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# Federal Grain Limited

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## ANNUAL REPORT

YEAR ENDED 31st JULY 1949

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





# Federal Grain Limited

Winnipeg, Canada

## BOARD OF DIRECTORS

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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 & 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.

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*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:*

The Directors have pleasure in presenting to the Shareholders the Annual Report of your Company and its Subsidiaries for the year ended July 31, 1949.

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, 1949, and as at July 31, 1948.

The net combined profit from operations, after provision for taxes, is shown at \$433,253.67, and this amount, together with gains realized from the sale of various assets, amounting to \$294,269.71 has been credited to Surplus Account.

Dominion, Provincial and Municipal taxes paid, or provided for, total \$648,527.33. There has again been a very substantial increase in taxes paid by your Company on its country elevator and terminal elevator properties.

Combined Working Capital of \$4,656,546.80 shows a decrease from the previous year of \$589,013.09. During the period under review, net expenditures of a capital nature in connection with the properties of the Company and its Subsidiaries, amounted to \$945,737.02. Serial Bonds were redeemed during the year to the amount of \$300,000.00. Dividends paid and provided for total \$495,000.00.

The capital expenditures made on the Company's properties included the rebuilding of some country elevators, and extensive alterations to others. It was also necessary to acquire or build dwellings, in order to provide living accommodation for a number of our country elevator agents. During the year a number of annexes were constructed at points which did not have sufficient space to take care of the volume of grain being handled. Capital expenditures of a substantial amount were made in connection with the installation of dust collecting systems and other safeguards in your terminal properties. It is anticipated that during the course of the next year further substantial amounts will be spent in completing these installations.

From Operating Income, the sum of \$303,574.38 was provided to be distributed among the customers of the Company and its Subsidiary, as patronage dividends. It is gratifying to advise you that the volume of grain handled by the Company through its country elevators was, generally speaking, satisfactory, and on the whole the percentage handled by the Company during the past few years was maintained.

The Dominion Bureau of Statistics, on September 15th, estimated the total crops for the Prairie Provinces as 664,086,000 bushels. This is a reduction from the previous year's crop of 104,094,000 bushels. While approximately 20% of our country elevators are situated in areas where there is either no crop at all, or at the best a very light crop, nevertheless it is anticipated that the Company will handle a satisfactory volume of the total amount of grain which will be delivered.



While some increases in handling charges were granted by the Board of Grain Commissioners for the 1949-50 crop year, on the whole, these are again not sufficient to take care of the increased operating costs.

The regular quarterly dividends due during the year, amounting in total to \$6.50 per share on the Preferred Shares, were declared. In addition to the regular dividends on the Preferred Shares, the sum of \$10.00 per share has been paid on arrears of dividends. Payments made on arrears on the Preferred Shares during the last three fiscal years amount to \$24.25 per share, leaving a balance of arrears of \$50.00 per share.

The action brought by one of the Class "B" Shareholders against the Company, its Directors and others, inter alia to set aside certain transfers of 20,229 Class "B" shares of the Company, and to cancel the said shares, referred to in the last Annual Report of the Directors, has been dismissed with the consent of all parties.

A map has been printed on the inside cover of this report which shows the location of the country elevators of your Company and its Subsidiary in Manitoba, Saskatchewan, Alberta and Peace River. We believe this will be of interest to you. In addition to the country elevators as shown on the map, your Company, or its Subsidiary, owns terminal elevators at Fort William, Port Arthur and Vancouver.

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 and are eligible for re-election.

On behalf of the Board of Directors,

H. E. SELLERS,

*President.*

WINNIPEG, MANITOBA,  
October 13, 1949.

