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The  
St. Lawrence Flour Mills Co.  
Limited



ANNUAL STATEMENT  
1948

PURVIS HALL  
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NOV 12 1948

McGILL UNIVERSITY



## Directors

-⊕-

President and Managing Director  
D. A. CAMPBELL

Vice-President  
G. W. GRIER

R. E. CHADWICK	J. H. LABELLE
G. C. DEEKS	W. A. MURPHY
C. E. GRAVEL	A. G. WATSON

General Manager  
N. S. VERITY

Asst. General Manager  
J. P. YEUDALL

Sec.-Treasurer  
C. K. ANDERSON

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McGILL UNIVERSITY

## Directors Report to the Shareholders

-⊕-

Your Directors take pleasure in submitting herewith the Financial Statement of the affairs of the Company as at August 31st, 1948, together with the Auditor's Certificate with respect thereto.

The net operating profits for the year, including revenue from investments, amount to \$489,083.75 (an increase of \$82,479.54). After deducting Directors Fees, Officers Remuneration, Legal Fees, Bond Interest, Depreciation and Taxes, there remains a net profit of \$186,248.90 (an increase of \$22,724.77). The working capital now stands at \$1,596,392.92, representing an increase of \$34,266.17.

The year started out with great promise,—controls, subsidies, and ceiling prices were removed as at September 15th, 1947, and the industry rejoiced in its new-found freedom from the shackles of bureaucracy.

Prices of flour, however, soon became subject to renewed competition, and were driven down in the domestic market to an unprofitable basis. To cap the climax, and effective as at July 31st, 1948, the Government has seen fit to reinstate a policy of subsidies with fixed ceiling prices on flour and bread, despite repeated statements that the policy of the Government was to release all controls over industry. This right-about face in reinstating controls is hard to understand and harder still to justify. An increase of One Cent per loaf on the bread consumed by a family of six would probably amount to not over One Dollar per month, and yet this increase has been refused the baking industry, whose operations are yielding very little, if any, profit, while the prices of beef, eggs, cheese, and many other food stuffs have been allowed to advance to a point where the cost to an average family of six is many times as much as the justified and needed small advance requested in bread prices.

In a similar way the milling industry is now subject to a rigid ceiling price which takes no account of declines in prices of by-products, increased wages, and other costs.

Let us hope that the Government will see fit, at an early date, to cancel forever all controls, leaving millers, bakers, and all other industries, to that very safe, age-tested, old regulator, the Law of Supply and Demand.

The following schedule of figures shows the distribution of the Company's revenue dollar. Note particularly that wages and salaries constitute a figure five times as great as payment to the shareholders.

	¢
Wheat, Feed and Supplies.....	89.8
Wages and Salaries.....	4.6
Selling and Delivery Expenses.....	1.2
Depreciation and Insurance.....	1.0
Administrative and Financial Expenses.....	.9
Taxes.....	1.1
Dividends.....	.9
Net Profits Retained.....	<u>.5</u>
	<u>1.00</u>

The relationship between the Company and its union is most cordial, but it should be pointed out that foreign mills are operating at costs which constitute only a fraction of those of Canadian mills, and there is a danger in our economic structure of "killing the goose that lays the golden egg".

Exports of Canadian flour for the year ended August 31st, 1948, show a material decline from the all-time record of the previous year, exports this year being 14,656,718 barrels—a decline of over two and a half million barrels.

During the year regular dividends on the Preferred shares of the Company, at the rate of 7% per annum, have been paid; and in addition quarterly dividends of 40c. per share on the Common shares have been paid.

The Directors have much pleasure, at this time, in expressing their appreciation of the loyalty and wholehearted co-operation of their employees, which contribute in no small measure to the successful operation of the Company.

On behalf of the Board,

D. A. CAMPBELL,  
President.

# The St. Lawrence F

## Balance Sheet as

### ASSETS

#### Current:

Cash on Hand and in Bank .....	\$	3,500.00	
Bills and Notes Receivable .....		232,269.14	
Accounts Receivable Trade—less Reserve...		599,069.07	
Accounts Receivable Other—less Reserve...		184,543.68	
Inventory of Wheat, Flour and Feed and Milling Supplies valued by the Manage- ment as follows:			
Wheat—valued on basis of flour sales contracts for future delivery on hand at 31st August, 1948 ...	\$756,776.46		
Flour and Feed and Milling Supplies—valued at cost or market whichever the lower .....	500,767.68	1,257,544.14	
Accrued Interest on Investments .....	1,400.00		\$2,278,326.03
Prepaid Taxes, Insurance and Pension Premiums .....			39,216.82

#### Investments:

Industrial Bonds, Mortgages and Grain Exchange Seat .....	139,900.00
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#### Investments in and Advances to Subsidiary Companies:

Investments .....	131,031.54	
Advances .....	21,215.32	152,246.86

#### Fixed:

Land—at cost .....	133,109.40	
Buildings and Machinery... * 1,495,137.84		
Less: Reserve for De- preciation .....	792,672.06	702,465.78
Motors—at cost, less Depreciation .....	20,773.18	
Office Furniture—at cost, less Depreciation..	1,000.00	
Other Real Estate—at cost..	15,609.89	
Less: Reserve for De- preciation .....	9,489.39	6,120.50
		863,468.86
Goodwill, Trademarks, etc. ....		1.00
		<u>\$3,473,159.57</u>

\*Appraisal value at 2nd October, 1925, per Canadian Appraisal Company, plus net additions to date.

