

**FEDERAL GRAIN
LIMITED**

Annual Report

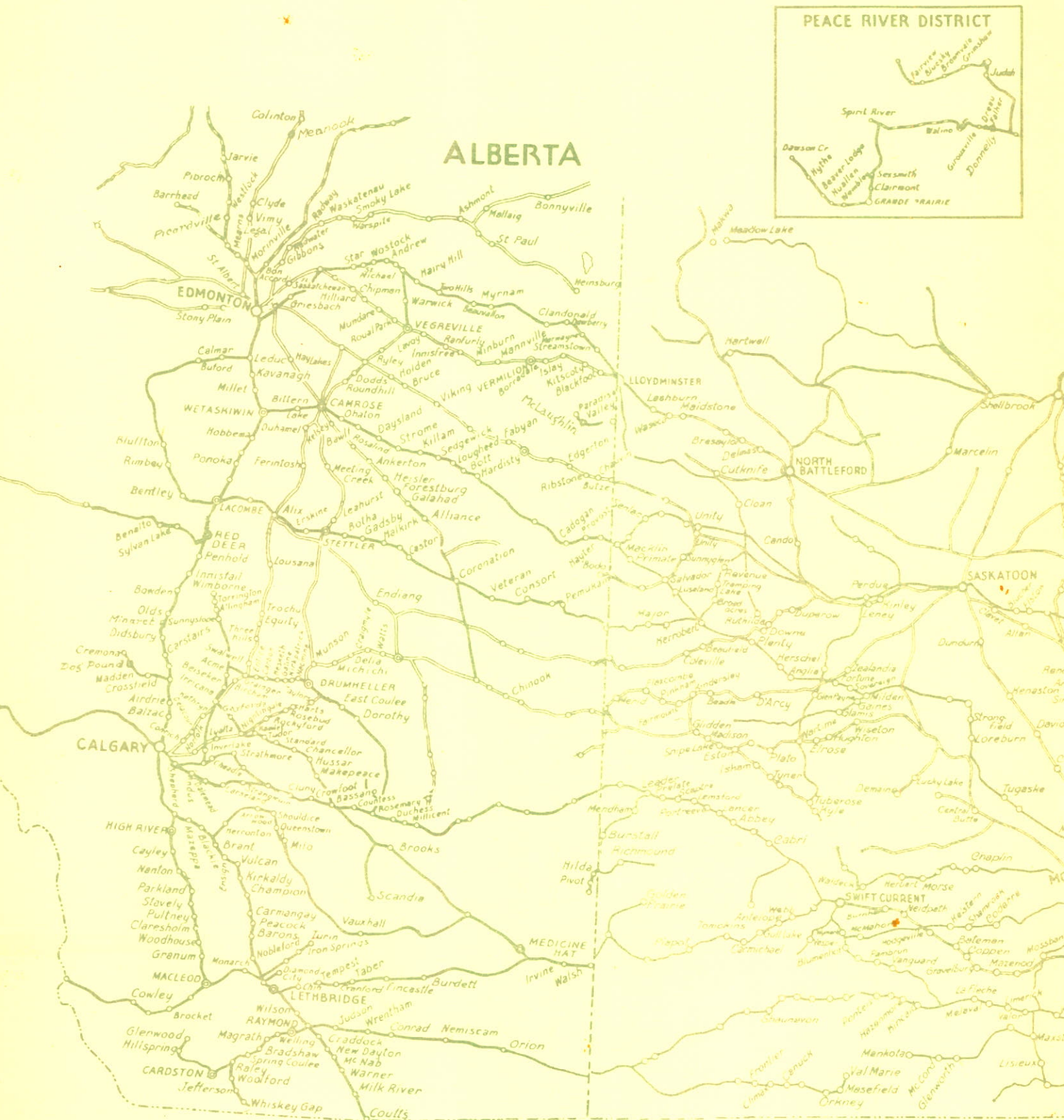
YEAR ENDED JULY 31st, 1951

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Map of Country Elevators of Federal Grain Limited
and The Alberta Pacific Grain Co. (1943) Ltd.





