb.	9.25c lb.	45.0c lb.

Great Britain has received a very large part of its supply of lead and zinc from your Company. Apart from the fact that the necessary tonnage could not have been procured in the United States due to the shortage of available supplies, when compared with the cost at the current U.S. prices for lead and zinc, the contract prices above named would effect an annual saving to Great Britain of approximately \$22,000,000.

The co-operation of your Company was invited by the British and Dominion Governments in connection with the production of certain chemicals for war purposes. Your Directors agreed to place at their disposal all technical and engineering information in possession of your Company, together with such facilities as might be required to plan, construct and operate these plants on the basis of actual cost. Expenditures amounting to approximately \$16,000,000 were undertaken. Construction estimates were not exceeded, and operations were commenced within the time specified. It is a matter of much satisfaction to record that production has been greater than rated capacity and costs per unit below estimates. The construction and operating contracts with the governments in connection with these plants do not include any remuneration to the Company.

Early in 1941 the Canadian Government appealed to your Company for technical assistants, and at that time twenty-three technically-trained engineers were released for service with the Department of Munitions and Supply. Other members of the staff have been made available for special war work in various fields.

Six 850 h.p. marine engines were constructed in your Company's Tadanac shops. These engines were well constructed. The last one was shipped six weeks ahead of schedule. Letters were received from the Admiralty congratulating the shops on the work and stating that the engines were among the best received. The shops are now engaged on the heavy steel castings and certain classes of machinery for the Brilliant power plant as well as on important quantities of smaller war supplies.

In 1941 two increases were made in the capacity of the plant at the mercury property at Pinchi Lake, B.C. The need for mercury increased faster than the production, and in response to repeated government requests the capacity of the plant was doubled in 1942. This contemplated the treating of low-grade ore which could be mined only under the present high prices for mercury and which could not be worked in normal times. The plant is now over twenty times its initial capacity of less than three years ago. Arrangements were made with the Dominion Government for special depreciation on about \$600,000 of the capital expenditure involved in increasing the plant.

At the request of the Government, the capacity of the mill at the Red Rose tungsten property near Hazelton, B.C., was enlarged. The Government granted special depreciation on the capital expenditure of \$80,000 involved. Although the vein is small, development work has been satisfactory. The output of tungsten concentrates from this property will be further increased on the completion of certain underground work now being carried out.

In March, 1940, the West Kootenay Power and Light Company Limited completed an extension to its Upper Bonnington plant, thereby adding 50,000 h.p. to its effective capacity. It was believed that this would provide a sufficient reserve for many years to come. However, increased power requirements of the new government plants erected at Trail and the additions to the Company's load for increased war production absorbed the entire supply of added power, and maximum production was prevented by the shortage, without any provision against the effects of high or low water periods. In view of the threat to the sustained operation of these varied undertakings involving production of critical metals and chemicals of the greatest importance to the war effort, an arrangement was entered into with the Government to develop the Brilliant power site on the Kootenay River at a total cost estimated to reach \$9,250,000, providing for four 35,000 h.p. units of which two will be installed at this time. The cost will be borne entirely by your Company, but, due to the greatly increased wartime cost of construction and the uncertainty of the utility of the plant during the post-war period, the Government granted a tax credit over the years 1941 to 1944 inclusive.

TRAIL PLANTS

The metallurgical and chemical plants were operated at full capacity, and increases in production were made in every department. Recoveries were satisfactory, but costs were slightly higher.

SULLIVAN MINE AND CONCENTRATOR

Mining costs increased during the year due partly to preparation for stope-filling, to taking more ore from the lower levels and to higher wages. It will be necessary to increase the rate of back-filling in order to draw more ore from the pillars. The grade of the ore mined was slightly lower with a higher zinc to lead ratio. Development work was very satisfactory. The ore reserves have been maintained in spite of the increased tonnage mined. Recent diamond drilling has indicated good ore to the east of the fault on the east side of the mine. It will be necessary to make fairly heavy expenditures in 1943 on equipment for handling surface material to the filling raises, to provide separate ventilation raises and to prepare for mining larger tonnages from the lower levels.

