

The

OGILVIE FLOUR MILLS

COMPANY LIMITED



ANNUAL REPORT

For the Year Ended 31st August

1945

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The
OGILVIE FLOUR MILLS
COMPANY LIMITED

●
FOUNDED 1801



Head Office: MONTREAL, P.Q.

Mills at

MONTREAL

FORT WILLIAM

WINNIPEG

MEDICINE HAT

EDMONTON

ANNUAL REPORT

For the Year Ended 31st August

1945

To the shareholders of

THE OGILVIE FLOUR MILLS COMPANY, Limited

Your directors present herewith the Balance Sheet and Profit and Loss Account of the Company for the year ended August 31st, 1945, certified by your auditors, Messrs. Creak, Cushing & Hodgson.

Profits for the year, after all charges for administration, maintenance and depreciation, and after making provision for taxes estimated to be payable, amounted to..... \$1,411,864.86
from which there was appropriated the sum of..... 300,000.00

for the purposes of writing down "Other Investments and Mortgages", and increasing "Depreciation on Buildings and Machinery", leaving net profits for the year of..... 1,111,864.86
out of which there were paid, or reserved for payment, the following dividends:

\$7.00 per share on the Preferred Stock	\$140,000.00	
\$1.00 " " " " Common "	600,000.00	740,000.00

and there was added to Earned Surplus
Account the balance of..... \$ 371,864.86

Flour mill, cereal mill and feed mill production reached peak figures for many years, the demand for all our products being greater than our productive capacity.

On the other hand, wheat and coarse grain handlings through our country and terminal elevator system were not as great as in recent years, due to smaller crops.

Operating earnings were, in consequence, slightly lower than a year ago.

Investment income was also lower, due to the sale of some of our security holdings.

Substantial capital gains were, however, realized as a result of these sales, so that total net income was in excess of that of a year ago, to the extent of \$356,860.71.

Capital gains are not available for dividend purposes under existing governmental controls, therefore occasion was taken in connection with this special income to write down "Other Investments and Mortgages" as noted. We also increased "Depreciation on Buildings and Machinery," having regard to the effect of prevailing high costs of construction and machinery and equipment, as well as burdensome taxation, upon our present programme of plant modernization, expansion and improvement.

Expenditures on account of new buildings, machinery and equipment were heavy, and working capital decreased by \$249,128.99.

We have large commitments on Capital Account still to be taken care of, but provision for financing these obligations has been made, as revealed in the Balance Sheet, sufficient cash and Treasury Bills being held for this purpose.

The spread between the book value and the fair market value of the investment portfolio showed a further increase as compared with a year ago, in addition to the gains realized on sales made.

Progress was made with the building of the new flour mill in Montreal, but shortages of labour and material seriously hampered the work.

Progress was also made with the production of wheat starch at Fort William, in spite of the difficulties inherent in translating laboratory findings to commercial operations. Output is increasing and new uses, as well as new markets, are being developed for both gluten and modified starches.

We believe it to be of vital importance to the future of our business that we should undertake continuous scientific research in cereals and we hope to render service of value to Canada, as well as to ourselves, through the work of our technical staff along these lines.

Crop conditions and harvesting weather this year have been far from favourable. Some districts had too much rain; others not enough. Hail and frost caused much damage. All grains suffered—wheat particularly so. Weights per bushel, protein and moisture percentages, are very variable. These factors make the miller's problems more difficult. There will also be less grain to handle through our elevator system during the current year.

It is interesting to note that during the year under review we received from all sources the sum of..... \$48,104,000.00

Out of each dollar so received, we paid—

For wheat, coarse grains, etc., including freight....	87.3 cents
“ cost of services—such as fuel, power and sundries and for plant maintenance.....	2.4 “
“ taxes (not including sales taxes).....	1.8 “
“ salaries and wages to workers, including welfare and pensions.....	5.4 “
“ dividends to shareholders.....	1.5 “
retaining in the business to provide for wear and tear, and future development, for the joint benefit of workers and shareholders.....	1.6 “

These facts are recorded in this simple way in order to show the public, our employees and our shareholders just what happened to the large sum which we received in payment for our goods and services, and to illustrate the importance of our enterprise to the whole of Canada, bearing in mind that much of our business is in export trade, which is so vital to our national welfare.

It is a pleasure once more to acknowledge the faithful and efficient services of our employees.

