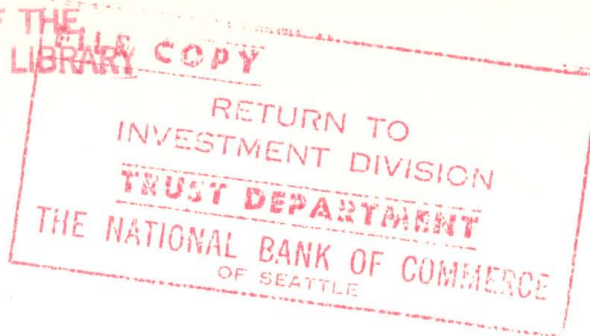


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ANNUAL REPORT
OF
PACIFIC
SUPERIOR PORTLAND CEMENT, INC.

1951



ANNUAL REPORT

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SUPERIOR PORTLAND CEMENT, INC. PROPERTIES



SUPERIOR PLANT

Cement Plant, limerock and clay quarries, located at Concrete, Washington.

Annual standard cement production capacity 1,800,000 barrels.



DIAMOND PLANT

Cement Plant and clay quarry, located at tidewater in the metropolitan business area of Seattle, Washington.

Limerock Quarry, located on Dall Island, Alaska.

Annual standard cement production capacity 900,000 barrels.



ALASKA FACILITIES

At Seward, Superior has machinery, buildings, dock and railroad spur on the city's deep-water, all year around port. These facilities receive bulk cement from ocean going scows and transfer it direct to railroad cars, or to a 30,000 barrel storage.

At Anchorage, Superior has machinery and a nominal storage transfer plant. This facility receives bulk cement from railroad cars and reloads it into bulk trucks for final delivery.

The real estate and building facilities in Alaska are leased properties. Operations there are carried out for Superior by established and responsible Alaskan firms. It will be possible in 1952 to serve Alaska customers with cement in bulk or packed in paper bags at Seward.

OFFICERS

C. N. REITZE

President

N. H. NELSON
Vice President
and General Manager

J. H. MCGOLDRICK
Secretary

H. E. THOMPSON
Treasurer
Assistant Secretary

P. R. BARRETT
Assistant Secretary

F. W. BAILEY
Assistant Treasurer

BOARD OF DIRECTORS

LAWRENCE M. ARNOLD

N. H. NELSON

THOMAS BALMER

C. W. STIMSON

J. H. MCGOLDRICK

J. A. SWALWELL

C. N. REITZE

STOCK TRANSFER AGENT

OFFICE OF THE COMPANY, Seattle 1

STOCK REGISTRAR

SEATTLE-FIRST NATIONAL BANK, Seattle 14

BOND TRUSTEE

SEATTLE-FIRST NATIONAL BANK, Seattle 14

REPORT OF THE PRESIDENT

TO THE STOCKHOLDERS OF
SUPERIOR PORTLAND CEMENT, INC.

Presented herewith is the Annual Report of the Company for the year 1951. This concludes the forty-third year of operation of the Company.

EARNINGS

Net operating profit for 1951, after provision for Federal Income Taxes was \$557,959 or \$4.11 per share on the outstanding Common Stock. This result compared with 1950 operating profit of \$446,240 or \$3.28 per share on the outstanding 135,854 shares of Common Stock. The estimated Federal Taxes on 1951 operation are \$869,888, being \$453,437 in excess of our 1950 Federal Taxes.

Dividends were paid in 1951 at the rate of \$1.25 per share, totaling \$169,817, as compared with payment in 1950 of \$1.00 per share or \$135,854.

During the year 1951, your Company purchased 5% Debenture Bonds, due December 31, 1969, in the amount of \$204,400, making the balance outstanding as of December 31, 1951, \$2,891,200.

The 135,854 shares of Common Stock outstanding are owned by 1231 individuals and corporations as of December 31, 1951.

The outstanding \$2,891,200 5% Debenture Bonds are owned by 987 individuals and corporations as of December 31, 1951. The ownership is largely held by our common stockholders.

OPERATIONS

Your Company operated both the Concrete and Seattle Plants during most of the year 1951.

Operations of the Concrete and Seattle Plants were at or near capacity throughout the period operated.

The shut-down period of each plant was occasioned by necessary repairs being made.

Many changes and additions to continue our Plant modernization were made at both the Concrete and Seattle Plants to improve efficiency of operations.