The costs in the concentrator remained the same as in 1941, and recoveries were satisfactory.

The production of tin from the concentrator tailings was commenced early in the year. The tin is smelted and refined in an electric furnace, and the process has been most successful.

GOLD MINES

As operations at the Big Missouri mine continued unfavourable, the property was closed down and dismantled.

The Box mine at Lake Athabaska was shut down temporarily, and the employees were transferred to other properties. The Box is a low-grade mine which cannot be operated profitably at the current level of wages and other costs.

The Ptarmigan mine was also closed because of inadequate labour supply and government restriction on tonnage.

Development work at the Con mine in the Yellowknife District continues to be very satisfactory, and it would not be desirable to suspend operations as such suspension would be disastrous to the welfare of the entire district. However, the present government restrictions on gold mining prevent use of the new plant extensions at the Con mine, and it may become necessary to discontinue operations.

The Caribou mines in Nova Scotia continue to operate satisfactorily on a small tonnage.

SALES

Most of the Company's production of lead and zinc was still under contract to the British Government. The balance of the output, together with the Company's other metal and fertilizer production, was practically all required directly or indirectly for war purposes. Consequently, there was no accumulation of unsold stocks during the year. Our sales to the United States were somewhat larger than in 1941. This was due to increased shipments of lead and mercury.

CONSTRUCTION

During the year a new water reservoir and a thirty-inch pipe line were completed at Trail. A new research laboratory was built, and a fourth story was added to the general office building. A mill was built at the Red Rose tungsten property near Hazelton, B.C. The capacity of the Pinchi Lake mercury plant was doubled. The extension to the plant at the Con gold mine in the Yellowknife District was completed, and the plant now has a capacity of 350 tons of ore per day. At the Ruth gold property in the same district a mill with a capacity of 20 to 25 tons per day was built. The Yellowknife power plant was completed. Other extensions were made to various plants.

INDUSTRIAL RELATIONS

Due to war conditions, labour turnover continued to increase and reached the highest on record in 1942. The following figures show the increase over the three last years:

	1939	1940	1941	1942
Trail	2.6%	17.7%	30.0%	55.2%
Kimberley	9.1%	12.1%	19.4%	40.1%

The labour supply was generally sufficient, although some difficulty was experienced in replacing capable men. The larger number of inexperienced men accounts for some of the increase in costs and much of the increase in accidents. Women are being employed wherever possible, and those now on the payroll have been most satisfactory.

A large share of the high turnover was due to enlistments in the armed forces and to the increase in the number employed.

Exclusive of those who have enlisted, the total of employees at the end of the last four years was as follows:

1939	1940	1941	1942
6,111	7,117	7,647	8,059

At the end of last year 46.2% of the employees had five years or more of service with the Company, 78.3% were born in the British Empire and 67.6% were married.

The military record of your plants is exceptionally fine. To the end of February 1,703 men and women had left to join His Majesty's forces. They are serving in every branch of the services. Four of the men have given their lives, and many have been recognized for bravery.

During 1942 the Company paid \$733,217.58 to The Pension Fund Society. The Company's Pension Plan was started in 1926 and is on a non-contributory basis. The assets of the Pension Fund Society are now in excess of \$3,000,000.

STAFF

Owing to ill health, Mr. J. K. Cram retired after forty-five years' faithful and efficient service in the mines owned by the Company.

It is with great regret that your Directors have to record the deaths of three of the members of the Board.

The Honourable R. Randolph Bruce, who had been a Director of the Company since May, 1930, died in Montreal on the 21st February, 1942. Mr. Bruce, who spent a large part of his life in British Columbia, always took a particularly keen interest in the progress of the Company.

Mr. W. N. Tilley, K.C., a member of the Board since February, 1936, and a member of the Executive Committee since April, 1939, died in Toronto on the 10th June, 1942. Over a number of years Mr. Tilley acted as legal counsel for and represented the Company in several important cases.

