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Dominion Malting Company Limited

Winnipeg, Canada



REPORT

For the Year Ended July 31st, 1950

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OFFICERS

E. P. TAYLOR - - - - - *Chairman of the Board*
T. H. RATHJEN - - - - - *President*
G. S. SNELL - - - - - *Vice-President and General Manager*
L. G. BARNES - - - - - *Secretary-Treasurer*

DIRECTORS

E. P. TAYLOR	T. H. RATHJEN	G. S. SNELL
J. S. D. TORY, K.C.		V. W. TRYON
C. E. HAYLES	J. A. GAIRDNER	D. A. THOMPSON

REGISTRAR

NATIONAL TRUST COMPANY LIMITED
Winnipeg - Toronto

TRANSFER AGENT

NATIONAL TRUST COMPANY LIMITED
Winnipeg - Toronto

AUDITORS

MESSRS. GEORGE A. TOUCHE & Co.
Chartered Accountants
Winnipeg

SOLICITORS

AIKINS, MACAULAY, THOMPSON, TRITSCHLER & HINCH
Winnipeg

Dominion Malting Company Limited

TWENTY-THIRD ANNUAL REPORT OF THE DIRECTORS

For the Year Ended 31st July, 1950

To the Shareholders:

Your Directors have pleasure in presenting herewith the Financial Statements for the year ended 31st July, 1950, including the Balance Sheet and attached Auditors' Report.

A net amount of \$221,006.45 has been transferred from Profit and Loss to Earned Surplus Account. This amount shows an earning of \$2.30 per share on the Common shares after Preferred dividends, as compared with \$130,005.12, or \$1.13 per share, for the previous year, and has been arrived at after providing for Bond interest, depreciation, and other charges. Depreciation which amounts to \$156,462.84 has been calculated at the maximum rate allowable under the new Income Tax regulations. There has been set aside out of earnings an amount of \$260,000.00 for estimated income taxes and an amount of \$200,000.00 as a reserve against possible declines in inventory values. This reserve has been deemed advisable in view of the high prices for malting grades of barley prevailing at the close of the Company's financial year, which takes place prior to the new crop being marketed.

The Earned Surplus Account has been charged with the regular quarterly dividends accruing on the Preferred and Common shares, together with the quarterly dividend accruing 1st November, 1950, which was declared prior to the close of the Company's fiscal year. An amount of \$18,931.76 was transferred to the sinking fund for redemption of Preferred shares. On the credit side, \$16,038.08 was added back in respect of Income and Excess Profits Taxes which were over estimated in prior years, the Company now having been assessed up to and including the fiscal year ending in 1949. Supplementary Letters Patent were obtained in connection with \$40,000.00 in par value of Preferred shares redeemed since 1945 out of the sinking fund established for that purpose and this amount has been transferred from "Capital Surplus Resulting from the Redemption of Preferred Shares" into "Earned Surplus." Subsequently an additional 225 Preferred shares were redeemed and cancelled, making a total in all of 625 shares redeemed and cancelled.

The balance at credit of Earned Surplus Account amounts to \$752,730.35, an increase of \$109,252.77 over last year.

Trade Accounts Receivable amounting to \$276,417.67, are all current and, since the end of the year, have been collected in full. The inventories of barley, malt in process, etc., are higher in value than last year but this is principally due to the higher prices of the stocks on hand.

Working Capital, after providing for all known liabilities, including provision for estimated income taxes, redemption of First Secured Bonds, maturing 1st May, 1951, and Dividends payable on 1st November, 1950, amounts to \$1,443,115.88, an improvement of \$171,446.47 over the previous year.

Throughout the year the Company operated at full capacity except for a brief period when production of malt was halted as a precautionary measure due to the uncertainty of the power supply during the Winnipeg flood crisis. Our Plant being located out of the flood area, no damage to property resulted from the flood. The Plant and Equipment have been kept in good condition and capital expenditures and cost of repairs show a substantial decrease from the previous year.

Sales and shipments were maintained at a high level and domestic sales showed an improvement over last year. Export sales were also well maintained despite difficult competitive conditions due to the high price of Canadian barley. For the current year, business is continuing at a good pace and prospects for the balance of the year appear to be promising.