Those members of the staff who were in the armed forces were granted special salary allowances in keeping with our policy since the war started.

Now that peace has come, provision is being made for the re-establishment of those who desire to return to our employ.

During the six years of war eighteen of our young men laid down their lives in the performance of their duties and we sincerely mourn their loss.

It is with a deep sense of loss that we record the death on Thursday, October 4th, of Mr. Herbert Sellers of Winnipeg, after fifty-three years of service with the Company, during which time he rose from a junior position to become our Western Manager and a member of the board of directors. We honour his memory because he won for himself a high place in the esteem of those for whom, and with whom, he served; and because his long experience in the business, coupled with his wide knowledge of Western Canada, enabled him to render invaluable service as one of our senior executive officers.

The vacancy on the board created by his death has been filled by the appointment of Mr. Robert McKee of Vancouver.

Submitted on behalf of the board,

CHARLES A. DUNNING,

President.

Montreal, October 25th, 1945.

THE OGILVIE FLOUR MILL

BALANCE SHEET,

ASSETS

CURRENT ASSETS:

Cash.....	\$1,351,186.39
Treasury Bills.....	1,499,721.75
Accounts Receivable, less Reserve.....	2,614,170.82
Stocks of Wheat (including Wheat purchased for account of The Canadian Wheat Board), Flour, Feeds, Rolled Oats, Coarse Grains and Bags, as determined and certified by responsible officials of the Company. Company's Stocks valued at cost or under and not above market value at this date, less Reserve.....	2,304,454.77

Investments:

Marketable Securities..... \$1,845,294.60

Shares in and amounts owing by wholly owned Subsidiary Companies (the assets of which consist of marketable securities):

Shares..... \$155,000.00

Amounts owing..... 715,318.58

870,318.58

*2,715,613.18

\$10,485,146.91

OTHER ASSETS:

Investments in partly owned

Subsidiary Companies:

Shares, less Reserve..... 476,344.03

Amounts owing..... 56,250.02

532,594.05

298,516.29

Other Investments and Mortgages, less Reserve

Refundable Portion of Excess Profits Tax (estimated).....

169,501.31

1,000,611.65

DEFERRED CHARGES:

Prepaid Expenses.....

139,456.85

FIXED ASSETS:

Real Estate, Developed Water Powers and Mill Plants in Montreal, Fort William, Winnipeg, Medicine Hat and Edmonton; Terminal Elevator and Annex at Fort William and Country Elevators in Manitoba, Saskatchewan and Alberta; Property in Montreal, Ottawa, Toronto, Calgary and Vancouver; at predecessor Company's net book value of 1924, with additions at cost; Motor Trucks, Office Furniture and Equipment, at cost less Reserve.....

10,196,158.98

5,477,249.68

Less Reserve for Depreciation.....

4,718,909.30

1.00

GOODWILL, TRADE MARKS, PATENT RIGHTS, ETC.

\$16,344,125.71

*Fair Market Value \$10,037,000.00

Approved on behalf of the Board:

CHARLES A. DUNNING }
H. MONTAGU ALLAN } *Directors.*

LLS COMPANY, LIMITED

31st AUGUST, 1945

LIABILITIES

CURRENT LIABILITIES:

Loans (Secured).....	\$ 310,508.42	
Accounts Payable and other Current Liabilities	1,690,054.85	
Provision for Income and Excess Profits Taxes	587,181.93	
Provision for Dividends Payable.....	185,000.00	
		<u>\$ 2,772,745.20</u>

PREFERRED STOCK:

Authorized, Issued and Fully Paid:		
20,000 Seven per cent Cumulative Preferred		
Shares of \$100.00 each.....		2,000,000.00

COMMON STOCK AND SURPLUS:

Common Stock:			
Authorized, Issued and Fully Paid:			
600,000 Shares of No Par Value.....	2,500,000.00		
Rest Account.....	\$5,000,000.00		
Excess Profits Tax Refundable..	169,501.31		
Earned Surplus:			
Balance as per Statement			
attached.....	3,901,879.20		
		<u>9,071,380.51</u>	
			11,571,380.51

NOTE:

Commitments for uncompleted portion of plant under construction, contracted for to date, \$2,495,254.09.

\$16,344,125.71

Signed for identification with our certificate of this date.

CREAK, CUSHING & HODGSON,

Chartered Accountants,

Auditors.