In addition to the plant changes made at Concrete and Seattle Plants in 1951, substantial equipment was added to the Company's Distributing and Storage Facilities at Seward and Anchorage, Alaska.

The demand for cement from both the Concrete and Seattle Plants remained strong throughout most of the year 1951. Our normal sales demand was augmented by our ability to sell cement in areas not normally served by our Company.

The extreme shortages of cement supply by the local companies in those distant areas were substantial. Our sales of cement for the year 1951 exceeded our 1950 sales by a substantial quantity.

Our costs of manufacturing and selling cement in 1951 were quite satisfactory, in view of the continually rising costs of labor, supplies and transportation in and out of the plants. These increased costs were partially covered by the increase of twenty cents per barrel in our selling price, made effective September 1, 1950, which permitted our realizing a higher net price for the sales

year. No price changes have been made in the selling price of our cement since September 1, 1950.

Our labor relations have been very satisfactory and the turnover in personnel has been at a minimum.

Group Life Insurance and Accident and Health Insurance was continued, as before, on all employees.

The cost to the Company in 1951 for the pension plan and insurance plans now in effect was in excess of \$64,000.

We have not operated the Alaska Quarry at Dall Island since we took possession September 1, 1949, although the property is available and ready as a source of raw material for the Seattle Plant. Cement rock has been supplied from our regularly operating Concrete Quarry to the Seattle Plant by rail. This source of limerock has been supplemented by purchasing suitable limerock from local quarries.

As stated in last year's report, the Company is a defendant in the anti-trust suit instituted by the United States Department of Justice on June 28, 1945.

Most every cement company in the country is a party to this suit. The case is now at issue, but no date has been set for the trial.

With the exception of 5 shares of Superior Portland Cement, Inc., Class "A" Stock, all preferred stock has been converted into Debenture Bonds and Common Stock, as provided for in the Plan of Recapitalization, approved in 1945. Also, 46 shares of Class B Common Stock remain outstanding that have not been exchanged for the new Common Stock.

Interest on Debenture Bonds, in amount \$149,926 was paid during the year 1951 and the Sinking Fund requirements were more than provided for by the purchase of bonds in the amount of \$204,400, which amount is greatly in excess of that required under the terms of the Bond Indenture.

PROSPECTS FOR 1952

Under the general confused conditions that exist, it is exceedingly difficult to predict the amount of cement business that may be offered to your Company in 1952.

Cement manufacturers, in general, are very much confused as to just what effect the Controlled Materials Plan will have on the demand for cement. Up to now the CMP has not been in effect long enough for manufacturers to fully appraise what will be expected of them in servicing defense orders.

Should building restrictions and CMP regulations continue to become tighter, a surplus of cement could develop almost overnight.

Present and future Government controls will have much effect on the quantity of new business that will be offered. Barring harsh controls, it is reasonable to expect that your Company will enjoy approximately as much business in 1952 as it had in 1951.

We are entering the year 1952 with ample inventories and considerable cement barrelage under contract, and both of our plants in excellent condition of repair.

The able counsel of your Board of Directors given your manage-

ment throughout the year has been of great value and is acknowledged with gratitude.

The continued loyal support of our customers, stockholders, directors, officials and employees of the Company have contributed materially to the achievements of the Company during the past year and this is deeply appreciated by the management.

Respectfully submitted,

C. N. Reitz
President

Seattle, Washington
January 21, 1952

PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS

(INCORPORATING BARROW, WADE, GUTHRIE & Co.)

STUART BUILDING

SEATTLE 1, WASHINGTON

NEW YORK
ATLANTA
BALTIMORE
BILLINGS
BOSTON
BUFFALO
CHARLOTTE
CHICAGO
CINCINNATI
CLEVELAND
DALLAS
DENVER
DETROIT
GREENSBORO
HOUSTON
INDIANAPOLIS
KANSAS CITY
LINCOLN
LOS ANGELES
MEMPHIS
MILWAUKEE
MINNEAPOLIS
NEWARK
NEW ORLEANS
OKLAHOMA CITY
OMAHA
PHILADELPHIA
PITTSBURGH
PORTLAND
ST. LOUIS
SALT LAKE CITY
SAN FRANCISCO
SAN JOSE
SEATTLE
SHREVEPORT
TERRE HAUTE
TULSA
WASHINGTON
WATERBURY

AFRICA
AUSTRALIA
CANADA
CONTINENTAL EUROPE
CUBA
GREAT BRITAIN
HONG KONG
INDIA
JAPAN
MEXICO
SOUTH AMERICA

ACCOUNTANTS' REPORT

To the Board of Directors,

Superior Portland Cement, Inc.,

Seattle, Washington

We have examined the consolidated balance sheet of Superior Portland Cement, Inc. and its subsidiary as of December 31, 1951 and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of Superior Portland Cement, Inc. and its subsidiary at December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat Marwick Mitchell & Co.