Our Chairman, Sir Edward Beatty, G.B.E., K.C., LL.D., died in Montreal on the 23rd March, 1943. Sir Edward had been a member of the Board of the Company since April, 1926. He was selected Vice-President in September, 1933, and became Chairman in April, 1939. Throughout his long connection with the Company, Sir Edward always gave its affairs his constant attention, and the successful growth of the organization over many years was due in no small measure to his outstanding ability, enterprise and breadth of vision. In his death, the Company and all its employees have suffered a great loss.

During 1942 Mr. G. W. Spinney and Mr. M. W. Wilson were elected to the Board to fill the vacancies caused by the deaths of the Honourable Mr. Bruce and Sir Herbert Holt.

In view of the pressure of the war demand, production in your mines and plants has been forced to the limit, with the result that the output has surpassed all previous records. This result is due directly to the loyalty and efficiency of the officers, staff and other employees. The work has been accomplished under unfavourable conditions, including a shortage of labour and new, inexperienced men.

Much more work has been thrown on the staff of the Company, already depleted by those members released for service with the Government. We were unable to replace these men, but those remaining have willingly taken over additional responsibilities, knowing that it was impossible for us to increase their remuneration in recognition of the extra duties assumed.

The Directors desire to take this opportunity to recognize the sense of duty and co-operation displayed in all ranks of the Company's service.

On behalf of the Board,

S. G. BLAYLOCK,
President and Managing Director.

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 \$1,446,163.65	\$ 8,837,089.36		
Less reserve for depletion	7,699,635.66		
		\$ 1,137,453.70	
Land, buildings and equipment:			
At cost, less depreciation written off and sales at realized values	29,514,817.02		
Less reserve for depreciation	14,529,923.08		
		14,984,893.94	
<i>Note</i> —The company is committed to expend, at the request of the Dominion Government, approximately \$7,000,000.00.			\$16,122,347.64

INVESTMENTS AND SUNDRY NON-CURRENT ASSETS:

Subsidiary companies:			
Shares	7,522,272.11		
Bonds	730,131.47		
Advances	3,659,694.62		
<i>Less</i> reserve for depreciation of investments in subsidiary mining companies	11,912,098.20		
		10,911,161.87	
Shares in other companies		857,504.97	
Sundry loans and non-current accounts receivable:			
Estimated future refunds of excess profits taxes	231,000.00		
Shareholders	16,819.40		
Others	194,362.92		
		442,182.32	

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.		7,633,223.26	
Stores and materials:			
In accordance with records periodically verified by physical inventories and certified by company officials. Valued at cost less depreciation		6,431,054.80	
Prepaid charges:			
On sales contracts	113,970.17		
Other	145,076.76		
		259,046.93	
Accounts receivable:			
Officers	564.33		
Shareholders	31,604.17		
Employees' Victory Loan subscriptions (including sundry shareholders)	196,774.95		
Customers and sundry and accrued revenue	7,349,681.59		
		7,578,625.04	
Dominion bonds and treasury bills and Municipal bonds (including securities held for the insurance reserve):			
At cost (market value \$11,045,256.08)		11,068,974.33	
Cash		5,436,755.89	
			38,407,680.25

\$66,740,877.05

STATEMENT AS TO SUBSIDIARY COMPANIES

A provision of \$1,303,651.33 (calculated on the same basis as last year) has been charged to profit and loss and credited to reserve for depreciation of investments in subsidiary mining companies, and the investment in one such company has been written down to estimated salvage value by a charge to that reserve. No other provision has been made for losses of subsidiary companies, and development and maintenance expenses of certain subsidiary mining companies which were not in production are carried forward in their accounts. Profits of subsidiary companies have not been taken into the accounts of the holding company. Such profits, together with the provision for depreciation of investments in subsidiary mining companies, exceed the holding companies' proportion of losses of subsidiary companies.

