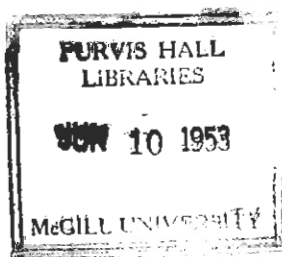


**THE
CONSOLIDATED
MINING & SMELTING
COMPANY OF CANADA
LIMITED**



THIRTY-NINTH ANNUAL REPORT
FOR THE TWELVE MONTHS ENDING
DECEMBER 31, 1944



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

HEAD OFFICE

215 St. JAMES ST., MONTREAL, CANADA

DIRECTORS

ARTHUR L. BISHOP	S. G. BLAYLOCK	L. A. CAMPBELL
D. C. COLEMAN	HON. C. A. DUNNING, P.C.	JOHN W. HOBBS
HENRY JOSEPH	THAYER LINDSLEY	R. S. McLAUGHLIN
R. H. McMASTER	W. S. RUGH	G. W. SPINNEY, C.M.G.
R. E. STAVERT	MORRIS W. WILSON, C.M.G.	

EXECUTIVE COMMITTEE

S. G. BLAYLOCK	D. C. COLEMAN, CHAIRMAN	R. H. McMASTER
G. W. SPINNEY, C.M.G.		R. E. STAVERT

OFFICERS

S. G. BLAYLOCK, CHAIRMAN AND PRESIDENT	R. E. STAVERT EXECUTIVE VICE-PRESIDENT	W. S. RUGH VICE-PRESIDENT IN CHARGE OF SALES
H. B. FULLER COMPTROLLER		J. E. RILEY SECRETARY
R. W. DIAMOND VICE-PRESIDENT AND GENERAL MANAGER, TRAIL, B.C.		W. S. KIRKPATRICK 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., 6th April, 1945.

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

Your Directors submit herewith the financial statements and Auditors' Report for 1944, together with the Annual Report of the West Kootenay Power and Light Company, Limited.

FINANCIAL

After providing for Income, Excess Profits and Provincial Mineral Taxes, Depreciation of Plants and Investments in Subsidiary Mining Companies, the net profit for the year was \$9,790,080.24, which was carried to Unappropriated Surplus Account. This net profit was equal to \$2.99 per share, compared with \$2.78 per share in 1943. It should be noted, however, that the profit shown includes certain adjustments of special depreciation and Income and Excess Profits Taxes referred to in a note on the Statement of Income and Expenditure. The increase in income from investments over 1942 and 1943 is due mainly to dividends received from the West Kootenay Power and Light Company, Limited. Dividends and bonuses declared during the year, amounting to \$8,189,603.75, were at the rate of \$1.00 per share as dividends and \$1.50 per share as bonuses, being the same as for the year 1943.

During 1944 provisions for normal and special war depreciation and provision for depreciation of investments in subsidiary mining companies exceeded new investments in such assets; therefore, following the policy adopted in previous years, the sum of \$2,000,000.00 has been transferred from Appropriated Surplus to Unappropriated Surplus. The increase in "Land, buildings and equipment" on the Balance Sheet includes the new power plant at Brilliant on the Kootenay River.

An amount of \$7,077.58 was charged to Profit and Loss Account and \$149,388.69 against Reserves to cover abandoned mining properties.

A further increase in the working capital of the Company was effected. It is desirable to continue this policy so that post-war eventualities may be met.

GENERAL

The year 1944 was marked by labour shortages and labour unrest throughout the operations. This situation, together with increased and overdue development work and larger-scale backfilling operations, caused a substantial reduction in metal output. Production at the Pinchi Lake mercury mine was discontinued, and as much labour as possible was transferred to Kimberley and Trail. Labour, raw material and supply costs were higher, and selling prices of lead and zinc continued low. Some improvement in costs and tonnages and particularly in regard to labour was evident towards the end of the year, and this improvement should continue through the early months of 1945. The Brilliant power plant was put into operation; a small amount of rock work in the river on the lower side of the dam remains to be done during the next period of suitable water conditions. All other major construction projects were practically finished. There was a substantial increase in the output of chemicals and fertilizers.