Seattle, Washington

January 16, 1952

SUPERIOR PORTLAND CEMENT, INC. AND SUBSIDIARY

COMPARATIVE CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 1951 AND DECEMBER 31, 1950

<u>ASSETS</u>	December 31 1951	December 31 1950
CURRENT ASSETS:		
Cash	\$ 871,201	1,203,560
U. S. Government securities—at cost	615,228	18,200
Customers' accounts receivable, less reserve of \$9,747 for 1951 and \$12,401 for 1950	294,646	353,131
Prepaid expenses	78,579	106,149
Inventories, at cost, not in excess of replacement market:		
Cement—finished and in process	767,445	553,383
Raw materials	398,242	358,898
Manufacturing supplies	833,019	796,472
	<u>1,998,706</u>	<u>1,708,753</u>
TOTAL CURRENT ASSETS	3,858,360	3,389,793
Investments in sundry stocks	25,278	27,778
Fixed Assets:		
Lime rock quarries at values as determined by man- agement in 1935, plus subsequent additions at cost, less allowance for depletion	1,435,634	1,485,144
Real estate and properties	218,720	217,245
Plant and equipment, at cost:		
Buildings and structures	1,587,403	1,586,987
Machinery and equipment	2,877,820	2,819,098
	<u>4,465,223</u>	<u>4,406,085</u>
Less Allowance for Depreciation	2,406,108	2,278,389
	<u>2,059,115</u>	<u>2,127,696</u>
Total Fixed Assets (net)	3,713,469	3,830,085
Potential water rights and franchises—as valued by Board of Directors in 1926	1,210,000	1,210,000
Deferred charges—debenture expense, less amortization	58,232	61,461
	<u><u>\$8,865,339</u></u>	<u><u>8,519,117</u></u>

<u>LIABILITIES</u>	December 31 1951	December 31 1950
CURRENT LIABILITIES:		
Accounts payable	\$ 107,241	237,458
Accrued expenses	113,334	116,146
Provision for Federal taxes on income	902,321	606,811
TOTAL CURRENT LIABILITIES	1,122,896	960,415
5% Debenture Bonds (subordinated)—due De- cember 31, 1969 (sinking fund requirements in 1952, \$111,048, in 1951, \$143,200)	3,126,550	3,270,000
Less in treasury	235,350	174,400
	<u>2,891,200</u>	<u>3,095,600</u>
Capital Stock and Surplus:		
Class "A" \$2.50 Preferred stock, par value \$50.00 per share:		
Outstanding 5 shares	250	250
Common Stock, no par value:		
Authorized—136,000 shares		
Outstanding—135,854 shares	891,981	891,981
Paid-in surplus	154,816	154,816
Earned surplus (note)	3,804,196	3,416,055
	<u>4,851,243</u>	<u>4,463,102</u>
	<u><u>\$8,865,339</u></u>	<u><u>8,519,117</u></u>

NOTE TO FINANCIAL STATEMENTS — The net income and earned surplus are subject to any adjustments that may result from renegotiation of contracts with the United States Government.

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SUPERIOR PORTLAND CEMENT, INC. AND SUBSIDIARY

COMPARATIVE STATEMENT OF CONSOLIDATED INCOME

For Years Ended December 31, 1951 and December 31, 1950

	1951	1950
Net Sales	\$6,372,637	5,513,515
Cost of Sales, selling, administrative and general expenses	4,618,821	4,348,766
Depreciation and depletion	196,001	169,739
	<u>4,814,822</u>	<u>4,518,505</u>
Operating profit	1,557,815	995,010
Other income including interest, rents, etc.	23,186	26,588
	<u>1,581,001</u>	<u>1,021,598</u>
Income deductions:		
Interest on 5% debentures	149,925	155,678
Debenture expense amortized	3,229	3,229
	<u>153,154</u>	<u>158,907</u>
Income before Federal taxes on income .	1,427,847	862,691
Provision for Federal taxes on income (including excess profits taxes of \$153,469 for 1951 and \$38,958 for 1950)	869,888	416,451
Net income (note)	<u>\$ 557,959</u>	<u>446,240</u>