VANCOUVER, B.C., March 30, 1943.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

Company of Canada, Limited

DECEMBER 31, 1942

LIABILITIES

CAPITAL:

Authorized:

4,000,000 shares of \$5.00 each..... \$20,000,000.00

Issued and fully paid:

3,276,329 shares..... \$16,381,645.00

PREMIUM ON SHARES ISSUED..... 7,585,244.89

RESERVES:

Insurance..... 2,398,884.40

Post-war contingencies..... 4,000,000.00

6,398,884.40

CURRENT LIABILITIES:

Accounts payable—sundry..... 4,549,402.78

Accounts payable—subsidiary companies..... 497,733.66

Payments received in advance on sales contracts..... 39,318.48

Reserve for taxes..... 3,282,637.02

Dividends payable..... 1,809,222.54

(See note under "Property, buildings and equipment")

10,178,314.48

EARNED SURPLUS:

Appropriated surplus invested in the Company's undertakings..... 19,000,000.00

Deferred surplus: estimated future refunds of excess profits taxes..... 231,000.00

Unappropriated surplus..... 6,965,788.28

26,196,788.28

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 \$5,505,000.00, redeemed \$995,000.00

Series "B", 3¾ per cent.:

Outstanding \$1,960,000.00, redeemed \$540,000.00

Purchase obligations guaranteed by Dominion Government \$65,293.26

Contracts and commitments \$1,167,522.80

Sundry guarantees \$1,765.00 Canadian and \$5,000.00 U.S. funds

Contract to sell \$375,000.00 U.S. funds

As guarantor of performance by Alberta Nitrogen Company Limited and Alberta Nitrogen Products Limited of their obligations under contracts with the Government of the United Kingdom.

On behalf of the Board:

S. G. BLAYLOCK, }
R. E. STAVERT, } *Directors.*

\$66,740,877.05

AUDITORS' REPORT

We have audited the accounts of The Consolidated Mining and Smelting Company of Canada Limited, for the year ended December 31, 1942, 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, 1942, 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 30, 1943.

The Consolidated Mining and Smelting

FOR THE YEAR ENDED

STATEMENT OF INCOME AND EXPENDITURE

Operating profit after charging proportion of total remuneration of \$30,171.62 paid to legal advisers but before deduction of expenses shown hereunder. \$25,109,662.15

Deduct:

Executive officers' fees and remuneration.	\$ 144,547.39	
Directors' fees and remuneration.	44,500.00	
		<u>189,047.39</u>

Net operating profit before provision for plant depreciation, depreciation of investments in subsidiary mining companies or income and excess profits taxes. 24,920,614.76

Add:

Income from investments.	213,228.97	
Profit on bonds sold and notes and Treasury bills redeemed.	70,663.67	
		<u>283,892.64</u>

25,204,507.40

Deduct:

Provision for depreciation of plant and equipment:		
Normal.	\$2,398,081.20	
Accelerated.	2,501,156.18	
		<u>4,899,237.38</u>
Provision for depreciation of investments in subsidiary mining companies.		1,303,651.33
Provision for income and excess profits taxes:		
Refundable portion of excess profits taxes (credited to deferred surplus).	231,000.00	
Not refundable.	6,569,000.00	
		<u>6,800,000.00</u>
		<u>13,002,888.71</u>

NET PROFIT CARRIED TO UNAPPROPRIATED EARNED SURPLUS ACCOUNT. \$12,201,618.69

Company of Canada, Limited

DECEMBER 31, 1942

STATEMENT OF EARNED SURPLUS

APPROPRIATED SURPLUS INVESTED IN THE COMPANY'S UNDERTAKINGS

Balance December 31, 1941.....	\$20,127,131.51
<i>Deduct</i> transfer to unappropriated surplus.....	<u>1,127,131.51</u>
BALANCE AT DECEMBER 31, 1942 PER BALANCE SHEET.....	<u>\$19,000,000.00</u>

DEFERRED SURPLUS

Estimated future refunds of excess profits taxes.....	<u>\$ 231,000.00</u>
---	----------------------

