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CANADA MALTING CO.,
— LIMITED

Annual Report

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For the Year Ending December 31, 1948

CANADA MALTING CO., LIMITED

Board of Directors

ERIC S. CLARKE	WALTER C. LAIDLAW
J. E. GRANT	LEIGH M. McCARTHY
CARR HATCH	GORDON McMILLAN, K.C.
JOHN P. HEIGHTON	C. H. S. MICHIE
ANDREW RANKINE	

Executive Officers

LEIGH M. McCARTHY	CHAIRMAN OF THE BOARD
ERIC S. CLARKE	PRESIDENT AND MANAGING-DIRECTOR
WALTER C. LAIDLAW	VICE-PRESIDENT
CARR HATCH	VICE-PRESIDENT IN CHARGE OF SALES
GEORGE J. WILLIAMS	SECRETARY
JOHN McClATCHIE	TREASURER

Transfer Agent

THE TORONTO GENERAL TRUSTS CORPORATION
TORONTO, ONT. - - MONTREAL, QUE.

Registrar

MONTREAL TRUST COMPANY
TORONTO, ONT. - - MONTREAL, QUE.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS OF
CANADA MALTING CO., LIMITED

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1948

The Board of Directors submits herewith the Annual Report of your Company together with the Balance Sheet and Statement of Profit and Loss and Earned Surplus, for the twelve months ended December 31, 1948, as certified by the Auditors of the Company, Messrs. Price, Waterhouse & Co.

After allowing for depreciation of \$500,000.00 as compared with \$350,000.00 last year and increasing the reserve against future decline in inventory values from \$200,000.00 to \$300,000.00, the net operating profit for the year amounted to \$626,364.38. The corresponding figure for the previous year was \$632,672.99.

Income from investments and profit on the sale of securities was \$106,202.86, making a combined net profit of \$732,567.24, or approximately \$3.68 per share. In 1947 the total net profit equalled \$3.37 per share.

You will note that Bank Advances have been substantially reduced, due in part to lower inventories.

Total shipments for 1948 were the highest in the history of your Company. Malt supplied to the brewing industry, by far the largest domestic market, showed an increase during the year. Other domestic malt shipments were lower than in the previous year, this being offset by an increase in export business.

The necessary repairs and replacements to plants and properties have been carried out, and they are all in proper operating condition.

During the year the Company Group Insurance has been adjusted so that on retirement each employee holds a fully paid-up Life Insurance Policy, the Company bearing the extra cost of this additional protection.

Your Directors take pleasure in recording the Board's appreciation of the loyalty, co-operation and efficient efforts of all employees of the Company throughout the year under review.

On behalf of the Board of Directors.

ERIC S. CLARKE,
President and Managing Director.

CANADA MALTING
BALANCE SHEET AS

ASSETS

CURRENT ASSETS:

Cash on hand	\$	2,300.00	
Marketable securities, at cost		303,082.50	
(Quoted market value-\$487,402.50)			
Accounts receivable, less reserve		1,067,274.70	
Refundable portion of excess profits tax recoverable in 1949		148,749.16	
Inventories, as determined and certified to by responsible officers of the com- pany: Malt, barley, etc.—on the basis of the lower of approximate cost or market, less reserve	\$	9,656,917.38	
Operating supplies—on the basis of cost		216,919.21	9,873,836.59
			<u>\$11,395,242.95</u>

OTHER ASSETS:

Prepaid insurance, taxes, etc.	\$	56,645.34	
Grain Exchange Seats and Memberships in Clearing Associations, less amounts written off		19,451.00	
Refundable portion of excess profits tax recoverable in the years 1950-51 inclusive		228,260.63	
			<u>304,356.97</u>

FIXED ASSETS, based on appraised depre-
ciated values, as reported by Canadian
Appraisal Company Limited as at June
25, 1927, plus subsequent additions, at
cost:

Land	\$	261,021.31	
Buildings	\$	4,857,093.83	
Plant and Equipment		4,839,862.17	
		<u>9,957,977.31</u>	
Less—Reserve for depreciation	\$	4,706,166.08	4,990,789.92
			<u>5,251,811.23</u>
			<u><u>\$16,951,411.15</u></u>

AUDITORS' REPORT TO

We have examined the balance sheet of Canada Malting Co., Limited as at
for the year ending on that date and have obtained all the information and explanation
and other supporting evidence and such other procedures as we considered appropriate

In our opinion, the above balance sheet and related statement of profit and loss
the state of the company's affairs as at December 31, 1948, and the results of the
information and the explanations given to us and as shown by the books of the company

TORONTO, March 4, 1949.