# FEDERAL GR

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### Consolidated Balance

ASSETS	31st July 1949	31st July 1948
<b>CURRENT ASSETS</b>		
Cash at Banks, less outstanding cheques .....	\$ 1,095,251.65	\$ 2,576,482.04
Cash in transit and with Paying Agents, etc. ....	385,812.65	321,731.94
Accounts Receivable		
General Accounts .....	301,219.75	292,556.42
Agents' Cottage Loans .....	21,014.76	18,453.14
Employees' Accounts .....	11,606.97	9,790.19
Advances secured by grain .....	52,708.72	8,465.44
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. ....	4,425,031.15	3,865,711.72
Grain, less stored grain: valued on the basis of relative closing market quotations .....	1,240,570.67	628,896.85
The Canadian Wheat Board Agency Wheat Stocks: valued on the basis of Board prices plus shipping charges .....	309,514.27	18,220.23
Coal, Sacks, Feed Grain, Seed and Supplies: valued at the lower of cost or market .....	433,188.67	610,163.78
Accrued Earnings .....	130,641.46	71,618.53
Prepaid Expenses .....	112,170.66	95,490.61
	<u>\$ 8,518,731.38</u>	<u>\$ 8,517,580.89</u>
<b>INVESTMENTS</b>		
Memberships and Shares in Grain Trade Organizations .....	\$ 295,072.54	\$ 222,840.55
Federal Grain, Limited 18-Year 4% First Mortgage Bonds due 1964, at cost (Par Value \$248,500.00 at 31st July 1949 and 31st July 1948)....	253,653.75	253,653.75
	<u>\$ 548,726.29</u>	<u>\$ 476,494.30</u>
<b>DEFERRED ACCOUNT RECEIVABLE—being estimated refundable portion of Excess Profits Tax .....</b>		
	<u>\$ 17,098.14</u>	<u>\$ 17,478.70</u>
<b>PROPERTIES</b>		
Terminal and Country Elevators, Temporary Bins, Coal Sheds, Dwell- ings, Flour Sheds, Automobiles, Furniture and Miscellaneous Build- ings and Equipment, at cost, less Reserve for Depreciation of \$11,- 336,702.55 at 31st July 1949 and \$11,032,801.14 at 31st July 1948....	\$ 6,343,725.97	\$ 5,811,988.63
<b>DEFERRED CHARGES</b>		
Employees' Retirement Annuity Plans—Payments re past services, less amounts written off .....	\$ 96,160.80	\$ 119,329.40
	<u>\$ 96,160.80</u>	<u>\$ 119,329.40</u>
<p style="text-align: center;">Approved on behalf of the Board,  H. E. SELLERS, <i>Director</i>.  T. H. RATHJEN, <i>Director</i>.</p>		
	<u>\$15,524,442.58</u>	<u>\$14,942,871.92</u>

This is the Balance Sheet referred to in  
GEORGE A. TO  
Chartered A  
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# AIN, LIMITED

## OWNED SUBSIDIARIES

meet at 31st July 1949

## STATEMENT I

LIABILITIES AND CAPITAL		31st July 1949	31st July 1948
CURRENT LIABILITIES			
Outstanding Cash Tickets and Orders.....		\$ 2,471,524.52	\$ 1,811,131.17
Patronage Dividend accrued season 1948-49 and season 1947-48.....		303,574.38	246,183.66
Sundry Creditors.....		682,418.58	843,083.04
Accrued Taxes, including provision for estimated taxes on income.....		281,067.10	296,623.13
Dividend Payable.....		123,600.00	75,000.00
		<u>\$ 3,862,184.58</u>	<u>\$ 3,272,021.00</u>
FIRST MORTGAGE AND COLLATERAL TRUST BONDS			
Authorized.....	\$10,000,000.00		
Issued			
18-Year 4% Bonds due 1964.....		\$ 3,000,000.00	\$ 3,000,000.00
Serial 4% Bonds (less redeemed).....		2,100,000.00	2,400,000.00
\$300,000.00 maturing on 1st February in each of the years 1950 to 1956 inclusive.			
		<u>\$ 5,100,000.00</u>	<u>\$ 5,400,000.00</u>
EMPLOYEES' RETIREMENT RESERVE.....		\$ 217,000.00	\$ 205,000.00
PROVISION FOR UNCOMPLETED REPAIRS AND SPECIAL ALTERATIONS.....		\$ 100,000.00	
CAPITAL			
Authorized			
40,000 6½% Cumulative Preference Shares of \$100.00 each, redeem- able at the option of the Company			
160,000 Class A Common Shares of No Par Value			
40,000 Class B Common Shares of No Par Value			
Issued and fully paid			
30,000 Preference Shares.....		\$ 3,000,000.00	\$ 3,000,000.00
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 1948 and 31st July 1947.....		\$ 295,065.77	\$ 295,065.77
EARNED SURPLUS—Statement II.....		\$ 1,683,094.09	\$ 1,503,306.45
DEFERRED CREDIT TO SURPLUS—being estimated refundable portion of Excess Profits Tax—per contra.....		\$ 17,098.14	\$ 17,478.70
CUMULATIVE PREFERENCE DIVIDENDS IN ARREAR, <u>\$1,500,000.00</u>			
		<u>\$15,524,442.58</u>	<u>\$14,942,871.92</u>

