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CANADA MALTING CO.  
— LIMITED

**Annual Report**

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For the Year Ending December 31, 1946

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# 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	

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## *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

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## *Transfer Agent*

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

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## *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, 1946

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Your Board of Directors submits the Annual Report of the Company together with Balance Sheet and Profit and Loss Statement for the twelve months ended December 31, 1946, with the Report of your Auditors, Messrs. Price, Waterhouse & Co.

Operating profits, before allowing for depreciation and making provision for taxes, were lower than in 1945. Increased operating costs and a further falling off in the quality of available barley largely accounted for this decline.

After reserving \$298,514.05 for depreciation and providing \$384,429.69 for income and excess profits taxes, the net profit amounted to \$652,347.15, of which \$44,235.16 was derived from income from investments, and \$139,714.25 being profit on sale of securities.

The final net profit, as shown by the Profit and Loss Statements, equalled \$3.27 per share, as compared with \$2.92 per share in 1945. Dividends paid during the year amounted to \$2.50 per share.

Increased bank advances reflect larger inventories and capital expenditures made during the year. The latter include additions to the Calgary malthouse and elevator, and the purchase of a 2,500,000 bushel elevator at Port Arthur, where a new malthouse is now under construction. The cost of the elevator was \$725,000.00. It has been leased until required for storage purposes in connection with the new malthouse. It is expected that the Calgary addition will be in operation by April, 1947, and the Port Arthur malthouse before the end of the year.

This increase in your Company's productive capacity was considered advisable, in order to protect the domestic trade against any possible shortage of supplies.

Domestic malt sales were the highest in the Company's history. This necessitated the curtailment of export shipments, which were lower than in the previous year. The combined total slightly exceeded the 1945 volume.

Your plants and properties, while operating to capacity, were maintained in satisfactory condition.

At the request of Mr. John P. Heighton, his resignation as Secretary and Treasurer was accepted by your Board. Holding these offices since 1933, and having been connected with the Malting Industry in Canada for over fifty-three years, Mr. Heighton's experience and judgment have made his services of great value to the Company.

Mr. George J. Williams, who has been with the Company for nineteen years, has replaced Mr. Heighton as Secretary. Mr. John McClatchie, who holds the position of Comptroller, has been appointed Treasurer.

Your Directors record, with deep regret, the death of Mr. Harry C. Hatch. As Vice-President, his outstanding ability and sound judgment exerted an important influence on the progress of the Company. The loss is felt personally by the Members of the Board, as he held the confidence and esteem of all who worked with him.

Mr. Walter C. Laidlaw has been elected Vice-President of the Company. The vacancies created in your Board of Directors by the death of Mr. H. C. Hatch and the resignation of Mr. George Bailey have been filled by the election of Mr. Gordon McMillan, K.C., and Mr. Andrew Rankine. Mr. Rankine is Manager of the Montreal Plant.

Your Board wishes to record its appreciation of the loyalty, co-operation and efficient efforts of all employees of the Company.

On behalf of the Board.

ERIC S. CLARKE, *President.*

CANADA MALTING  
BALANCE SHEET AS

A S S E T S

CURRENT ASSETS:

Cash on hand and in banks .....	\$	9,263.99
Investment in marketable securities, at cost (Market value \$819,833.00)		574,616.26
Accounts receivable, less reserve .....		662,607.41
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 .....		\$4,448,808.98
Coal, bags, etc.—on the basis of cost ....		173,705.83
		4,622,514.81
		\$5,869,002.47
REFUNDABLE PORTION OF EXCESS PROFITS TAX		465,639.17

GRAIN EXCHANGE SEATS AND MEMBERSHIPS IN CLEARING ASSOCIATIONS, less amount written off .....		19,451.00
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DEFERRED CHARGES:

Prepaid taxes, insurance, etc. ....	\$	23,638.49
Equalization fees paid to The Canadian Wheat Board .....		265,428.36
		289,066.85

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 .....		253,507.81
Buildings .....	\$4,378,080.89	
Plant and equipment .....	3,165,897.27	
		\$7,543,978.16
Less—Reserve for depreciation .....	3,857,166.08	
		3,686,812.08
		3,940,319.89
		\$10,583,479.38

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the books and accounts of Canada Malting Co., Limited, for  
and explanations which we have required; and we report that, in our opinion, the above  
of the company's affairs as at December 31, 1946, according to the best of our information.