Workhouse and Track Sheds of one of the Company's
Terminal Elevators at the Head of the Lake

Federal Grain, Limited

Winnipeg, Canada

BOARD OF DIRECTORS

H. E. SELLERS, C.B.E., *President and Managing Director*

H. C. MACGREGOR, *Vice-President and General Manager*

T. H. RATHJEN, C.A., *Treasurer*

A. W. SELLERS, *Vice-President and Asst. General Manager*

H. J. SYMINGTON, C.M.G., K.C.

V. W. TRYON

A. H. WILLIAMSON

H. W. WEBSTER

H. E. SWIFT, K.C.

Secretary: A. R. STRACHAN

Registrar

THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg

Transfer Agents

THE MONTREAL TRUST COMPANY, Toronto and Montreal

THE NORTHERN TRUSTS COMPANY, Winnipeg

Auditors

GEORGE A. TOUCHE & CO.

Solicitors

SWIFT, MACLEOD & DEACON

Annual Report of the Directors

TO THE SHAREHOLDERS:

Your Directors have pleasure in presenting the Annual Report of your Company and its Subsidiaries for the year ended July 31, 1951.

For comparative purposes the Consolidated Balance Sheet, Surplus Account, and Profit and Loss of your Company and its Subsidiaries are shown as at July 31, 1951, and as at July 31, 1950.

The net combined profit from operations after provision for taxes, is \$584,719.59, and this amount, together with gains realized from the sale of various assets, amounting to \$100,866.79, has been credited to Surplus Account.

Dominion, Provincial and Municipal taxes paid, or provided for, total \$815,772.29, or the equivalent of 58 per cent of the net earnings of the Company after operating expenses other than taxes.

Combined Working Capital of \$4,413,312.02 shows an increase from the previous year of \$135,574.49. Serial Bonds were redeemed in an amount of \$300,000.00. Dividends paid, and provided for, total \$369,000.00. Expenditures made in building new elevators, remodelling others and the addition of extra equipment, amounted to \$266,000.00. Annexes, cottages and coal sheds required a capital outlay of \$429,000.00. On other properties a sum of \$112,000.00 was required.

Patronage Dividends in the amount of \$326,905.45 were provided for distribution to the customers of the Company and its Subsidiary. The volume of grain handled shows a considerable increase over the previous year and again it is pleasing to note that your Company continues to maintain its relative position on country elevator markets where it has elevators. These results indicate that the Company and its elevator agents enjoy the continued good-will of its customers. While it is recognized that capital expenditures are heavy, it is essential that facilities for a high standard of service be provided in order to retain this good-will, and the Company will continue to make every effort to give such service.

You will be interested in the graph which appears elsewhere in this report, and which shows the increased costs in construction, operating expenses and taxes compared to the base period 1939. You will no doubt be surprised to learn that while all expenses as shown on the graph have increased enormously, yet generally speaking the handling charge received for grain handled through country elevators is the same today as it was in the base period, and the storage rate is now lower than in the base period.

This year's grain crop, after passing through most of the hazards that can beset a grain crop, finally arrived at maturity and it may be that, taking all grains, it will prove to be the largest crop ever grown in Western Canada, the estimates at the present time indicating a production of 1,152,000,000 bushels. Unfortunately, during the latter part of September harvesting was delayed due to rain and snow. The result will be that grades will be lowered to some extent, and there may also be a reduction in bushels. Due to congestion at some country and terminal points and the overall transportation problem, it is difficult to estimate whether our handling this year will exceed last year's figures even though the production of all grains this year shows a very substantial increase.

Under the Plan which was approved by the shareholders last year, twenty per cent. of the net earnings, after providing for Preferred dividends, is to be applied in purchasing and /or redeeming Preferred Shares (if this does not have the effect of reducing Working Capital below Four Million Dollars). The sum of \$75,000.00 has been set aside for this purpose.

During the year under review the rate of dividend declared on Preferred Shares was on a $6\frac{1}{2}\%$ basis to December 28, 1950, and from then on the rate was 7%. Total regular dividends amount to \$6.80 per \$100.00 of Preferred Shares and, in addition, an extra payment of \$5.50 per Preferred Share was paid on arrears of the old Preferred Shares.

Your Directors take this opportunity of expressing their appreciation to all members of the Company's organization, for it is as a result of their combined efforts that the Company has been able to complete another year of satisfactory progress.

All your Directors retire at the Annual Meeting, which is to be held on November 9, and are eligible for re-election.