SULLIVAN MINE AND CONCENTRATOR

There was a serious labour shortage underground throughout the year. It was concluded that backfilling operations, which had been set aside to a large extent during the earlier war years, should not be further delayed. These operations were undertaken on a large scale and, while very successful, aggravated the labour shortage. Development work, which had also been allowed to lag in favour of production in the earlier war years, had to be more actively resumed. There was a substantial falling off in the tonnage of

ore mined for the year, and the grade of ore was lower, due largely to cleaning out of stope bottoms in preparation for filling and to the retarded state of development. Ore tonnages treated in recent years were as follows:

1935	1,859,221
1936	1,901,476
1937	2,219,575
1938	2,272,891
1939	2,089,234
1940	2,494,254
1941	2,643,984
1942	2,697,434
1943	2,500,714
1944	2,141,397

In the first part of the year development work preparatory to mining was again insufficient to replace the ore extracted, and about 1,500,000 tons more ore were mined than developed. 1,726,970 cubic yards of backfill were placed. This is equivalent to 6,303,000 tons of ore, or nearly three years of normal production.

Milling operations were normal except for the effects of low tonnage and grade. Higher costs prevailed generally in mining and milling.

TRAIL AND WARFIELD PLANTS

Refined lead tonnage was 143,556 compared with 224,493 in 1943, and bar zinc production was 117,365 tons compared with 152,299 in 1943. The silver output was about 60% of that in 1943. The antimony plant was shut down in September largely as a labour economy measure.

Chemical and fertilizer operations broke all previous tonnage records. Sulphuric acid output in terms of 100% acid was 331,718 tons against 269,394 in 1943, and total fertilizer tonnage for the year was 327,232 compared with 272,503 in 1943. Raw material costs were higher, but otherwise production costs were generally satisfactory. Every effort was made to increase output to the maximum because of the urgent need for fertilizers in the war effort, and to meet the demands of the Combined Food Board. As in the past, the great bulk of the fertilizer production was exported, principally to the United Kingdom, Hawaii, India, Ceylon, New Zealand, and the Western United States.

The lower tonnage of lead and zinc concentrates from the Sullivan Mine tended to reduce sulphuric acid production and it was necessary to ship and roast a large tonnage of Sullivan iron tailings to supply some of the acid required for fertilizers. Special mention should be made of the splendid performance of the enlarged phosphoric acid and ammonium phosphate plants. For the second year in succession the entire personnel connected with these operations deserve great credit for the results obtained and the new records established.

Co-operating with the Dominion Government for the fullest possible use of ammonia from their Calgary and Trail ammonia plants, additions were made by Consolidated to the sulphuric acid, phosphoric acid, ammonium phosphate and ammonium sulphate plants. These additions were all completed during 1944.

SUNDRY MINES

All of the Company gold mines and those in which the Company is substantially interested continued idle throughout the year except the Caribou Mine in Nova Scotia, and it was shut down about the year-end. Development on a small scale was carried on at the Con and the Rycon in the Yellowknife District, Northwest Territories, partly in preparation for the resumption of operations in post-war years and partly for the maintenance of the Yellowknife community.

Because of the falling off in demand for mercury and the urgent need of labour at Kimberley, the Pinchi Lake mercury mine was shut down in July after about four years of successful operation.

Phosphate mining operations by the Company's subsidiary, The Montana Phosphate Products Company, continued throughout the year on a larger scale than ever before to satisfy the increased demands of the fertilizer operations. Labour and supply shortages and high costs prevailed there as in your Canadian operations.

The Corbin coal mine in the Crow's Nest Pass, operation of which was commenced by the Company in 1943, continued until September and supplied a large part of Trail and Kimberley requirements during a period of scarcity.

EXPLORATION

Prospecting was carried on in promising areas across Canada on about the same scale as in recent years with some encouraging results.

CONSTRUCTION AND CAPITAL EXPENDITURES

The first generator in the Brilliant power plant was started on the 6th June and shortly after went on load. The two generators were up to load early in the fall and since then have effected a substantial economy in the use of water for power purposes.

During the year authorization was given for a new hoist at the Sullivan Mine to make possible development work and mining operations down to 1,350 ft. below the 3,350 ft. level. At present the 3,350 is the lowest level in the mine. The hoist and shaft equipment will cost about \$1,000,000 and will take from three to four years to complete.