UNAPPROPRIATED SURPLUS

Balance December 31, 1941.....	\$ 6,078,001.67
<i>Add</i> net adjustment in respect of metal delivered in 1941.....	<u>248,588.91</u>
	6,326,590.58
<i>Add</i> transfer from appropriated surplus.....	<u>1,127,131.51</u>
	7,453,722.09
<i>Add</i> net profit for the year ended December 31, 1942.....	<u>12,201,618.69</u>
	19,655,340.78
<i>Deduct</i> appropriations:	
For dividends Nos. 74 and 75.....	\$8,189,552.50
Provision for reserve for post-war contingencies.....	4,000,000.00
Provision for insurance reserve.....	<u>500,000.00</u>
	<u>12,689,552.50</u>

BALANCE AT DECEMBER 31, 1942 PER BALANCE SHEET.....	<u><u>\$ 6,965,788.28</u></u>
---	-------------------------------

OPERATING DEPARTMENTS

MINES DEPARTMENT:

General—	
W. LINDSAY - - - -	GEN. SUPT. Sullivan Operations - - - - KIMBERLEY, B.C.
R. H. STEWART - - - -	CONSULTING ENGINEER Sullivan Mine - - - - VANCOUVER, B.C.
M. M. O'BRIEN - - - -	CONSULTING ENGINEER North Central and Western Districts - - - - TRAIL, B.C.
L. W. OUGHTRED - - - -	GEN. SUPT. Eastern District - - - - MONTREAL, QUE.
W. G. JEWITT - - - -	GEN. SUPT. North Central District - - - - YELLOWKNIFE, N.W.T
F. A. FORTIER - - - -	GEN. SUPT. Western District - - - - TRAIL, B.C.
Operation - - - -	J. R. GIEGERICH, D. S. CAMPBELL, C. D. M. CHISHOLM, J. WIGHTMAN, P. T. BLOOMER, H. C. GIEGERICH, R. J. ARMSTRONG, R. B. SHELLEDY, J. K. CRAM, A. W. DAVIS.
Exploration - - - -	L. TELFER, E. BRONLUND, D. C. McKECHNIE, W. J. DEAN, W. E. AITCHISON, G. H. FINLAND, A. D. HUDSON.
GEOLOGICAL DEPARTMENT - -	DR. G. GILBERT, DR. L. V. BELL, DR. C. O. SWANSON, DR. A. G. PENILAND.
CONCENTRATION DEPARTMENT -	H. R. BANKS, Supt. Sullivan Concentrator; S. GRAY, Supt. of Mills other than the Sullivan; W. H. POOLE, P. M. ELLIOTT.
METALLURGICAL DEPARTMENT -	R. R. McNAUGHTON, Chief Metallurgist; A. D. TURNBULL, T. H. WELDON, D. S. WETMORE, Assistant Metallurgists.
SMELTING DEPARTMENT - -	W. E. NEWTON, Superintendent; J. H. HARGRAVE, Assistant Superin- tendent; L. S. PIPER, L. M. P. DAVISON.
ZINC PLANT - - - -	B. A. STIMMEL, Superintendent; F. S. WILLIS, Assistant Superin- tendent; K. D. McBEAN, J. BRYDEN, J. D. HARTLEY, Divisional Superintendents.
REFINERIES - - - -	P. F. McINTYRE, Superintendent; R. D. PERRY, Assistant Superin- tendent.
SMOKE PLANTS - - - -	R. K. BLOIS, Superintendent; H. DOYLE, Assistant Superintendent.
CHEMICAL & FERTILIZER DEPARTMENT - - - -	E. A. G. COLLS, General Superintendent; A. M. CHESSEY, Superin- tendent Warfield Chemical Plants; W. D. BURGESS, Superintendent Tadanac Chemical Plants; A. W. MOORE, J. ATWELL, J. B. THOMP- SON, Divisional Superintendents.
RESEARCH AND DEVELOPMENT -	F. E. LEE, W. H. HANNAY, A. L. McCALLUM, Chemical Engineers; R. LEFSOE, Electrochemical Engineer; DR. B. P. SUTHERLAND, DR. C. H. WRIGHT, A. H. W. BUSBY.
ASSAY OFFICE AND INDUSTRIAL HYGIENE - -	KURT RAHT, Chief Chemist and Supervisor.