On behalf of the Board of Directors,

H. E. SELLERS,
President.

WINNIPEG, MANITOBA,
OCTOBER 12, 1951.

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Consolidated Balance

ASSETS		31st July 1951	31st July 1950
CURRENT ASSETS			
Cash in transit and with Paying Agents, etc.....	\$	402,205.51	\$ 376,462.27
Accounts Receivable			
General Accounts.....		367,445.61	355,695.70
Agents' Cottage Loans.....		33,931.21	20,257.03
Employees' Accounts.....		14,737.77	10,655.41
Advances secured by grain.....		25,667.22	11,832.40
Stocks on hand, as certified by responsible officials			
Grain purchased for account of The Canadian Wheat Board: valued on the basis of Board prices less freight, etc.....		16,850,651.41	7,927,349.32
Grain, less stored grain: valued on the basis of relative closing market quotations.....		245,324.99	304,681.11
The Canadian Wheat Board Agency Wheat Stocks: valued on the basis of Board prices plus shipping charges.....		300,508.96	795,830.39
Coal, Sacks, Feed Grain, Seed and Supplies: valued at the lower of cost or market.....		503,091.62	444,122.95
Accrued Earnings.....		190,281.88	135,762.48
Prepaid Expenses.....		179,183.77	103,776.55
		<u>\$19,113,029.95</u>	<u>\$10,486,425.61</u>
INVESTMENTS			
Memberships and Shares in Grain Trade Organizations.....	\$	292,660.08	\$ 295,449.54
Federal Grain, Limited 18-Year 4% First Mortgage Bonds due 1964, at cost (Par Value \$248,500.00).....			253,653.75
		<u>\$ 292,660.08</u>	<u>\$ 549,103.29</u>
INVESTMENTS IN SHARES OF OTHER GRAIN COMPANIES, at cost.....	\$	938,492.40	
PROPERTIES			
Terminal and country elevators, temporary bins, coal sheds, dwellings, flour sheds, automobiles, furniture and miscellaneous buildings and equipment, at cost, less Reserve for Depreciation of \$12,142,851.64 at 31st July 1951 and \$11,699,667.77 at 31st July 1950.....		\$ 6,832,322.10	\$ 6,800,302.60
DEFERRED CHARGES			
Employees' Retirement Annuity Plans—Payments re past services, less amounts written off.....	\$	49,823.60	\$ 72,992.20
Approved on behalf of the Board, H. E. SELLERS, <i>Director</i> . T. H. RATHJEN, <i>Director</i> .			
		<u>\$27,226,328.13</u>	<u>\$17,908,823.70</u>

This is the Balance Sheet referred to

GEORGE A.