The larger expenditures on Plant Account during 1944 were as follows:

Fire Protection Facilities at Trail.....	69,932.30
Brilliant Hydro-electric Development.....	2,167,655.13
Backfilling Equipment at the Sullivan.....	111,113.27
Underground Belt Conveyors at the Sullivan.....	126,276.65
Extension to the Phosphoric Acid Plant.....	155,080.91
Shipping Mill in the Fertilizer Storage Plant.....	65,643.63
Roaster Plant Changes in the Zinc Plant.....	96,641.50

INDUSTRIAL RELATIONS

There was a shortage of labour throughout the year, and turnover was high, as shown in the following figures:

	1941	1942	1943	1944
Trail.....	30.0%	55.2%	55.0%	41.9%
Kimberley.....	19.4%	40.1%	38.2%	55.2%

The number of employees, exclusive of those on Military Rolls, at year ends for the past four years was as follows:

	1941	1942	1943	1944
	7,647	8,059	7,554	6,437

2,359 employees were on the Military Rolls at the year end. During the first five years of the war, 61 had been reported lost on active service, 24 were missing and 19 were prisoners of war. The Directors extend their sincere sympathy to the bereaved and to those in anxiety.

The Company bears the full cost of employees' pensions, which are administered by the Pension Fund Society. In 1944 the Company's contribution to the Society was \$715,321.00. At the 31st December the fund amounted to over \$4,400,000. During the year 40 pensions were granted and at the end of the year 224 pensions were in effect. The total of pension payments in 1944 was \$111,578.00.

On the recommendation of the National War Labour Board, a change in the plan of holidays with pay was put into effect at all operations. The total cost of holidays with pay at Trail and Kimberley operations for 1944 was \$214,773.11.

The British Columbia Department of Labour certified Local 651 of the International Union of Mine, Mill and Smelter-workers (C.I.O.) as the bargaining representatives for the days pay workers of Kimberley. An agreement was reached with the bargaining representatives leaving three or four questions, including a demand for a substantial increase in wages, to the National War Labour Board for settlement. The National War Labour Board refused the increase in wages but recommended the change made in the holiday scheme.

At Trail, Local 480 of the International Union of Mine, Mill and Smelterworkers (C.I.O.) was certified as the bargaining representatives for the days pay workers on the 2nd June, 1944, and negotiations were commenced, resulting in an agreement being signed in January, 1945.

RESEARCH

Looking forward to post-war problems, research was very active during the year and of even wider scope than usual.

WAR ACTIVITIES

Reference was made in last year's report to the numerous war plants that the Company had built and was operating for the British and Dominion Governments. The year's results in all of these plants were very satisfactory. Outputs were increased and production costs reduced.

STAFF CHANGES

Mr. R. E. Stavert, formerly Vice-President, was elected Executive Vice-President of the Company, effective from the 1st January, 1945.

After 41 years of valuable service to the Company, your General Manager, Mr. James Buchanan, retired at the end of the year. Mr. R. W. Diamond, formerly Assistant General Manager, was appointed Vice-President and General Manager, and Mr. W. S. Kirkpatrick was appointed Assistant General Manager.

During the year, Mr. P. F. McIntyre, formerly Superintendent of Refineries, was appointed to the new position of Controller of Manpower. Mr. R. D. Perry succeeded him as Superintendent of Refineries. Mr. W. E. Newton, Smelter Superintendent, retired during the year and was succeeded by Mr. A. D. Turnbull. Mr. E. W. Campbell was appointed to the new position of Labour Relations Officer.

The Directors record with deep regret the death of Mr. F. Gordon Osler on the 28th June, 1944. Mr. Osler was appointed a Director in December, 1924, and during his long and valued service on the Board showed a keen interest in the operations and progress of the Company. Mr. W. S. Rugh, Vice-President in Charge of Sales, was appointed to the Board to fill the vacancy caused by the death of Mr. Osler.

Special acknowledgment should be made of the splendid and faithful service of the entire staff during this and former war years when they have been called upon to surmount, time and time again, new and increasing difficulties. Sincere appreciation is due to those of your old and faithful workmen who helped so largely to maintain operations notwithstanding insufficient and inexperienced labour, high labour turnover, and innumerable other difficulties due to present-day conditions.

