

C

ANNUAL STATEMENT 1955

LAKE OF THE WOODS MILLING COMPANY
LIMITED

and its wholly owned subsidiaries

President and General Manager
R. R. HUTCHISON

Vice-Presidents

ROSS CLARKSON

J. M. PEAREN

Directors

A. ATKINS

ROSS CLARKSON

H. NORMAN DAVIS

N. J. DAWES

R. R. HUTCHISON

J. M. PEAREN

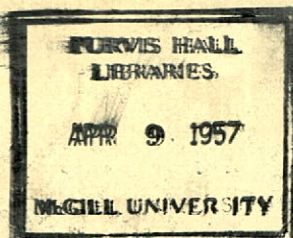
J. H. PILLMAN

ALPHONSE RAYMOND

J. W. TAIT

Secretary D. A. MACINNES
Treasurer T. A. RAINE

Transfer Agents—Crown Trust Company, Montreal and Toronto
Registrars—Montreal Trust Company, Montreal and Toronto



TO THE SHAREHOLDERS:

The Directors submit herewith the Consolidated Balance Sheet and Profit and Loss and Surplus Account which show the result of the Company's operations for the year ended August 31st, 1955.

Profit for the year, including profit on sale of investments and fixed assets, also income from investments, amounted to.....	\$558,719.47
Dividends paid were as follows:—	
Seven percent on the Preferred Stock.....	\$105,000.00
Ninety Cents (90¢) per share on the Common Stock.....	132,920.10
Total distribution during the year being.....	<u>237,920.10</u>
And there was added to Surplus Account the balance of.....	<u>\$320,799.37</u>

In view of the constant trend towards paper bags and bulk delivery, and the consequent decline in the use of fabric bags, it was decided to dispose of the bag plant and machinery belonging to the Company's wholly owned subsidiary, The Sunset Manufacturing Company Limited. The profit derived from this sale accounts for most of the item of \$323,533.14 included in Surplus Account under the heading of "Profit on Sale of Investments and Fixed Assets."

Last October The Ogilvie Flour Mills Company Limited made an offer to the Common shareholders of Lake of the Woods Milling Company Limited to exchange stock on the basis of one share of Ogilvie Common stock, plus \$10 cash for one share of Lake of the Woods Common stock. The offer was duly accepted, and by the end of the company year The Ogilvie Flour Mills Company Limited was the owner of all outstanding Common shares.

Considerable economies have been effected by the tying in of our production and warehouse facilities with those of Ogilvie, but continuing severe competition, with resultant lower flour profits, has offset the substantial savings made, notwithstanding that sales of flour on the domestic market were well maintained.

The operation of the Company's line elevators was most satisfactory.


The Company has recently re-organized its sales departments to make them more effective, and, in addition to its well-known brand, Five Roses Flour, and related products, has entered the Prepared Mix market under the brand name "Five Roses Cake Mix", comprising Chocolate Fudge, Golden Yellow, White, Honey Spice and Banana Fiesta varieties. The Company has increased its advertising appropriation for the introduction of these mixes, and favourable public acceptance is already evident.

Our subsidiary company, Inter City Baking Company Limited, had reasonably satisfactory profits for its year ended January 31st, 1955.

It is with deep regret that we record the death of Mr. Walter A. Hastings, a Vice-President and Director, who so well served the Company for many years.

The Directors wish to record their appreciation of, and to give thanks to, the employees for their loyal and efficient service.

ON BEHALF OF THE BOARD,



President.

LAKE OF THE WOODS MILL

AND ITS WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31st AUGUST, 1955 with comparative figures as at 31st August, 1954