ENGINEERING DEPARTMENT

E. M. STILES	- - - -	CHIEF ENGINEER	- - - -	TRAIL, B.C.
H. F. TIEDJE	- - - -	CONSTRUCTION ENGINEER	- - - -	do
E. MASON	- - - -	ASSISTANT TO THE CHIEF ENGINEER	- - - -	do
G. H. MCKAY	- - - -	ASSISTANT CONSTRUCTION ENGINEER	- - - -	do
A. G. DICKINSON	- - - -	ELECTRICAL 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.
C. H. B. FRERE	- - - -	SENIOR ASSISTANT SOLICITOR	- - - -	do

PURCHASING DEPARTMENT

W. R. BAXENDALE	- - - -	PURCHASING AGENT	- - - -	TRAIL, B.C.
R. G. ANDERSON	- - - -	ASSISTANT PURCHASING AGENT	- - - -	do

GENERAL OFFICE

H. B. FULLER	- - - -	COMPTROLLER	- - - -	TRAIL, B.C.
G. A. WALLINGER	- - - -	CHIEF ACCOUNTANT	- - - -	TRAIL, B.C.
E. G. RANDALL	- - - -	ASST. CHIEF ACCOUNTANT	- - - -	TRAIL, B.C.
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. WOLFKILL	- - - -	ASSISTANT MANAGER OF METAL SALES	- - - -	do
H. G. McBOYLE	- - - -	ASSISTANT MANAGER OF 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.
BALFOUR GUTHRIE & Co. LTD.		FERTILIZER SALES IN WASHINGTON, OREGON, CALIFORNIA AND		
SAN FRANCISCO, CALIF.		ARIZONA		
HENRY GARDNER & Co. LTD.		EUROPEAN REPRESENTATIVES		
LONDON, ENGLAND				

ON LOAN TO GOVERNMENT OWNED PLANTS AT CALGARY

W. S. KIRKPATRICK	- - - -	MANAGER	- - - -	ALBERTA NITROGEN PRODUCTS Co.
R. HENDRICKS	- - - -	GENERAL SUPERINTENDENT	- - - -	do
J. R. MILLS	- - - -	CHEMICAL ENGINEER	- - - -	do
P. L. BARRON	- - - -	ACCOUNTANT	- - - -	do
J. O. ST. DENIS	- - - -	PURCHASING AGENT	- - - -	do

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

/

METALS *and* METAL PRODUCTS

LEAD ZINC TIN ANTIMONY BISMUTH CADMIUM
GOLD SILVER INDIUM MERCURY
MAGNESIUM MAGNESIUM POWDER
ZINC DUST ZINC OXIDE COPPER SULPHATE
TUNGSTEN

/

FERTILIZERS *and* CHEMICALS

AMMONIA AMMONIUM NITRATE
AMMONIUM PHOSPHATES AMMONIUM SULPHATE
SUPERPHOSPHATES
SULPHUR SULPHURIC ACID OLEUM
NITRIC ACID HYDROFLUOSILICIC ACID

WEST KOOTENAY POWER
and LIGHT COMPANY
LIMITED

1

ANNUAL REPORT *and* STATEMENTS
FOR THE TWELVE MONTHS ENDED
DECEMBER 31, 1942

West Kootenay Power and Light Company Limited

HEAD OFFICE: TRAIL, B.C.

DIRECTORS

*SIR EDWARD BEATTY, G.B.E.

S. G. BLAYLOCK

ELWOOD B. HOSMER

GEORGE F. BENSON

LORNE A. CAMPBELL

ROSS H. McMASTER

R. E. STAVERT

OFFICERS

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

LORNE A. CAMPBELL
PRESIDENT AND MANAGING DIRECTOR

ROSS H. McMASTER
VICE-PRESIDENT

L. O. REID, SECRETARY-TREASURER
215 ST. JAMES STREET WEST, MONTREAL

FORTY-FIFTH ANNUAL REPORT AND STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1942

*Deceased.