Your Directors and Officials desire to take this opportunity to express their appreciation of the loyal and efficient service rendered to the Company by all employees during the year.

On behalf of the Board of Directors,

T. H. RATHJEN,
President.

Winnipeg, Manitoba,
15th September, 1950.

Dominion Malting

BALANCE SHEET

ASSETS

CURRENT ASSETS

The Royal Bank of Canada Bank balances less outstanding cheques.....		\$ 78,459.11
Accounts Receivable		
Trade.....	\$ 276,417.67	
Employees' Canada Savings Bond Accounts (secured).....	1,824.94	
		278,242.61
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.....	\$1,683,479.14	
Less Reserve for Inventories.....	200,000.00	
		1,483,479.14
Prepaid Expenses.....		20,233.25
		\$1,860,414.11

MEMBERSHIPS AND SHARES IN GRAIN TRADE ORGANIZATIONS
(Approximate Market Value \$8,409.00)..... 6,909.00

FIXED ASSETS	<u>Cost</u>	<u>Reserve for Depreciation</u>	
Buildings.....	\$1,126,077.43	\$ 348,131.02	
Temporary Storage Annex.....	19,319.50	19,319.50	
Machinery and Equipment.....	839,737.52	731,667.23	
Furniture and Fixtures.....	13,847.02	7,610.38	
Truck.....	4,443.55	1,333.07	
	<u>\$2,003,425.02</u>	<u>\$1,108,061.20</u>	895,363.82
LEASE.....			6,680.00

Approved on behalf of the Board,
T. H. RATHJEN, *Director*.
G. S. SNELL, *Director*.

\$2,769,366.93

AUDITOR.

To the Shareholders of Dominion Malting Company Limited,
Winnipeg, Manitoba.

We have examined the books and accounts of Dominion Malting Company Limited for the year ended
The Company has provided depreciation on the diminishing balance method and at the maximum rates

We further report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a
ation and the explanations given to us, and as shown by the books of the Company.

Winnipeg, Manitoba.
14th September, 1950.

Company Limited

STATEMENT I

AT 31st JULY, 1950

LIABILITIES AND CAPITAL

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses.....	\$	116,410.71
Provision for estimated Income Taxes Payable.....		223,000.00
First Secured Bonds maturing 1st May, 1951		42,500.00
Accrued Bond Interest.....		5,843.77
Dividends Payable on 1st November, 1950.....		29,543.75
	\$	<u>417,298.23</u>

FIRST SECURED BONDS

Authorized.....	\$2,000,000.00	
Issued Series A.....	\$ 850,000.00	
Less Redeemed to 1st May, 1950.....	212,500.00	
		\$637,500.00
<p>\$42,500.00 maturing on 1st May of each of the years 1951 to 1965 inclusive. Interest payable at 3½% per annum on bonds maturing to 1st May, 1955 and at 3¾% per annum on bonds maturing thereafter.</p>		
Less Bonds maturing 1st May, 1951 shown as Current Liability.....	42,500.00	
		<u>595,000.00</u>

CAPITAL SURPLUS RESULTING FROM REDEMPTION OF PREFERRED SHARES

Balance at 31st July, 1949.....	\$ 45,226.59	
Add Amount transferred from Earned Surplus.....	18,931.76	
	\$ 64,158.35	
Less Amount transferred to Earned Surplus following reduction of Capital	40,000.00	
		<u>24,158.35</u>

CAPITAL

Authorized for issuance		
12,100 5% Cumulative Redeemable Sinking Fund Preferred Shares of \$100.00 each		
125,000 Common Shares of No Par Value		
Issued and fully paid		
8,100 Preferred Shares.....	\$ 810,000.00	
Less		
225 Preferred Shares redeemed and cancelled.....	22,500.00	
		\$787,500.00
7,875.....		192,680.00
78,800 Common Shares		<u>980,180.00</u>
EARNED SURPLUS (per Statement III).....		<u>752,730.35</u>
		<u>\$2,769,366.93</u>

REPORT

On 31st July, 1950 and we report that we have obtained all the information and explanations we have required. allowable under Income Tax regulations. true and correct view of the state of the Company's affairs at 31st July, 1950, according to the best of our inform-

GEORGE A. TOUCHE & CO.,
Chartered Accountants,
Auditors.