On behalf of the Board,

S. G. BLAYLOCK,
Chairman and President.

The Consolidated Mining and Smelting Company of Canada, Limited

BALANCE SHEET AS AT DECEMBER 31, 1944

ASSETS		
PROPERTY, BUILDINGS AND EQUIPMENT:		
Mines, mineral claims and mining investments:		
At cost, including shares in other companies \$1,495,296.86	\$ 8,749,988.63	
Less reserve	7,570,986.70	
		\$ 1,179,001.93
Land, buildings and equipment:		
At cost, less depreciation written off and sales at realized values. .	39,060,107.23	
Less reserve	24,036,010.64	
		15,024,096.59
		\$16,203,098.52
OTHER NON-CURRENT ASSETS:		
Subsidiary companies:		
Shares	7,521,902.11	
Bonds	730,131.47	
Advances	3,759,066.30	
	12,011,099.88	
Less reserve for depreciation of investments in subsidiary mining companies	3,056,376.12	
		8,954,723.76
Shares in other companies		857,499.97
Deferred charges		201,638.05
Sundry loans and accounts receivable:		
Estimated future refunds of excess profits taxes	231,000.00	
Shareholders	2,473.42	
Others	585,262.00	
		818,735.42
		10,832,597.20
CURRENT ASSETS:		
Inventories of ores and products:		
In accordance with records and certified by company officials.		
Valued at cost or market, whichever is lower		4,545,608.32
Stores and materials:		
In accordance with records periodically verified by physical inventories and certified by company officials.		
Valued at cost less depreciation		7,522,870.49
Prepaid charges:		
On sales contracts	52,699.20	
Other	124,694.47	
		177,393.67
Accounts receivable:		
Officers	731.45	
Employees' Victory Loan subscriptions (including sundry shareholders)	330,195.37	
Customers and sundry and accrued revenue (including balances receivable in the normal course of business from persons who may be shareholders)	6,784,650.66	
		7,115,577.48
Dominion and Municipal bonds (including securities held for the insurance reserve):		
At cost (market value \$12,325,822.66)		12,324,387.89
Cash		9,653,573.54
		41,339,411.39
		<u>\$68,375,107.11</u>

STATEMENT AS TO SUBSIDIARY COMPANIES

A provision of \$905,625.24 (calculated on the same basis as last year) has been charged to income and expenditure and credited to the reserve for depreciation of investments in subsidiary mining companies. 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 been credited to income to the extent of dividends received. The provision for depreciation of investments in subsidiary mining companies, together with the excess of the holding company's proportion of profits over the dividends received, exceeds its proportion of losses of subsidiary companies.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

VANCOUVER, B.C., March 5, 1945.

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
	7,585,244.89
PREMIUM ON SHARES ISSUED	
	7,585,244.89
RESERVES:	
Insurance	2,412,627.98
Post-war contingencies	8,000,000.00
	10,412,627.98
CURRENT LIABILITIES:	
Accounts payable—sundry	2,903,338.27
Accounts payable—subsidiary companies	471,031.82
Reserve for taxes	1,809,417.08
Dividends payable	4,107,147.43
	9,290,934.60
EARNED SURPLUS:	
Appropriated surplus invested in the Company's undertakings	13,000,000.00
Deferred Surplus: estimated future refunds of excess profits taxes	231,000.00
Unappropriated surplus	11,473,654.64
	24,704,654.64
CONTINGENT LIABILITIES:	
As guarantor of West Kootenay Power and Light Company Limited bonds due March 1, 1956:	
Total authorized \$20,000,000.00:	
Series "B", 3¾ per cent:	
Outstanding \$1,821,000.00, redeemed \$679,000.00	
Contracts, commitments and claims \$427,283.75	
Sundry guarantees \$2,600.00 Canadian and \$5,000.00 U.S. Funds.	
Contract to sell \$531,797.77 U.S. Funds.	
As guarantor of any unfulfilled obligations of Alberta Nitrogen Company Limited and of the obligations of Alberta Nitrogen Products Limited under contracts with the Governments of the Dominion of Canada and of the United Kingdom.	
On behalf of the Board:	
S. G. BLAYLOCK, } R. E. STAVERT, }	Directors.
	<u>\$68,375,107.11</u>

AUDITORS' REPORT

We have audited the accounts of The Consolidated Mining and Smelting Company of Canada, Limited, for the year ended December 31, 1944, 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, 1944, according to the best of our information and the explanations given to 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 5, 1945.