WEST KOOTENAY POWER *and* LIGHT COMPANY LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS,
WEST KOOTENAY POWER AND LIGHT COMPANY, LIMITED.

Your Directors submit herewith the Forty-fifth Annual Report, together with the usual Financial Statements for the year 1942.

After deducting amounts covering operating expenses, interest on bonds, setting up reserves for Income and Excess Profits Taxes, and also for depreciation, there was a surplus of \$1,516,451.34. This amount has been carried to Earned Surplus Account. After payment of the regular quarterly dividends at the rate of 7% per annum on the Preferred Shares, amounting to \$35,000.00, there remains at credit of Earned Surplus Account as at December 31, 1942, an amount of \$5,923,605.86.

The Company's Gross Consolidated Revenue for the year ended December 31, 1942, was \$4,758,469.48, and for the year ended December 31, 1941, \$4,680,648.93, showing an increase in revenue for the year 1942 over 1941 of \$77,820.55.

The Application of your Company to continue the two feet of additional storage in Kootenay Lake came before the International Joint Commission and was granted on the 23rd October, 1942. The Order of Approval called for the Company to bear all expenses, including any extra pumping and construction of further drainage facilities made necessary by the additional storage, and all damage to lands or crops in the drainage districts or other areas adversely affected. No claims in respect of the various reclaimed areas in the Idaho and Creston Districts have yet been presented, and it is therefore impossible at this time to estimate what damages, if any, we may be called upon to pay. For this reason we have not provided in our annual statements any reserve for this purpose, and all that can be done under existing conditions is to bring the matter to the attention of the shareholders.

Late in the year we sold the distribution system of our subsidiary, Northport Power and Light Company, the result being shown in the Earned Surplus Account.

Your Directors considered it advisable to redeem the issue of Series "A" 4% Bonds due the 1st March, 1956, outstanding in the amount of \$5,505,000, and, consequently, these Bonds have been called for redemption on the 1st March next at a premium of 3% as provided for in the Trust Deed.

Your Directors are pleased to acknowledge their appreciation of the loyal and efficient services rendered by the employees and staff during the year; more particularly the operators and officials of the Generating Stations on Kootenay River, and we appreciate very much their efforts in load regulation so that storage water in Kootenay Lake was used to the very best advantage.

On behalf of the Board,

E. W. BEATTY,
Chairman of the Board.

L. A. CAMPBELL,
President and Managing Director.

TRAIL, B.C., February 11, 1943.

West Kootenay Power and Light

CONSOLIDATED BALANCE

ASSETS

CURRENT:

Cash on hand and in Banks.....		\$3,749,760.30
Dominion of Canada Bonds and Treasury Bills—Cost (Market Value \$2,645,995.48)....		2,647,349.55
Corporation of the City of Nelson 4% Bonds due February 1, 1960—Cost.....		28,000.00

ACCOUNTS RECEIVABLE:

The Consolidated Mining and Smelting Company of Canada Limited.	346,888.66	
Customers and Sundry.....	116,172.93	
<i>Less</i> , Reserve for Doubtful Accounts.....	6,000.00	
	110,172.93	457,061.59

INVENTORIES:

Merchandise, Stores, Materials, Supplies and Construction Equipment (As shown by records periodically verified by physical inventories and certified by company officials. Valued at cost less depreciation).....		416,364.78
		7,298,536.22

SUNDRY NON-CURRENT ASSETS:

Housing Loans—Employees.....	9,249.29	
Refundable portion of Excess Profits Tax.....	26,607.79	35,857.08

FIXED:

Property, Plant and Equipment—Cost.....	25,051,030.75	
<i>Less</i> , Reserve for Depreciation.....	11,918,119.50	13,132,911.25

DEFERRED CHARGES:

Prepaid Expenses and Deferred Charges.....	42,621.73	
Debt Discount and Expense.....	53,356.20	
Premium on Bonds Redeemed.....	267,095.74	363,073.67
		\$20,830,378.22

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 4, 1943.