Dominion Malting Company Limited

PROFIT AND LOSS STATEMENT

For the Year Ended 31st July, 1950

INCOME FROM THE COMPANY'S OPERATIONS after meeting all expenses including Executive Salaries \$35,199.96 and Legal Fees \$2,000.00 but before taking into account the items shown below.....		\$863,172.46
INCOME FROM INVESTMENTS.....		1,987.50
		\$865,159.96
Less Depreciation.....	\$156,462.84	
Bond Interest.....	24,490.67	
Directors' Fees.....	3,200.00	
		184,153.51
PROFIT for the year ended 31st July, 1950 before providing for the undermentioned items.....		\$681,006.45
Less Provision for estimated Income Taxes.....	\$260,000.00	
Appropriated for Reserve for Inventories.....	200,000.00	
		460,000.00
NET AMOUNT transferred to Earned Surplus (Statement III).....		\$221,006.45

Dominion Malting Company Limited

Winnipeg, Canada

TAKE NOTICE that the Annual General Meeting of Shareholders of Dominion Malting Company Limited will be held at the offices of the Company at 412 Grain Exchange Building, in the City of Winnipeg, Province of Manitoba, on Monday, the 16th day of October, 1950 at the hour of 12 o'clock noon, for the following purposes:

1. To receive and consider the report of the Directors of the Company, the balance sheet and statement of profit and loss and the auditor's report.
2. To elect directors.
3. To appoint auditors.
4. To ratify, sanction and confirm all acts and proceedings of the directors and officers of the Company since the date of the last annual meeting of the Shareholders of the Company.
5. To transact such other business as may properly come before the meeting.

DATED at Winnipeg, Manitoba, this 29th day of September, 1950.

L. G. BARNES,
Secretary-Treasurer.

NOTE: If you are not able to be present kindly sign and return the enclosed proxy to the Secretary-Treasurer at 412 Grain Exchange Building, Winnipeg, Canada.

Dominion Malting Company Limited

Winnipeg, Canada

PROXY

KNOW ALL MEN by these presents that I/we, the undersigned, a shareholder of DOMINION MALTING COMPANY LIMITED, do hereby appoint E. P. TAYLOR, a shareholder of said Company, or failing him THOMAS H. RATHJEN, a shareholder of said Company, or failing him GEO. S. SNELL, a shareholder of said Company, to be my/our true and lawful proxy, with power of substitution, for me/us and in my/our name and on my/our behalf to vote as my/our proxy at the Annual General Meeting of Shareholders of the Company to be held on Monday the 16th day of October 1950 at the hour of 12:00 o'clock noon at the head office of the Company, 412 Grain Exchange Building, Winnipeg, Canada, and at any and all adjournments thereof; with full power to waive all irregularity, if any, in the calling or holding of the said meeting and to vote on my/our behalf, as fully and effectually as I/we might do if personally present and voting at the said meeting.

DATED at.....in.....

this.....day of October, 1950.

WITNESS:

.....
Signature of Shareholder

.....
Number of shares held.....

Dominion Malting Company Limited

STATEMENT OF EARNED SURPLUS

For the Year Ended 31st July, 1950

BALANCE at 31st July, 1949.....		\$643,477.58
<i>Less Dividends</i>		
On 5% Preferred Shares.....	\$49,631.25	
On Common Shares.....	98,500.00	
	\$148,131.25	
Premium on 5% Preferred Shares redeemed.....		728.75
Transferred to Capital Surplus resulting from redemption of Preferred Shares.....		18,931.76
		167,791.76
		\$475,685.82
<i>Add</i> Balance transferred from Profit and Loss Account (Statement II).....	\$221,006.45	
Adjustment in respect of Income and Excess Profits taxes of prior years....	16,038.08	
Transferred from Capital Surplus resulting from redemption of Preferred Shares following reduction of Capital.....	40,000.00	
	277,044.53	
BALANCE at 31st July, 1950 (Statement I).....		\$752,730.35