6.7% 4.11 3.88

SUPERIOR PORTLAND CEMENT, INC. AND SUBSIDIARY

COMPARATIVE STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Years Ended December 31, 1951 and December 31, 1950

	<u>1951</u>	<u>1950</u>
Balance at beginning of year	\$3,416,055	2,833,100
Consolidated net income for the year	557,959	446,240
Net recovery of damages from Pacific Coast Cement Company under Court Decree, less provision for Federal income taxes (\$162,451) thereon . . .	—	221,287
Other surplus credits (net) affecting prior years re- sulting principally from the above litigation . .	—	51,282
	<u>3,974,014</u>	<u>3,551,909</u>
Deduct—dividends paid (1951, \$1.25; 1950, \$1.00 per share)	<u>169,818</u>	<u>135,854</u>
Balance at end of year (note)	<u><u>\$3,804,196</u></u>	<u><u>3,416,055</u></u>

PAID-IN SURPLUS

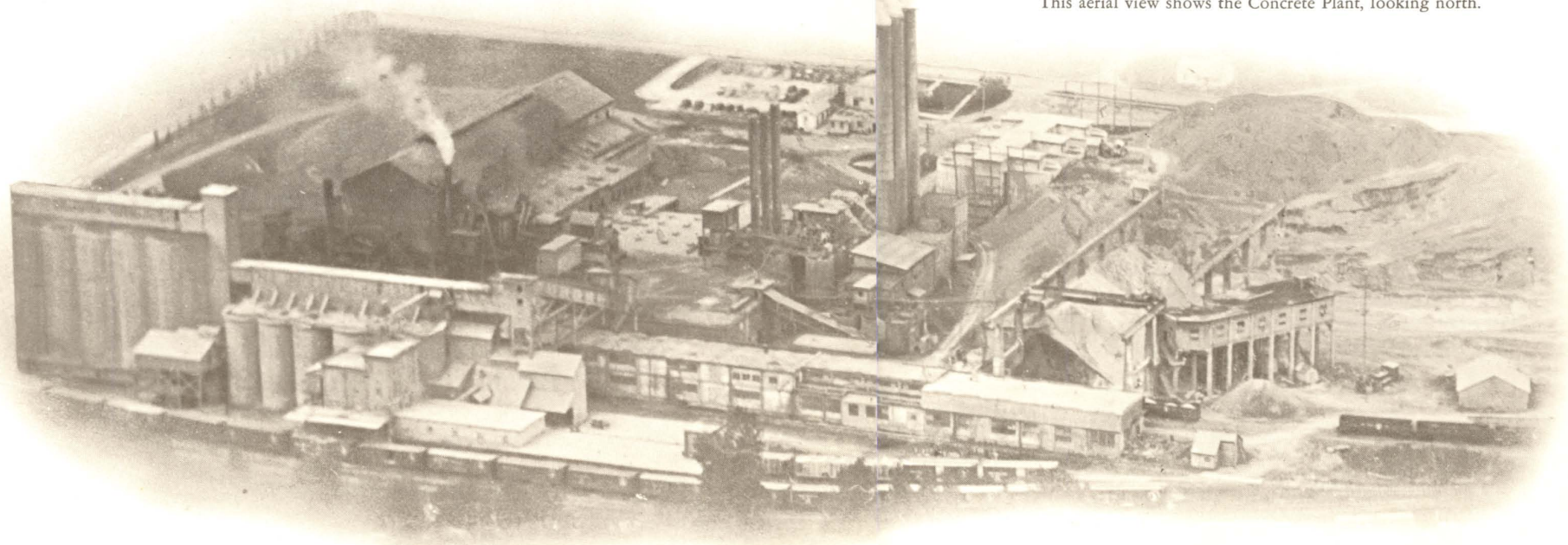
Balance at December 31, 1951 and 1950	<u><u>\$ 154,816</u></u>	<u><u>154,816</u></u>
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*These two views show some of the
properties of Superior Portland Cement, Inc.,
located at Concrete, Washington*



The Concrete limestone and clay quarries are located approximately one and a third miles northeast of the Concrete Plant.

The limestone and clay properties with the approaches occupy some fifteen hundred acres which are owned by Superior.



This aerial view shows the Concrete Plant, looking north.

The entire annual report, including financial statements, is presented for the information of stockholders and nothing herein contained is submitted or shall be taken as an inducement to buy, hold or sell any shares or other securities of the Company.