Company Limited and Subsidiaries

SHEET AS AT DECEMBER 31, 1942

LIABILITIES

CURRENT:

Accounts Payable—Trade	\$ 55,391.50	
Accrued Payrolls	12,444.61	
Interest	97,920.00	
Provision for Income and Excess Profits Taxes	617,549.13	
(Sinking Fund Instalments due March 1, 1943, \$258,482.50)		<u>783,305.24</u>

DEFERRED INCOME:

Deposits received for power not yet delivered		4,859.33
---	--	----------

LONG TERM DEBT:

Authorized		20,000,000.00
Issued, Series "A" 4% Bonds due March 1, 1956	\$6,500,000.00	
Less, Cancelled	995,000.00	
		<u>5,505,000.00</u>
Series "B" 3¾% Bonds, due March 1, 1956	2,500,000.00	
Less, Cancelled	540,000.00	
		<u>1,960,000.00</u>
		<u>7,465,000.00</u>

RESERVE:

Fire Insurance		15,000.00
----------------------	--	-----------

CAPITAL STOCK:

Authorized:		
150,000 Shares of \$100.00 each		<u>15,000,000.00</u>
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		<u>5,923,605.86</u>

DEFERRED SURPLUS:

Refundable portion of Excess Profits Tax		26,607.79
--	--	-----------

No provision has been included in the accounts of the several companies for claims which may be received from the different reclaimed areas of the Kootenay Valley for damages, if any, resulting from additional storage facilities granted to the West Kootenay Power and Light Company Limited in Kootenay Lake.

On behalf of the Board:

R. H. McMASTER }
L. A. CAMPBELL } *Directors*

\$20,830,378.22

REPORT

Companies, for the year ended December 31, 1942, 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, 1942.

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, 1942

OPERATING REVENUES.....		\$4,707,487.63
OPERATING EXPENSES:		
Power Purchased.....	\$ 85,688.12	
Power Plant and Distributing Station Expenses.....	231,299.33	
Maintenance and Repairs.....	199,272.62	
Depreciation.....	733,984.00	
Water Fees.....	154,044.41	
Taxes (Other than Income Taxes).....	57,823.24	
Rentals.....	9,608.76	
Miscellaneous.....	41,576.76	
	\$1,513,297.24	
GENERAL EXPENSES:		
Selling and Administrative Expenses.....	154,553.49	
Provision for Doubtful Accounts.....	694.02	
Other General Expenses.....	31,083.78	
	186,331.29	
		1,699,628.53
		3,007,859.10
OTHER INCOME:		
Interest on Bonds.....	22,910.89	
Other Interest.....	18,447.63	
Profit on Bonds sold and Treasury Bills redeemed.....	6,256.50	
Rentals.....	7,628.08	
	55,243.10	
		3,063,102.20
INCOME DEDUCTIONS:		
Interest and Debt Discount and Expenses:		
Interest on Funded Debt.....	295,765.83	
Amortization of Debt Discount and Expenses.....	4,057.85	
Premium on Bonds Redeemed.....	21,209.76	
	321,033.44	
Net Income before Provision for Income and Excess Profits Taxes....		2,742,068.76
Provision for Income and Excess Profits Taxes.....		1,221,289.29
Net Income transferred to Earned Surplus.....		\$ 1,520,779.47
<i>Carried Forward:</i>		

Brought Forward:

EARNED SURPLUS

Balance at December 31, 1941.....		\$ 4,430,365.07
Net Income from Profit and Loss Account.....		1,520,779.47
ADDITION TO SURPLUS:		
Profit on Sale of Distribution System—Northport Power and Light Company		7,616.59
		<u>5,958,761.13</u>
CHARGES TO SURPLUS:		
Organization Expenses—Northport Power and Light Company.....	\$ 155.27	
Dividends:		
7% on Cumulative Preferred Shares.....	35,000.00	
		<u>35,155.27</u>
BALANCE AT DECEMBER 31, 1942, AS PER CONSOLIDATED BALANCE SHEET.....		<u>\$ 5,923,605.86</u>