The Consolidated Mining and Smelting Company of Canada, Limited

FOR THE YEAR ENDED DECEMBER 31, 1944

STATEMENT OF INCOME AND EXPENDITURE

Sales of smelter, chemical and fertilizer products, etc.....		\$42,905,160.62
Sales of electrical energy by Con hydro power plant.....		42,665.54
Royalties, rents and sundry revenue.....		200,491.46
		43,148,317.62
Ores, metals, smelter products and chemical and fertilizer products at December 31, 1943.....	\$ 4,818,631.23	
Mining, smelting, chemical and fertilizer and general expenses (including proportion of total remuneration of \$31,109.94 paid to legal advisers).....	23,767,054.96	
Exploration expense.....	349,873.83	
Freight on company ores.....	860,528.52	
Customs ore, bullion and fertilizer materials purchased.....	3,637,570.74	
Payment to Dominion Government in respect of their interest in plants used for production of fertilizer materials.....	294,047.03	
Executive officers' fees and remuneration.....	161,978.56	
Directors' fees and remuneration.....	29,930.00	
Interest and exchange.....	3,312.98	
		33,922,927.85
<i>Deduct:</i>		
Sundry debits and credits written off or adjusted.....	30,600.82	
		33,892,327.03
<i>Deduct:</i>		
Ores, metals, smelter products and chemical and fertilizer products at December 31, 1944.....	4,545,608.32	
		29,346,718.71
Net operating profit before provision for plant depreciation, depreciation of investments in subsidiary mining companies, income and excess profits taxes.....		13,801,598.91
<i>Add:</i>		
Income from investments.....	1,484,472.09	
Profit on Treasury bills redeemed and bonds and stocks sold.....	18,566.26	
		1,503,038.35
		15,304,637.26
<i>Deduct:</i>		
Provision for depreciation of plant and equipment:		
Normal.....	\$ 2,355,848.37	
Accelerated.....	2,353,083.41	
	4,708,931.78	
Less adjustment of accumulated special depreciation (see note below).....	2,400,000.00	
	2,308,931.78	
Provision for depreciation of investments in subsidiary mining companies.....	905,625.24	
Provision for income and excess profits taxes (no portion refundable).....	2,300,000.00	
		5,514,557.02
NET PROFIT CARRIED TO UNAPPROPRIATED EARNED SURPLUS ACCOUNT.....		\$ 9,790,080.24

Note—Certain expenditures from 1941 to 1944 were written off when made under an agreement providing for final adjustment at the end of 1944. The related adjustment of taxes was provided for in the years the expenditures were made.

STATEMENT OF EARNED SURPLUS

APPROPRIATED SURPLUS INVESTED IN THE COMPANY'S UNDERTAKINGS	
Balance December 31, 1943.....	\$15,000,000.00
<i>Deduct</i> transfer to unappropriated surplus.....	2,000,000.00
	\$13,000,000.00
BALANCE AT DECEMBER 31, 1944 PER BALANCE SHEET.....	
	\$13,000,000.00
DEFERRED SURPLUS	
Estimated future refunds of excess profits taxes.....	\$ 231,000.00
	\$ 231,000.00
UNAPPROPRIATED SURPLUS	
Balance December 31, 1943.....	\$ 7,873,178.15
<i>Add</i> transfer from appropriated surplus.....	2,000,000.00
	\$9,873,178.15
<i>Add</i> net profit per statement of income and expenditure.....	9,790,080.24
	\$19,663,258.39
<i>Deduct</i> appropriation for dividends Nos. 78 and 79.....	8,189,603.75
	\$11,473,654.64
	\$11,473,654.64

SENIOR STAFF

MINES DEPARTMENT

Sullivan Operations

W. LINDSAY, Kimberley, B.C., General Superintendent; W. G. JEWITT, Kimberley, B.C., Assistant to the General Superintendent; R. H. STEWART, Vancouver, B.C., Consulting Engineer; J. R. GIEGERICH, Kimberley, B.C., Mine Superintendent; D. S. CAMPBELL, C. D. M. CHISHOLM, P. T. BLOOMER, Kimberley, B.C., Assistant Mine Superintendents.

Western District

F. A. FORTIER, Trail, B.C., General Superintendent; E. BRONLUND, Fort St. James, B.C.; J. M. POWELSON, Trail, B.C., Exploration Engineers; R. J. ARMSTRONG, Trail, B.C.; R. B. SHELEDY, Spokane, Washington, Mining Engineers.

North Central District

W. G. JEWITT, Kimberley, B.C., General Superintendent; H. C. GIEGERICH, Yellowknife, N.W.T., Superintendent Con Mine; L. TELFER, Yellowknife, N.W.T., Superintendent of Exploration.

Eastern District

L. W. OUGHTRED, Montreal, P.Q., General Superintendent; J. WIGHTMAN, Caribou Mines, Nova Scotia, Superintendent Caribou and Ross Mines; D. C. McKECHNIE, Sudbury, Ontario; W. E. AITCHISON, North Bay, Ontario; A. D. HUDSON, Toronto, Ontario, Exploration Engineers.

GEOLOGICAL DEPARTMENT

DR. G. GILBERT, Trail, B.C., Chief Geologist Western District; DR. L. V. BELL, Montreal, P.Q., Chief Geologist, Eastern District; DR. C. O. SWANSON, Vancouver, B.C.; DR. H. C. GUNNING, Vancouver, B.C., Consulting Geologists.