NG CO., LIMITED

OF DECEMBER 31, 1948

LIABILITIES

CURRENT LIABILITIES:

Bank advances (partially secured)	\$5,269,711.23	
Accounts payable and accrued liabilities	973,095.87	
Reserve for taxes on income	446,975.44	
First (Closed) Serial Debentures due July 1, 1949	400,000.00	
		\$7,089,782.54

RESERVE AGAINST FUTURE DECLINE IN INVENTORY VALUES 300,000.00

FIRST (CLOSED) 2½% SERIAL DEBENTURES:

Maturing \$400,000 annually on July 1, 1949 - 1952 secured by a first floating charge on the property and assets	\$1,600,000.00	
Less—Amount maturing in 1949 included in current liabilities	400,000.00	
		1,200,000.00

CAPITAL STOCK AND SURPLUS:

Capital Stock—no par value Authorized—200,000 shares. Issued—198,972 shares	\$4,441,960.00	
Capital Surplus (no change during the year)	797,676.01	
Earned Surplus, as per statement attached	3,121,992.60	
		8,361,628.61

Approved on behalf of the Board:

WALTER C. LAIDLAW, *Director.*

LEIGH M. McCARTHY, *Director.*

\$16,951,411.15

THE SHAREHOLDERS:

December 31, 1948, and the related statement of profit and loss and earned surplus which we required. Our examination included such tests of the accounting records in the circumstances.

and earned surplus are properly drawn up so as to exhibit a true and correct view of company's operations for the year ending on that date, according to the best of our ny.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

CANADA MALTING CO., LIMITED

COMPARATIVE STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS
FOR THE YEARS ENDING DECEMBER 31, 1947 AND 1948

PROFIT AND LOSS

	<u>1947</u>	<u>1948</u>
Profit from operations before providing for the under- noted charges, but after providing in 1948 an amount of \$100,000.00 as reserve for future decline in inven- tory values	\$1,512,149.52	\$1,881,737.93
 DEDUCT—		
Directors' Fees	\$ 2,000.00	\$ 2,000.00
Legal fees and remuneration of executive officers and salaried directors	73,032.83	93,467.07
Provision for depreciation	350,000.00	500,000.00
Debenture interest	19,246.58	45,000.00
	\$ 444,279.41	\$ 640,467.07
	\$1,067,870.11	\$1,241,270.86
 DEDUCT—		
Provision for taxes on income	435,197.12	570,117.02
Provision for taxes on inventory reserve		44,789.46
	\$ 435,197.12	\$ 614,906.48
	632,672.99	626,364.38
 ADD—		
Income from investments	37,329.74	37,741.45
Profit on securities sold	370.68	68,461.41
	\$ 670,373.41	\$ 732,567.24

EARNED SURPLUS

Balance at beginning of year	\$2,128,050.33	\$2,766,632.91
 ADD—		
Refundable portion of excess profits tax for the years 1942-1945 inclusive	465,639.17	
Adjustment of income and excess profits taxes for the years 1940-1946 inclusive		120,222.45
	\$2,593,689.50	\$2,886,855.36
ADD—Net profit for the year	670,373.41	732,567.24
	\$3,264,062.91	\$3,619,422.60
DEDUCT— Dividends paid (\$2.50 per share)	497,430.00	497,430.00
	\$2,766,632.91	\$3,121,992.60

CANADA MALTING CO., LIMITED

Malthouses and Elevators

Montreal, Que.

Winnipeg, Man.

Toronto, Ont.

Calgary, Alta.

Port Arthur, Ont.

Executive Offices

TORONTO - ONTARIO