our report dated 13th October 1949.

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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 1949

	<i>Year Ended 31st July 1949</i>	<i>1948</i>
Balance at 31st July 1948 and 31st July 1947 .....	\$1,503,306.45	\$1,190,687.10
<i>Deduct</i> Preference Dividends (including dividend paid 1st August 1949 and 15th August 1948).....	\$ 495,000.00	\$ 345,000.00
Adjustment re prior years Income and Excess Profits Taxes.....		48,594.97
	<u>\$ 495,000.00</u>	<u>\$ 393,594.97</u>
	\$1,008,306.45	\$ 797,092.13
<i>Add</i> Refund of Premiums on U.S. Bond Interest.....	1,000.00	13,500.00
Refundable portion received re 1942 Excess Profits Tax.....		846.76
Excess realized on disposal of fixed assets, etc.....	294,269.71	
Inter Company adjustments on consolidation.....	53,735.74	142,920.97
Net Profit for the year—Statement III .....	433,253.67	548,946.59
Balance at 31st July 1949 and 31st July 1948.....	<u>\$1,683,094.09</u>	<u>\$1,503,306.45</u>

*NOTE*—The excess realized on disposal of fixed assets, etc., for the year ended 31st July 1948 amounting to \$205,747.30, was included in the net profit of that year.

*NOTE*—Italics represent red figures.



## STATEMENT III

# FEDERAL GRAIN, LIMITED

## and its Wholly Owned Subsidiaries

### CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended 31st July 1949

	<i>Year Ended 31st July</i> 1949	<i>1948</i>
Income from the Company's operations after meeting all expenses including Executive Salaries and Legal Fees \$115,918.32 but before taking into account the items shown below.....	\$1,593,501.42	\$1,393,447.61
<i>Less</i> Depreciation.....	\$ 636,861.65	\$ 643,815.33
Bond Interest.....	200,060.00	214,359.04
Provision for Uncompleted Repairs and Special Alterations.....	100,000.00	
Directors' Fees.....	3,000.00	3,000.00
	<u>\$ 939,921.65</u>	<u>\$ 861,174.37</u>
Operating Profit.....	\$ 653,579.77	\$ 532,273.24
Income from Investments.....	86,673.90	47,926.05
Profit, before providing for estimated taxes on income.....	\$ 740,253.67	\$ 580,199.29
<i>Less</i> Provision for estimated taxes on income.....	307,000.00	237,000.00
	<u>\$ 433,253.67</u>	<u>\$ 343,199.29</u>
<i>Add</i> Excess realized on disposal of fixed assets, etc.....		205,747.30
Net Profit transferred to Earned Surplus—Statement II.....	<u>\$ 433,253.67</u>	<u>\$ 548,946.59</u>

*NOTE*—The excess realized on disposal of fixed assets, etc., for the year ended 31st July 1949 amounting to \$294,269.71, has been credited directly to Earned Surplus.

GEORGE A. TOUCHE & Co.  
CHARTERED ACCOUNTANTS

MONTREAL, KINGSTON, 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 1949, 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 1949, 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.

GEORGE A. TOUCHE & CO.,

*Chartered Accountants,  
Auditors.*

Winnipeg,  
13th October 1949.



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