Chartered

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IN, LIMITED

ED SUBSIDIARIES

heet at 31st July 1951

STATEMENT I

LIABILITIES AND CAPITAL		
	31st July 1951	31st July 1950
CURRENT LIABILITIES		
Bank Loans (secured)	\$ 7,825,679.50	\$ 880,129.50
Outstanding Cheques, less Current Account balances	1,036,236.95	1,367,117.11
Outstanding Cash Tickets and Orders	3,730,937.99	2,450,970.47
Patronage Dividend accrued seasons 1950-51 and 1949-50	326,905.45	276,229.16
Sundry Creditors	1,380,392.86	923,492.80
Accrued Taxes, including provision for estimated taxes on income	347,065.18	262,149.04
Dividend Payable	52,500.00	48,600.00
	<u>\$14,699,717.93</u>	<u>\$ 6,208,688.08</u>
DEBENTURES PAYABLE on 16th October 1952, redeemable at the option of the Company on or after 16th October 1951, with interest at the rate of 3% per annum		
	<u>\$ 800,000.00</u>	
FIRST MORTGAGE AND COLLATERAL TRUST BONDS		
Authorized	<u>\$10,000,000.00</u>	
Issued		
18-Year 4% Bonds due 1964	\$ 3,000,000.00	\$ 3,000,000.00
Serial 4% Bonds (less redeemed)	1,500,000.00	1,800,000.00
\$300,000.00 maturing on 1st February in each of the years 1952 to 1956 inclusive.		
	<u>\$ 4,500,000.00</u>	<u>\$ 4,800,000.00</u>
EMPLOYEES' RETIREMENT RESERVE	<u>\$ 153,471.31</u>	<u>\$ 141,471.31</u>
PROVISION FOR UNCOMPLETED REPAIRS AND SPECIAL ALTERATIONS ...	<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>
CAPITAL		
Authorized		
150,000 \$1.40 Cumulative Redeemable Preference Shares of the Par Value of \$20.00 each		
160,000 Class A Common Shares without Nominal or Par Value		
40,000 Class B Common Shares without Nominal or Par Value		
Issued and fully paid		
150,000 Preference Shares of \$20.00 each	\$ 3,000,000.00	\$ 3,000,000.00
30,000 Preference Shares of \$100.00 each		
200,000 Common Shares		
Amount apportioned as Capital	1,250,000.00	1,250,000.00
	<u>\$ 4,250,000.00</u>	<u>\$ 4,250,000.00</u>
DISTRIBUTABLE SURPLUS		
Balance at 31st July 1950 and 31st July 1949	\$ 295,065.77	\$ 295,065.77
EARNED SURPLUS—Statement II	<u>\$ 2,328,073.12</u>	<u>\$ 2,013,598.54</u>
30,000 Preference Shares of \$100.00 each were converted into 150,000 new Preference Shares of \$20.00 each by Supplementary Letters Patent dated 28th December 1950.		
	<u>\$27,226,328.13</u>	<u>\$17,908,823.70</u>

in our report dated 2nd October 1951.

UCHE & Co.

countants,

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STATEMENT II

FEDERAL GRAIN, LIMITED

AND ITS WHOLLY OWNED SUBSIDIARIES

Consolidated Statement of Earned Surplus

For the Year Ended 31st July 1951

	<i>Year Ended 31st July</i>	
	<i>1951</i>	<i>1950</i>
Balance at 31st July 1950 and 31st July 1949.....	\$2,013,598.54	\$1,683,094.09
<i>Deduct</i> Preference Dividends (including dividend paid 1st August 1951 and 1st August 1950).....		
6½ % Cumulative (Redeemable) Preference Shares of \$100.00 each.	244,500.00	270,000.00
\$1.40 Cumulative Redeemable Preference Shares of \$20.00 each....	124,500.00	
	<u>\$1,644,598.54</u>	<u>\$1,413,094.09</u>
 <i>Add</i> Refundable portion received re 1944 Excess Profits Tax.....		14,621.70
Adjustments arising from prior years tax assessments	28,379.39	3,675.40
Excess realized on disposal of fixed assets, etc.....	100,866.79	118,392.14
Inter Company adjustments on consolidation.....	30,491.19*	45,654.23
Net Profit for the year—Statement III.....	<u>584,719.59</u>	<u>418,160.98</u>
Balance at 31st July 1951 and 31st July 1950.....	<u>\$2,328,073.12</u>	<u>\$2,013,598.54</u>

*Denotes red figure

STATEMENT III

FEDERAL GRAIN, LIMITED

AND ITS WHOLLY OWNED SUBSIDIARIES

Consolidated Statement of Income and Expenditure

For the Year Ended 31st July 1951

	<i>Year Ended 31st July</i>	
	<i>1951</i>	<i>1950</i>
Income from the Company's operations after meeting all expenses including Executive Salaries and Legal Fees \$145,729.54 but before taking into account the items shown below	\$1,842,723.36	\$1,596,701.11
<i>Less</i> Depreciation	\$ 667,790.17	\$ 596,251.66
Bond Interest	181,468.00	188,060.00
Provision for Uncompleted Repairs and Special Alterations		100,000.00
Directors' Fees	3,000.00	3,000.00
	<u>\$ 852,258.17</u>	<u>\$ 887,311.66</u>
Operating Profit	\$ 990,465.19	\$ 709,389.45
Income from Investments	21,254.40	46,771.53
Profit, before providing for estimated taxes on income	\$1,011,719.59	\$ 756,160.98
<i>Less</i> Provision for estimated taxes on income	427,000.00	338,000.00
Net Profit transferred to Earned Surplus—Statement II	<u>\$ 584,719.59</u>	<u>\$ 418,160.98</u>

GEORGE A. TOUCHE & Co.
CHARTERED ACCOUNTANTS

MONTREAL, TORONTO, WINNIPEG, REGINA,
EDMONTON, CALGARY, VANCOUVER, VICTORIA

356 MAIN STREET
WINNIPEG

REPRESENTED IN THE
UNITED STATES OF AMERICA AND GREAT BRITAIN

AUDITORS' REPORT

To the Shareholders,
Federal Grain, Limited,
Winnipeg.

