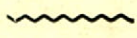


C
stock

CANADA MALTING CO.,
LIMITED

Annual Report

iii



PURVIS HALL
LIBRARIES
JUN 11 1953
McGILL UNIVERSITY

For the Year Ending December 31, 1947

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
WALTER C. LAIDLAW	VICE-PRESIDENT
CARR HATCH	MANAGING-DIRECTOR
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, 1947

Your Directors submit the Annual Report of the Company together with Balance Sheet and Statement of Profit and Loss and Earned Surplus for the twelve months ended December 31, 1947, with the Report of your Auditors, Messrs. Price, Waterhouse & Co.

The net operating profit for the year, after deducting all expenses and providing for taxes on income and \$350,000.00 for depreciation, amounted to \$632,672.99. This compares with \$468,397.74 in the preceding year.

The income from investments and profit on the sale of securities was \$37,700.42, making a combined net profit of \$670,373.41 or approximately \$3.37 per share. In 1946 the net profit per share equalled \$3.27.

The addition to the Calgary Malthouse and Elevator came into operation in April, 1947, and the Port Arthur Malthouse started production in December.

Formerly the credit arising from the refundable portion of Excess Profits Tax was not included in earned surplus but as it is recoverable in the years 1948 to 1951 inclusive, it was decided to transfer the balance in the account to earned surplus as of January 1, 1947.

In view of the capital expenditures made during the past three years, your Directors deemed it advisable to obtain additional operating funds and \$2,000,000.00 in First (Closed) Serial Debentures were sold last July, the rate of interest being 2½%—the Debentures to be redeemed over a five year period.

The very substantial increase in Bank Advances is due in part to the increase in the quantity of barley purchased, to supply the greater malting capacity. Also the price of barley in December, 1947, had advanced approximately 150% over the cost per bushel in 1946. This combination of increased quantities at higher prices entailed a very large investment in stocks of grain.

All plants worked at capacity during the year, and shipments were somewhat greater than in 1946. Your properties have been well maintained.

Recently your Company instituted a Welfare Plan for sickness and accident from non-occupational causes. This Plan provides weekly indemnity to employees, and hospital, surgical and medical payments for employees and their dependents. The Company and employees share the cost of this protection.

The completion of another year of continuous operation has only been achieved through the efficient efforts and co-operation of all employees of the Company, for which your Board records its appreciation.

On behalf of the Board of Directors.

ERIC S. CLARKE, *President.*

CANADA MALTING

BALANCE SHEET AS AT

A S S E T S

CURRENT ASSETS:

Cash on hand	\$	1,700.00	
Deposit with Winnipeg Grain & Produce Exchange Clearing Association		390,000.00	
Marketable securities, at cost		585,584.94	
(Quoted market value—\$831,227)			
Accounts receivable, less reserve		1,061,199.65	
Equalization fees paid to the Canadian Wheat Board		135,211.74	
Refundable portion of excess profits tax recoverable in 1948		51,500.00	
Inventories, as determined and certified to by responsible officers of the company:			
Malt, barley, etc.—on the basis of the lower of approximate cost or market, less reserve	\$	11,117,666.40	
Operating supplies—on the basis of cost		193,559.49	
		<u>11,311,225.89</u>	
			<u>\$13,536,422.22</u>

OTHER ASSETS:

Prepaid insurance, taxes, etc.	\$	65,343.67	
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 1949-51 inclusive		414,139.17	
		<u>498,933.84</u>	

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

Land	\$	261,021.31	
Buildings	\$	4,857,863.84	
Plant and equipment		4,468,495.56	
		<u>\$ 9,326,359.40</u>	
Less—Reserve for depreciation		4,207,166.08	
		<u>5,119,193.32</u>	
			<u>5,380,214.63</u>
			<u><u>\$19,415,570.69</u></u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the balance sheet of Canada Malting Co., Limited as at the year ending on that date. In connection therewith, we examined or tested the accounting methods and obtained all the information and explanations which we

We report that, in our opinion, the above balance sheet and related statements give a true and correct view of the state of the company's affairs as at December 31, 1947, and the best of our information and the explanations given to us and as shown by the books

TORONTO, March 3, 1948.

NG CO., LIMITED

OF DECEMBER 31, 1947

L I A B I L I T I E S

CURRENT LIABILITIES:

Bank advances (partially secured)	\$7,994,424.08	
Accounts payable and accrued liabilities	876,065.20	
Reserve for income and excess profits taxes	338,812.49	
First (Closed) Serial Debentures due July 1, 1948	400,000.00	
		\$9,609,301.77

RESERVE AGAINST FUTURE DECLINE IN INVENTORY VALUES	200,000.00
--	------------

FIRST (CLOSED) 2½% SERIAL DEBENTURES:

Maturing \$400,000 annually on July 1, 1948 - 1952 secured by a first floating charge on the property and assets	\$2,000,000.00	
Less—Amount maturing in 1948 included in current liabilities	400,000.00	
		1,600,000.00

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	2,766,632.91	
		8,006,268.92

Approved on behalf of the Board:

W. C. LAIDLAW, Director.

ERIC S. CLARKE, Director.

\$19,415,570.69

December 31, 1947, and the related statement of profit and loss and earned surplus accounting records and other supporting evidence; we also made a general review of required.

of profit and loss and earned surplus are properly drawn up so as to exhibit a true the results of the company's operations for the year ending on that date, according to s of the company.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

CANADA MALTING CO., LIMITED

COMPARATIVE STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS
FOR THE YEARS ENDING DECEMBER 31, 1946 AND 1947

PROFIT AND LOSS

	<u>1946</u>	<u>1947</u>
Profit from operations before providing for the under- noted charges	\$1,226,196.49	\$1,512,149.52
DEDUCT—		
Directors' fees	\$ 1,875.00	\$ 2,000.00
Legal fees and remuneration of executive officers and salaried directors	72,980.01	73,032.83
Debenture interest		19,246.58
Provision for depreciation	298,514.05	350,000.00
	<u>\$ 373,369.06</u>	<u>\$ 444,279.41</u>
	\$ 852,827.43	\$1,067,870.11
DEDUCT—Provision for taxes on income	384,429.69	435,197.12
	<u>\$ 468,397.74</u>	<u>632,672.99</u>
ADD—Income from investments, etc.	183,949.41	37,700.42
NET PROFIT CARRIED TO EARNED SURPLUS	<u>\$ 652,347.15</u>	<u>\$ 670,373.41</u>

EARNED SURPLUS

Balance at beginning of year	\$1,973,133 18	\$2,128,050.33
ADD—Refundable portion of excess profits tax for the years 1942-45 inclusive		465,639.17
	<u>\$1,973,133.18</u>	<u>\$2,593,689.50</u>
ADD—Net profit for the year	652,347.15	670,373.41
	<u>\$2,625,480.33</u>	<u>\$3,264,062.91</u>
DEDUCT—Dividends paid (\$2.50 per share)	497,430.00	497,430.00
BALANCE AT END OF YEAR	<u>\$2,128,050.33</u>	<u>\$2,766,632.91</u>

CANADA MALTING CO., LIMITED

Malthouses and Elevators

Montreal, Que.

Winnipeg, Man.

Toronto, Ont.

Calgary, Alta.

Port Arthur, Ont.

Executive Offices

TORONTO - ONTARIO