CURRENT ASSETS	1955	1954
Cash on Hand and in Banks (Net).....	\$ 399,681.67	\$ 97,636.48
Investments (Market Value 1955—\$112,488, 1954—\$124,488).....	1.00	1.00
Accounts Receivable: (Including advances for account of The Canadian Wheat Board) After providing for bad and doubtful accounts.....	5,334,117.43	5,443,093.88
Inventories, valued as follows: Grain at approximate market value Flour and Feed at approximate manufactured cost Bags at approximate cost.....	2,372,003.27	3,150,807.04
Total Current Assets.....	<u>8,105,803.37</u>	<u>8,691,538.40</u>
 CURRENT LIABILITIES		
Bank Loans—Secured.....	227,000.00	1,274,000.00
Accounts Payable.....	642,293.40	603,436.79
Provision for Federal, Provincial and Municipal Taxes.....	149,501.76	194,749.22
	<u>1,018,795.16</u>	<u>2,072,186.01</u>
Working Capital.....	7,087,008.21	6,619,352.39
 OTHER ASSETS		
Deferred Charges to Revenue.....	42,680.15	41,511.19
Sundry Investments—Grain Exchange Seat, etc.....	6,528.00	6,529.00
Investment in Controlled Company—Allied Industry at cost less amount written off.....	712,870.62	711,648.12
 PROPERTY ACCOUNT		
Land, Water Power, Buildings, Machinery and Equipment at cost, less depreciation applied.....	\$7,438,954.00	
LESS: Reserve for Depreciation.....	<u>3,712,108.96</u>	3,876,091.95
Goodwill, Trade Marks, etc.....	250,000.00	250,000.00
	<u>11,825,932.02</u>	<u>11,505,132.65</u>
 RESERVES		
Insurance and other reserves.....	\$ 150,133.23	
Provision for possible decline in inventory values.....	125,000.00	
Provision for future advertising expenditures.....	<u>125,000.00</u>	400,133.23
Excess of net Assets over Liabilities and Reserves.....	<u>\$11,425,798.79</u>	<u>\$11,104,999.42</u>
 SHAREHOLDERS' EQUITIES		
Preferred Stock Authorized, Issued and Fully Paid— 15,000 Seven percent Cumulative Preferred shares of \$100.00 each.....	\$ 1,500,000.00	\$ 1,500,000.00
Common Stock Authorized 200,000 shares of no par value Issued 147,689 shares.....	\$2,953,780.00	
Earnings retained for use in business—Earned Surplus.....	<u>6,972,018.79</u>	9,604,999.42
	<u>\$11,425,798.79</u>	<u>\$11,104,999.42</u>
 CONTINGENT LIABILITY		
On Customers Paper under discount.....	\$ 703,501.13	\$ 440,480.35
 Approved on behalf of the Board:		
ROSS R. HUTCHISON	}	Directors.
ROSS CLARKSON		

MILLING COMPANY, LIMITED

AND SUBSIDIARY COMPANIES

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31st AUGUST, 1955 with comparative figures for the year ended 31st August, 1954.

	1955	1954
Net operating profit for the year.....	\$ 660,941.00	\$ 757,351.82
ADD:		
Investment Income.....	6,548.99	7,744.37
Dividends from investments in the Controlled Company.....	70,123.50	69,498.50
	<u>737,613.49</u>	<u>834,594.69</u>
LESS:		
Interest.....	56,859.70	92,825.66
Depreciation.....	189,524.81	164,571.32
Directors' Fees.....	7,002.49	6,215.13
Executive Salaries.....	93,733.58	92,802.16
Legal Fees.....	2,323.70	454.03
	<u>349,444.28</u>	<u>356,868.30</u>
Provision for Estimated Income Tax.....	388,169.21	477,726.39
	<u>153,012.88</u>	<u>179,164.79</u>
Net Income for year, carried to Statement of Earned Surplus.....	<u>\$ 235,156.33</u>	<u>\$ 298,561.60</u>

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st AUGUST, 1955 with comparative figures for the year ended 31st August, 1954.

	1955	1954
Balance at previous 31st August.....	\$6,651,219.42	\$6,574,090.91
ADD:		
Profit on sale of investments and fixed assets.....	323,563.14	
Sundry adjustments of prior years.....		119,869.31
	<u>6,974,782.56</u>	<u>6,693,960.22</u>
ADD:		
Net Income for year as per statement of Income and Expenditure.....	235,156.33	298,561.60
	<u>7,209,938.89</u>	<u>6,992,521.82</u>
DEDUCT:		
Dividend on Cumulative Preferred Stock.....	105,000.00	105,000.00
Dividend on Common Stock.....	132,920.10	236,302.40
	<u>237,920.10</u>	<u>341,302.40</u>
Balance per Consolidated Balance Sheet.....	<u>\$6,972,018.79</u>	<u>\$6,651,219.42</u>

TO THE SHAREHOLDERS

LAKE OF THE WOODS MILLING COMPANY, LIMITED

We have examined the books and accounts of Lake of the Woods Milling Company, Limited and of its Wholly Owned Subsidiary Companies for the year ended 31st August, 1955.

The dividends paid by the Controlled Company were less than its earnings during the period under review.

The inventories of stocks on hand have been determined and certified correct by responsible officials of the Companies, and we have satisfied ourselves that the basis of valuation is as stated.

We have obtained all the information and explanations we have required and, in our opinion, the attached Consolidated Balance Sheet as at 31st August, 1955, is properly drawn up so as to exhibit a true and correct view of the state of the Combined Companies' affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Companies.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,

MONTREAL, 11TH OCTOBER, 1955.

Chartered Accountants.