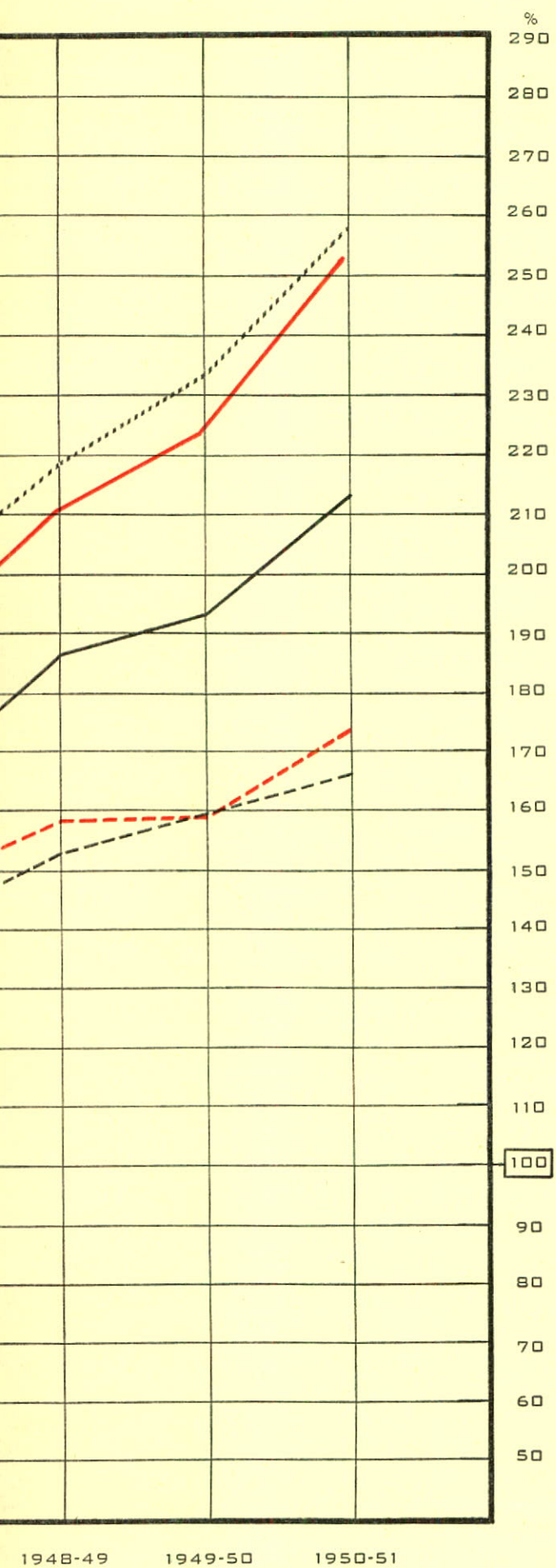
We have examined the books and accounts of Federal Grain, Limited for the year ended 31st July 1951, and report that we obtained all the information and explanations we required.