MONTREAL, SEPTEMBER 28TH, 1945.

THE OGILVIE FLOUR MILLS COMPANY, Limited

PROFIT AND LOSS ACCOUNT

For the Year Ended 31st August, 1945

Earnings from Operations after Selling and General Expenses but before deductions enumerated below.....	\$1,805,484.17
Less Depreciation on Buildings and Machinery..	259,034.08
	<u>1,546,450.09</u>

Add:

Investment Income (Net).....	\$287,820.56	
Dividends from wholly owned Subsidiary Companies.....	230,000.00	517,820.56
Net Profit on Investments Sold.....	392,338.46	
Appropriated:-		
To write down Other Investments and Mortgages.....	\$150,000.00	
To increase Depreciation on Buildings and Machinery..	150,000.00	
	<u>300,000.00</u>	92,338.46
		<u>2,156,609.11</u>

Deduct:

Provincial and Municipal Taxes.....	175,627.97	
Legal Expense	4,912.27	
Contribution to Benefit Fund.....	30,000.00	
Remuneration of Executive Officers.....	121,128.54	
Remuneration of Directors.....	18,075.47	
	<u>349,744.25</u>	1,806,864.86

Deduct:

Provision for estimated Income and Excess Profits Taxes including refundable portion of Excess Profits Tax.....	695,000.00
Net Profit for year, carried to Statement of Earned Surplus.....	<u>\$1,111,864.86</u>

Statement pursuant to Section 113, The Companies Act, 1934:

The total remuneration received by Officers and Directors from the Subsidiary Companies amounted to \$15,059.96.

STATEMENT OF EARNED SURPLUS

For the Year Ended 31st August, 1945

Balance at 31st August, 1944.....	\$3,530,014.34
Add:	
Net Profit for the year, as per Profit and Loss Account.....	1,111,864.86
	<u>4,641,879.20</u>
Deduct:	
Dividends for the year ended 31st August, 1945:	
On Preferred Stock.....	\$140,000.00
On Common Stock.....	600,000.00
	<u>740,000.00</u>
Balance as per Balance Sheet.....	<u>\$3,901,879.20</u>

AUDITORS' CERTIFICATE

SEPTEMBER 28TH, 1945.

To the Shareholders,

THE OGILVIE FLOUR MILLS COMPANY, Limited

We have audited the books of The Ogilvie Flour Mills Company, Limited, for the year ended 31st August, 1945, and report that we have verified the Cash on hand, the Bank Balances and all Securities; that we have obtained all the information and explanations which we have required; and that, in our opinion, the attached identified Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Company.

In accordance with Section 114 of The Companies Act, 1934, we further report that the profits of the Subsidiary Companies for the year have been included in the attached accounts to the extent of the dividends received by The Ogilvie Flour Mills Company, Limited.

CREAK, CUSHING & HODGSON,

Chartered Accountants,

Auditors.

THE OGILVIE FLOUR MILLS COMPANY, Limited

DIRECTORS, OFFICERS and BRANCH MANAGERS

DIRECTORS

SIR MONTAGU ALLAN, C.V.O.	G. A. MORRIS
HON. CHARLES A. DUNNING	F. K. MORROW
BEAUDRY LEMAN	SIDNEY T. SMITH
R. McKEE	A. MURRAY VAUGHAN
ROSS H. McMASTER	MORRIS W. WILSON

OFFICERS

<i>President</i> - - - - -	HON. CHARLES A. DUNNING
<i>Vice-President and General Manager</i> - - - - -	G. A. MORRIS
<i>Assistant General Managers</i> - - - - -	{ H. N. DAVIS H. GROOM
<i>Treasurer</i> - - - - -	J. C. McLAUGHLIN
<i>Secretary</i> - - - - -	H. K. HEPBURN
<i>Assistant Secretary-Treasurer</i> - - - - -	H. CRANFIELD

BRANCH MANAGERS

E. B. FROST, Western Manager, Winnipeg
T. G. CRAWFORD, Division Manager, Toronto
V. W. MACLEAN, Division Manager, Fort William
C. B. MILLER, Division Manager, Winnipeg
A. ATKINS, Division Manager, Medicine Hat
C. J. KENT, District Manager, Edmonton

TRANSFER AGENT

THE ROYAL TRUST COMPANY, Montreal and Toronto

REGISTRAR

MONTREAL TRUST COMPANY, Montreal and Toronto