TORONTO, March 7, 1947.

NG CO., LIMITED

OF DECEMBER 31, 1946

L I A B I L I T I E S

CURRENT LIABILITIES:

Bank advances (secured) .....	\$1,816,104.20	
Accounts payable and accrued liabilities .....	522,225.76	
Reserve for income, excess profits and other taxes .....	211,823.91	
		\$2,550,153.87

RESERVE AGAINST FUTURE DEPRECIATION IN INVENTORY  
VALUES .....

200,000.00

CAPITAL AND SURPLUS:

Capital stock—		
Represented by 198,972 shares without nominal or par value .....	\$4,441,960.00	
(Authorized 200,000 shares)		
Capital surplus (no change during the year) .....	797,676.01	
		\$5,239,636.01
Earned surplus (as per statement attached) .....	2,128,050.33	
Refundable portion of excess profits tax .....	465,639.17	
		7,833,325.51

CONTRACTUAL OBLIGATIONS:

In respect of commitments for capital expenditures—  
approximately \$1,200,000.00.

Approved on behalf of the Board:

L. M. McCARTHY, Director.

ERIC S. CLARKE, Director.

\$10,583,479.38

the year ending December 31, 1946, and have been furnished with all the information  
the balance sheet is properly drawn up so as to exhibit a true and correct view of the state  
of affairs and the explanations given to us, and as shown by the books 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, 1945 AND 1946

## P R O F I T   A N D   L O S S

PARTICULARS	1 9 4 5	1 9 4 6
Profit from operations for the year after charging all manufacturing, selling and general expenses, but before providing for the under-noted charges -----	\$1,864,622.62	\$1,226,196.49
DEDUCT—		
Directors' fees -----	\$ 2,500.00	\$ 1,875.00
Total amount paid or provided as counsel and solicitors' fees, and remuneration and fees of executive officers and directors who hold salaried positions in the company -----	56,380.73      58,880.73	72,980.01      74,855.01
 OPERATING PROFIT FOR THE YEAR, before providing for depreciation of buildings, plant and equipment and income and excess profits taxes	\$1,805,741.89	\$1,151,341.48
DEDUCT—Provision for depreciation of buildings, plant and equipment -----	267,580.42	298,514.05
	\$1,538,161.47	\$ 852,827.43
DEDUCT—Provision for Dominion income and excess profits taxes (before deducting refundable portion of excess profits tax:		
1945—\$131,784.97,	1,058,626.71	384,429.69
1946—nil)	\$ 479,534.76	\$ 468,397.74
ADD—Income from investments, etc. -----	102,219.57	183,949.41
NET PROFIT FOR THE YEARS ending December 31, 1945 and 1946, carried to Earned Surplus -----	\$ 581,754.33	\$ 652,347.15
EARNED SURPLUS		
Balance as at December 31, 1944 and 1945 -----	\$1,888,808.85	\$1,973,133.18
ADD—		
Net profit for the years ending December 31, 1945 and 1946 -----	\$581,754.33	\$652,347.15
DEDUCT—Dividends paid -----	497,430.00      84,324.33	497,430.00      154,917.15
BALANCE AS AT DECEMBER 31, 1945 and 1946 -----	\$1,973,133.18	\$2,128,050.33

# CANADA MALTING CO., LIMITED

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## *Malthouses and Elevators*

Montreal, Que.

Winnipeg, Man.

Toronto, Ont.

Calgary, Alta.

Port Arthur, Ont.

(Malthouse now under construction)

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## *Executive Offices*

TORONTO - ONTARIO

