

DOMINION MALTING COMPANY LIMITED

Nineteenth Annual Report of the Directors

YEAR ENDED 31st JULY, 1946

TO THE SHAREHOLDERS:

Your Directors present herewith Financial Statements for the year ended 31st July, 1946, including the Balance Sheet, certified by your Auditors, Messrs. George A. Touche & Co., Chartered Accountants.

Profit and Loss Statement shows an operating profit of \$196,000.64, after providing for depreciation, at the regular rates on the old building and machinery and at double depreciation rates for five months on the new additions, \$79,158.91, Interest on First Secured Bonds, \$30,377.32, and Directors' Fees, \$3,200.00. The amount of \$80,000.00 has been provided for estimated Income and Excess Profits Taxes; this amount has been computed at the rates in effect at 31st July, 1946. The net profit for the year, \$116,000.64 has been transferred to Earned Surplus Account. Dividends accruing on Preferred Shares to 1st August, 1946, together with 80 cents per share on the Common Shares, have been paid and charged to Earned Surplus Account. The balance remaining at the credit of this account is \$578,614.62, as compared with \$535,193.03 at the end of the previous fiscal year.

Working capital, after providing for redemption of First Secured Bonds maturing 1st May, 1947, and estimated Income and Excess Profits taxes, amounts to \$938,784.48, an increase of \$225,812.16 over the previous year.

During the past year the new addition to our malting plant was completed and brought into production, also new barley storage for 600,000 bushels was erected. The malting capacity of the new plant is 1,150,000 bushels, giving us a total annual production of 2,500,000 bushels. The whole plant is operating to full capacity.

Due to the continued heavy demand for malt in Canada our entire production was disposed of to Canadian users, the Company being unable to participate in any export trade.

Owing to the increased requirements for feed and the small crop harvested last year, considerable difficulty was experienced in obtaining suitable malting barley. Conditions appear to be more favorable for the coming year, however, and the early run of barley is of good quality.

Effective May 16th, 1946, the forty-hour week was introduced for all plant employees with the same take-home pay. After one year's service each employee receives one week's holidays with pay. Holidays are increased to two weeks with pay after two years' service.

Your Directors wish to thank all employees of the Company for their loyal services and the efficient manner in which they carried out their duties throughout the year under especially difficult circumstances.

On behalf of the Board of Directors,

T. H. RATHJEN,
President.

Winnipeg, Manitoba, August 30th, 1946.

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DOMINION MALTING

BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash in The Royal Bank of Canada — Winnipeg.....		\$ 185,897.63
Dominion of Canada Bonds (Par Value \$121,500.00 Market Value \$127,005.38)	\$120,727.96	
Interest Accrued thereon.....	1,456.25	122,184.21
Accounts Receivable		
Trade	\$292,293.95	
Employees' Victory Bond Accounts (secured)	1,495.95	293,789.90
Inventory of Barley, Malt in Process, Malt, Bags, Coal, etc., valued on the basis of Cost or Market Value whichever is the lower, as determined and certified by responsible officers of the Company....		540,616.76
Prepaid Expenses.....		12,980.24
		<u>\$1,155,468.74</u>

MEMBERSHIPS AND SHARES IN GRAIN TRADE ORGANIZATIONS:

(Approximate Market Value \$7,182.00)		6,032.00
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**DEFERRED ACCOUNT RECEIVABLE — being estimated refundable portion of
Excess Profits Tax.....**

1,500.00

FIXED ASSETS:

	Cost	Reserve for Depreciation	
Buildings	\$1,016,349.99	\$180,694.93	
Temporary Storage Annex.....	19,319.50	15,455.60	
Machinery and Equipment.....	768,403.44	276,040.99	
Furniture and Fixtures.....	6,316.60	4,656.88	
Truck	2,897.00	2,897.00	
Estimated Cost of additions to Plant and Equipment now under construction	31,500.00		
	<u>\$1,844,786.53</u>	<u>\$479,745.40</u>	1,365,041.13

LEASE		6,680.00
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DEFERRED CHARGE:

Commission paid or accrued on sale of shares and other expenses incidental to sale of bonds and shares.....		70,222.31
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Approved on behalf of the Board,

T. H. RATHJEN, *Director*

G. S. SNELL, *Director*

\$2,604,944.18

To the Shareholders of
DOMINION MALTING COMPANY LIMITED,
Winnipeg, Manitoba.

AUDITORS

We have examined the books and accounts of Dominion Malting Company Limited for the year ended 31st July, 1946. 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 as shown by its books of the Company.

Winnipeg, Manitoba, 28th August, 1946.