CONCENTRATION DEPARTMENT

H. R. BANKS, Kimberley, B.C., Superintendent of Sullivan Concentrator; H. W. POOLE, Kimberley, B.C., Metallurgist Sullivan Concentrator; S. GRAY, Trail, B.C., Superintendent of Mills other than Sullivan; P. M. ELLIOTT, Trail, B.C., Assistant Superintendent of Mills other than Sullivan.

METALLURGICAL DEPARTMENT

R. R. McNAUGHTON, Trail, B.C., Chief Metallurgist; J. BRYDEN, D. S. WETMORE, K. D. McBEAN, L. M. DELONG, Trail, B.C., Metallurgical Engineers; K. RART, Trail, B.C., Chief Chemist; R. K. BLOIS, Trail B.C., Superintendent Smoke Plants; H. DOYLE, Trail, B.C., Assistant Superintendent Smoke Plants.

LEAD SMELTING DEPARTMENT

A. D. TURNBULL, Trail, B.C., Superintendent; J. H. HARGRAVE, Trail, B.C., Assistant Superintendent; L. M. P. DAYISON, R. BAINBRIDGE, Trail, B.C., Plant Superintendents.

LEAD REFINING DEPARTMENT

R. D. PERRY, Trail, B.C., Superintendent; F. C. RANSOM, Trail, B.C., Assistant Superintendent.

ZINC DEPARTMENT

F. S. WILLIS, Trail, B.C., Superintendent; T. H. WELDON, Trail, B.C., Assistant Superintendent; L. S. PIPER, J. D. HARTLEY, E. L. JONES, Trail, B.C., Plant Superintendents.

CHEMICAL & FERTILIZER DEPARTMENT

E. A. G. COLLS, Trail, B.C., General Superintendent; A. M. CHESSER, Trail, B.C., Superintendent of Warfield Chemical Plants, W. D. BURGESS, Trail, B.C., Superintendent of Tadanac Chemical Plants; A. W. MOORE, J. ATWELL, J. B. THOMPSON, Trail, B.C., Plant Superintendents.

RESEARCH & DEVELOPMENT DEPARTMENT

F. E. LEE, W. H. HANNAY, A. L. McCALLUM, R. LEP SOE, DR. B. P. SUTHERLAND, DR. C. H. WRIGHT, F. H. CHAPMAN, A. H. W. BUSBY, Trail, B.C., Research Engineers.

ENGINEERING DEPARTMENT

E. M. STILES, Trail, B.C., Chief Engineer; H. F. TIEDJE, Trail, B.C., Construction Engineer; E. MASON, Trail, B.C., Assistant to the Chief Engineer; G. H. MCKAY, Kimberley, B.C., Superintendent of Construction and Maintenance, Sullivan Operations; A. G. DICKINSON, Trail, B.C., Electrical Engineer; H. CLARK, Trail, B.C., Master Mechanic.

COMPTROLLER'S DEPARTMENT

H. B. FULLER, Trail, B.C., Comptroller; G. A. WALLINGER, Trail, B.C., Assistant Comptroller; E. G. RANDALL, Trail, B.C., Chief Accountant; F. L. HALLAM, Trail, B.C., Tax Auditor; L. G. TOMS, Trail, B.C., Internal Auditor; W. C. MACKENZIE, Trail, B.C., Paymaster; W. BROWN, Trail, B.C.; N. G. RANDALL, Kimberley, B.C.; W. H. CARRUTHERS, Yellowknife, N.W.T.; J. F. DEANE, Vancouver, B.C., Branch Accountants; D. S. DEWAR, Calgary, Alberta, Prairie Sales Accountant.

LEGAL DEPARTMENT

A. L. JOHANNSON, Trail, B.C., General Solicitor; C. H. B. FRERE, Trail, B.C., Senior Assistant Solicitor.

INDUSTRIAL RELATIONS DEPARTMENT

P. F. McINTYRE, Trail, B.C., Controller of Manpower; C. W. GUILLAUME, Trail, B.C., Supervisor of Industrial Relations; E. W. CAMPBELL, Trail, B.C., Labour Relations Officer; K. RAHT, Trail, B.C., Supervisor Industrial Hygiene.