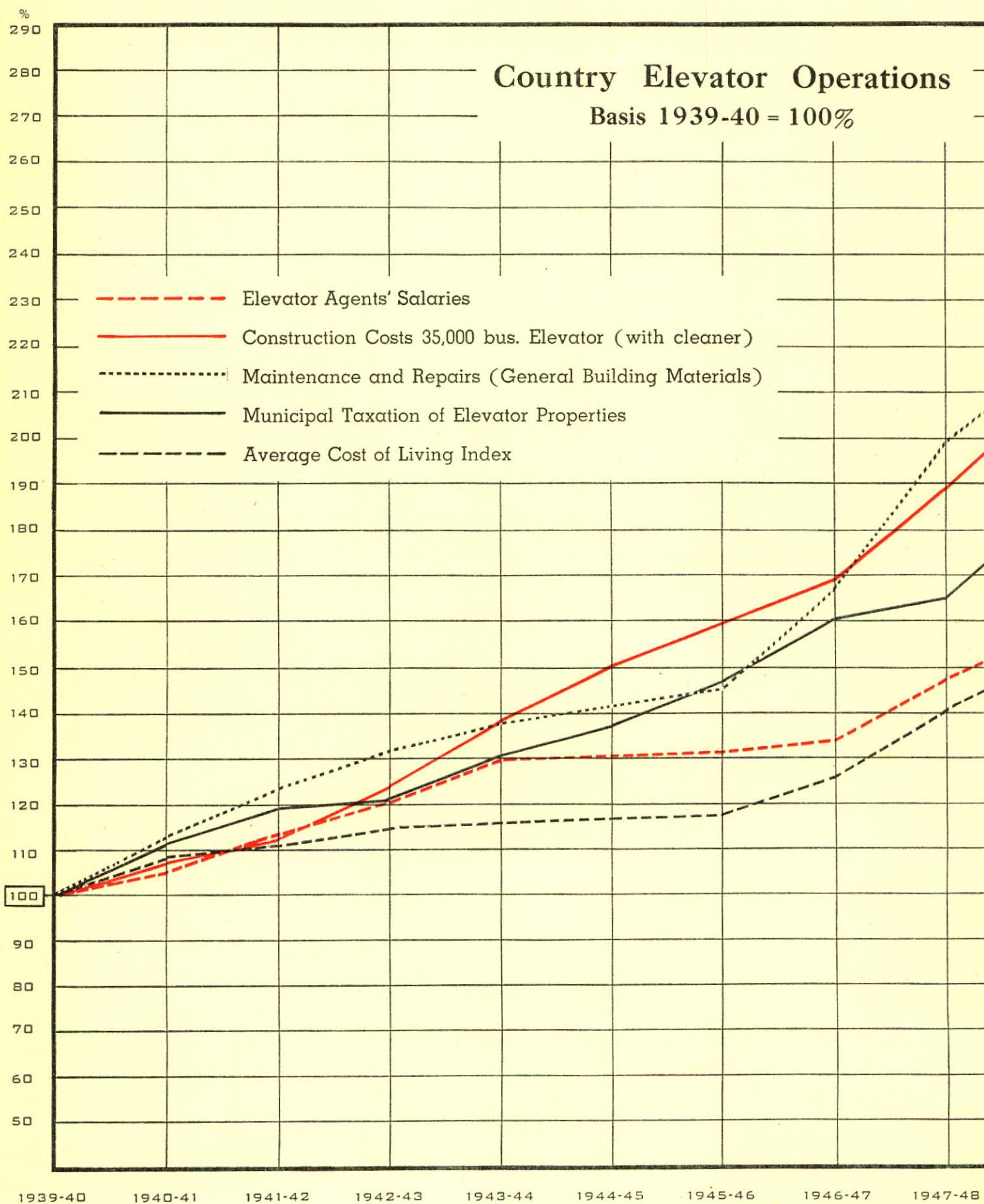
In connection with The Alberta Pacific Grain Co. (1943) Ltd., a wholly owned subsidiary of Federal Grain, Limited, we inspected the Consolidated Balance Sheet thereof prepared as of 30th June 1951 together with the related Consolidated Statements of Income and Expenditure and Earned Surplus and the reports thereon of the Auditors, Messrs. Glendinning, Jarrett, Gray & Roberts. These accounts are included in the attached Consolidated Balance Sheet, consideration having been given to any necessary adjustments due to the differing dates of the Companies' year ends.

In our opinion, based on the explanations above given, the attached Consolidated Balance Sheet and related Consolidated Statements of Income and Expenditure and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Federal Grain, Limited and its wholly owned subsidiaries, according to the best of our information and the explanations given to us, and as shown by the books of Federal Grain, Limited, and the Audited Accounts of The Alberta Pacific Grain Co. (1943) Ltd.

Winnipeg,
2nd October 1951.

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





Elevators located at all points shown on map with the exception of the following:—Calgary, Camrose, Edmonton, Medicine Hat, and Vegreville, in Alberta; Lloydminster, Moose Jaw, North Battleford, Prince Albert, Regina, Saskatoon, and Yorkton, in Saskatchewan.