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AT 31st JULY, 1946

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Accounts Payable and Accrued Expenses.....		\$ 68,973.07
Estimated amount payable on completion of additions to Plant and Equipment		39,771.00
Provision for estimated Income and Excess Profits Taxes.....		58,108.94
First Secured Bonds maturing 1st May, 1947.....		42,500.00
Accrued Bond Interest.....		7,331.25
		<u>\$ 216,684.26</u>

FIRST SECURED BONDS:

Authorized	\$2,000,000.00	
Issued, Series A.....	\$ 850,000.00	
Less: Redeemed 1st May, 1946.....	42,500.00	\$807,500.00
<p>\$42,500.00 maturing on 1st May of each of the years 1947 to 1965 inclusive. Interest payable at 3½% per annum on bonds maturing to 1st May 1955 and at 3¼% per annum on bonds maturing thereafter.</p>		
Less: Bonds maturing 1st May, 1947 shown as Current Liability.....	42,500.00	765,000.00
DEFERRED CREDIT TO SURPLUS — being estimated refundable portion of Excess Profits Tax — per contra.....		1,500.00
RESERVE FOR REDEMPTION OF PREFERRED SHARES.....		6,965.30

CAPITAL:

Authorized for issuance		
12,500 5% Cumulative Redeemable Sinking Fund Preferred Shares of \$100.00 each.		
125,000 Common Shares of No Par Value.		
Issued and fully paid		
8,500 Preferred Shares.....	\$ 850,000.00	
Less:		
65 Preferred Shares redeemed and cancelled.....	6,500.00	
8,435		\$843,500.00
78,800 Common Shares.....	192,680.00	1,036,180.00
EARNED SURPLUS: (per Statement III).....		578,614.62
The Company is a defendant in a certain action pending in the Court of King's Bench of Manitoba in respect of which the Company has received an agreement of indemnity.		
		<u>\$2,604,944.18</u>

REPORT

1946 and we report that we have obtained all the information and explanations we have required and that, in our opinion, the same are correct as shown by the information and the explanations given to us, and as shown by the

GEORGE A. TOUCHE & CO.
Chartered Accountants,
Auditors

Dominion Malting Company Limited

PROFIT AND LOSS STATEMENT

For the Year Ended 31st July, 1946

INCOME FROM THE COMPANY'S OPERATIONS after meeting all expenses including Executive Salaries \$28,700.00 but before taking into account the items shown below.....		\$307,714.87
Income from Investments.....		1,022.00
		\$308,736.87
Less: Depreciation	\$ 79,158.91	
Bond Interest.....	30,377.32	
Directors' Fees.....	3,200.00	112,736.23
		112,736.23
OPERATING PROFIT, before providing for Income and Excess Profits Taxes		\$196,000.64
Less: Provision for estimated Income and Excess Profits Taxes.....		80,000.00
NET PROFIT for the year ended 31st July, 1946, transferred to Earned Surplus (Statement III).....		\$116,000.64

STATEMENT III

STATEMENT OF EARNED SURPLUS

For the Year Ended 31st July, 1946

BALANCE at 31st July, 1945.....		\$535,193.03
Less: Dividends paid		
On 5% Preferred Shares.....	\$42,256.25	
On Common Shares.....	60,640.00	\$102,896.25
Premium on 5% Preferred Shares Redeemed.....	113.75	
Transferred to Reserve for redemption on Preferred Shares.....	6,965.30	109,975.30
		109,975.30
		\$425,217.73
Add: Balance transferred from Profit and Loss Account (Statement II)....	\$116,000.64	
Profit on Sale of Bonds.....	3,316.25	
Profit on Sale of Investments.....	34,080.00	153,396.89
		153,396.89
BALANCE at 31st July, 1946 (Statement I).....		\$578,614.62

DIRECTORS

J. A. GAIRDNER, *Chairman*
T. H. RATHJEN, *President*
G. S. SNELL, *Vice-President and General Manager*
J. S. D. TORY, K.C. R. H. WEBSTER V. W. TRYON
C. E. HAYLES D. A. THOMPSON

Secretary-Treasurer: L. G. BARNES *Assistant-Secretary:* F. W. DOWLER

Registrar:.....MONTREAL TRUST COMPANY, Toronto, Montreal and Winnipeg.
Transfer Agent:.....NATIONAL TRUST CO. LTD., Toronto, Montreal and Winnipeg.
Auditors:.....MESSRS. GEORGE A. TOUCHE & Co.
Solicitors:.....AIKINS, LOFTUS, MACAULAY & COMPANY