PURCHASING DEPARTMENT

W. R. BAXENDALE, Trail, B.C., Purchasing Agent; A. L. IRWIN, Trail, B.C., Assistant Purchasing Agent.

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. G. ANDERSON	- - - -	SALES ENGINEER	- - -	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.				
SAN FRANCISCO, CALIF.	- -	FERTILIZER SALES IN WASHINGTON, OREGON, CALIFORNIA AND ARIZONA.		
HENRY GARDNER & CO. LTD.				
LONDON, ENGLAND	- -	EUROPEAN REPRESENTATIVES.		

ON LOAN TO GOVERNMENT-OWNED PLANT AT CALGARY

Alberta Nitrogen Products Limited

R. HENDRICKS, Calgary, Alberta, Manager; D. D. MORRIS, Calgary, Alberta, General Superintendent; L. WILLIAMS, Calgary, Alberta, Plant Engineer; J. R. MILLS, Calgary, Alberta, Chemical Supervisor; P. L. BARRON, Calgary, Alberta, Branch Accountant.

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-seventh Annual Report, together with the usual financial statements for the year 1944.

After deducting amounts covering Operating Expenses, Interest on Bonds and setting up reserves for Income and Excess Profits Taxes and also for Depreciation, there is a surplus for the year of \$1,316,890.04. This amount has been carried to Earned Surplus Account. After paying dividends on the Preferred and Common shares, and setting up a reserve for Pensions of \$100,000.00, there remains at credit of Earned Surplus Account as at December 31st, 1944, an amount of \$6,793,610.06.

The Company's Gross Consolidated Revenue for the year ended December 31st, 1944, was \$4,131,152.35, and for the year ended December 31st, 1943, \$4,421,756.98, showing a decrease in revenue for the year 1944 from 1943 of \$290,604.63. This decrease was principally due to the fact that several of our customers were operating with decreased labour supply and to absenteeism on the part of employees.

In the report for the year 1943 we mentioned the application of the Company to continue the two feet of additional storage in Kootenay Lake as granted by the International Joint Commission on October 23rd, 1942. Because of the additional power available from the new Brilliant plant, it was not considered necessary to ask for the continuance of the two feet of additional storage at the present time. We are now operating on the original Order from the International Joint Commission which covers the six feet of storage in Kootenay Lake. The location of the Brilliant plant allows advantage to be taken of the drainage area of the Slocan country, which increases the minimum dependable stream flow at Brilliant by approximately 800 c.f.s. This plant, which is now being operated under lease from The Consolidated Mining and Smelting Company of Canada, Limited, is able to handle all the water passing through the Corra Linn dam which controls the storage in Kootenay Lake. At low water conditions the Brilliant plant operates under a head of 93 feet and is thus the highest head plant on the Kootenay River. This results in improved control and greater advantage of the water storage in Kootenay Lake.

Numbers 1, 2, 3 and 4 Plants have been operating continuously under full load conditions during the war period, and there was little opportunity of making other than the usual running repairs. With the Brilliant plant completed, it will be possible to give the Company plants a thorough overhaul. When the extension to Number 2 Plant was completed in 1940, it was thought that we would then have an opportunity to overhaul the other plants. However, the demand for power for war purposes made this impossible. It is expected that all the Company plants will be thoroughly inspected and reconditioned during 1945.

As soon as more labour is available some work will be done on the transmission system, including all stepdown stations, with the object of putting them in better operating condition.

Your Directors are pleased to acknowledge their appreciation of the loyal and efficient service rendered by the employees and staff.

On behalf of the Board,

L. A. CAMPBELL,
President and Managing Director.

TRAIL, B.C., March 9, 1945.

West Kootenay Power and Light Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1944

ASSETS

CURRENT:		
Cash on hand and in Banks.....	\$	1,249,930.81
Dominion of Canada Bonds—Cost (Market Value \$2,172,093.75).....		2,175,000.00
ACCOUNTS RECEIVABLE:		
The Consolidated Mining and Smelting Company of Canada Limited.....	235,660.59	
Customers and Sundry.....	\$ 107,793.88	
<i>Less:</i> Reserve for Doubtful Accounts.....	6,000.00	
	101,793.88	
		337,454.47
INVENTORIES:		
Merchandise (In accordance with records and certified by company officials. Valued at cost).....	20,551.52	
Stores and Materials (In accordance with records periodically verified by physical inventories and certified by company officials. Valued at cost less depreciation).....	381,084.24	
	401,635.76	
		4,164,021.04
SUNDRY NON-CURRENT ASSETS:		
Housing Loans—Employees.....	5,716.34	
Refundable portion of Excess Profits Taxes.....	39,323.91	
	45,040.25	
FIXED:		
Property, Plant and Equipment—Cost.....	25,050,906.67	
<i>Less:</i> Reserve for Depreciation.....	13,295,634.87	
	11,755,271.80	
DEFERRED CHARGES:		
Prepaid Expenses.....	727.92	
Debt Discount and Expense.....	4,767.50	
	5,495.42	
		\$15,969,828.51

LIABILITIES

CURRENT:		
Accounts Payable—Trade.....	\$	67,023.82
Accrued Payrolls.....		11,654.37
Interest.....		22,762.50
Provision for Income and Excess Profits Taxes.....		483,755.50
(Sinking Fund Instalment due March 1, 1945, \$74,548.00)		585,196.19
DEFERRED INCOME:		
Deposits received for power not yet delivered.....		3,698.35
LONG TERM DEBT:		
Authorized.....	\$20,000,000.00	
Issued, Series "B" 3¾% Bonds, due March 1, 1956.....	2,500,000.00	
<i>Less:</i> Cancelled.....	679,000.00	
	1,821,000.00	
RESERVES:		
Fire Insurance.....	15,000.00	
Pensions.....	100,000.00	
	115,000.00	
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	
		6,793,610.06
EARNED SURPLUS.....		
		6,793,610.06
DEFERRED SURPLUS:		
Refundable portion of Excess Profits Taxes.....		39,323.91
No provision has been included in the accounts of the several companies for claims which may be received for alleged damages, if any, resulting from additional storage facilities granted to the West Kootenay Power and Light Company Limited.		
On behalf of the Board:		
L. A. CAMPBELL	}	<i>Directors.</i>
R. H. McMASTER		
		\$15,969,828.51

AUDITOR'S REPORT

I have audited the accounts of the West Kootenay Power and Light Company Limited, and its Subsidiary and explanations I have required, and that in my opinion the above balance sheet is properly drawn up so as to exhibit according to the best of my information and the explanations given to me, and as shown by the books of the several

TRAIL, B.C., February 9, 1945.

Companies, for the year ended December 31, 1944. I report to the shareholders that I have received all the information a true and correct view of the state of the affairs of the Company, and its Subsidiary Companies, at December 31, 1944.

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, 1944

OPERATING REVENUES.....		\$4,071,361.75
OPERATING EXPENSES:		
Power Purchased.....	\$ 93,925.55	
Power Plant and Distributing Station Expenses.....	232,851.05	
Maintenance and Repairs.....	154,114.24	
Depreciation.....	730,302.92	
Water Fees.....	153,005.21	
Taxes (Other than Income Taxes).....	66,173.70	
Rentals.....	105,530.76	
Miscellaneous.....	81,612.32	
	\$1,617,515.75	
GENERAL EXPENSES:		
Selling and Administrative Expenses.....	151,137.10	
Provision for Doubtful Accounts.....	486.17	
Other General Expenses.....	37,854.28	
	189,477.55	
		1,806,993.30
OTHER INCOME:		
Interest on Bonds.....	41,839.67	
Other Interest.....	7,310.68	
Profit on Bonds sold and Treasury Bills redeemed.....	1,815.25	
Rentals.....	8,825.00	
	59,790.60	
		2,264,368.45
INCOME DEDUCTIONS:		
Interest and Debt Discount and Expenses:		
Interest on Funded Debt.....	68,731.25	
Amortization of Debt Discount and Expenses.....	433.40	
Premium on Bonds redeemed.....	852.00	
	70,016.65	
Net Income before Provision for Income and Excess Profits Taxes....		2,254,142.40
Provision for Income and Excess Profits Taxes.....		937,252.36
Net Income transferred to Earned Surplus.....		\$ 1,316,890.04

EARNED SURPLUS

Balance at December 31, 1943		\$ 6,771,970.29
Net Income from Profit and Loss Account		1,316,890.04

ADDITIONS TO SURPLUS:

Adjustment of Income and Excess Profits Taxes 1943	\$ 41,319.98	
Refund Overpayment of Income and Excess Profits Taxes 1942	20,829.75	
		62,149.73
		8,151,010.06

CHARGES TO SURPLUS:

Appropriation to Reserve for Pensions	100,000.00	
Dividends:		
Cash—Preferred 7%	\$ 35,000.00	
Cash—Common 20%	1,222,400.00	
		1,257,400.00
		1,357,400.00

BALANCE AT DECEMBER 31, 1944 AS PER CONSOLIDATED BALANCE SHEET		\$ <u><u>6,793,610.06</u></u>
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