Approved on behalf of the Board:

D. A. CAMPBELL, Director.

G. W. GRIER, Director.

# ur Mills Co. Limited

31st August, 1948

## LIABILITIES

### Current:

Bank Overdraft (Secured).....	\$ 355,138.18	
Bank Loan (Secured).....	70,000.00	
Accounts Payable.....	181,435.06	
Provision for Income Tax and Excess Profits Taxes, less interim payments.....	75,359.87	\$ 681,933.11

### First Mortgage Bonds, 2½% maturing 1st March, 1957:

Authorized.....	<u>1,000,000.00</u>	
Issued.....		750,000.00

### Capital Stock:

#### 7% Cumulative Preferred —

Authorized—6,000 shares, \$100.00 Par Value	
Issued—5,750 shares....	\$ 575,000.00
Redeemed—215 shares..	<u>21,500.00</u>
Outstanding—5,535 shares.....	553,500.00

#### Common —

Authorized—50,000 shares, no par value	
Issued—47,857 shares, no par value...	<u>554,344.71</u> 1,107,844.71

Capital Surplus resulting from Redemption of Preferred Shares... 21,500.00

Earned Surplus..... 911,881.75

\$3,473,159.57

### Contingent Liability:

Guarantee of both dividends and capital in respect of \$34,000.00 4½% Redeemable Preferred Shares of a Subsidiary Company which were outstanding in the hands of the public at 31st August, 1948.

Submitted with our Report dated 25th October, 1948.

Montreal, Que.

P. S. ROSS & SONS,  
Chartered Accountants

# The St. Lawrence Flour Mills Co. Limited

## Profit and Loss Account for year ended 31st August, 1948

Net Operating Profit .....		\$ 467,045.65
Revenue from Investments .....		22,038.10
		<u>489,083.75</u>
Deduct:		
Directors' Fees .....	\$ 4,900.00	
Officers' Remuneration .....	66,469.16	
Legal Fees .....	2,003.63	
Bond Interest .....	20,625.00	
Provision for Depreciation on Buildings and Machinery .....	99,002.64	
Provision for Income and Excess Profits Taxes .....	109,834.42	
		<u>302,834.85</u>
Profit for the year transferred to Earned Surplus Account .....		<u>\$ 186,248.90</u>

## Earned Surplus Account as at 31st August, 1948

Balance at credit 31st August, 1947 .....		\$ 744,121.91
Add:		
Reserve against Depreciation of Inventory Values transferred .....	\$ 105,600.00	
Less: Provision for Excess Profits Tax in con- nection therewith .....	12,522.86	
		<u>93,077.14</u>
		837,199.05
Add:		
Profit on Sale of Fixed Assets .....		3,750.00
		<u>840,949.05</u>
Add:		
Net Profit for the year .....		186,248.90
		<u>\$ 1,027,197.95</u>
Deduct:		
Dividends - Preferred .....	38,745.00	
Common .....	76,571.20	
		<u>115,316.20</u>
Balance at credit - 31st August, 1948 .....		<u>\$ 911,881.75</u>



## Auditors' Report

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The St. Lawrence Flour Mills Company Limited,  
Montreal.

We have made an examination of the accounts of the St. Lawrence Flour Mills Company Limited for the year ended 31st August, 1948, and have obtained all the information and explanations we have required.

The profits of subsidiary companies are reflected in the attached statements only to extent of dividends received during the year.

In our opinion, the attached Balance Sheet and relative Profit and Loss and Surplus Accounts are properly drawn up so as to exhibit a true and correct view of the Company's financial position as at 31st August, 1948, according to the best of our information and the explanations given to us and as shown by the books of the Company.

P. S. ROSS & SONS,  
Chartered Accountants

25th October, 1948.

The  
St. Lawrence Flour Mills Co.  
Limited

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MILLERS OF THE FOLLOWING  
FAMOUS BRANDS OF FLOUR

-⊕-

REGAL

-⊕-

FLEUR DE LIS

-⊕-

DAILY BREAD

-⊕-

ST. LAURENT

-⊕-

NUTRITIA  
(Whole Wheat)

-⊕-

ALSO MANUFACTURERS OF  
ST. LAWRENCE RATION  
FEEDS

## List of Agents

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JAMES ALLEN & CO. (BELFAST) LTD...	Belfast, Ireland.
FENNELL SPENCE & CO.....	Liverpool 3, England.
MARDORF PEACH & CO. LTD.....	London E.C. 3, England.
McCONNELL & REID LTD.....	Glasgow, Scotland.
SIDNEY SMITH LTD. (Bristol Agency)....	London E.C. 3, England.
DAVID MALONE.....	Dublin, Eire.
GRIPPELING & VERKLEY.....	Amsterdam, Holland.
LEJOS OY.....	Helsinki, Finland.
A/S MERCATOR.....	Oslo, Norway.
H. A. MOLLER.....	Copenhagen V, Denmark.
W. J. ABBOTT.....	Kingstown, St. Vincent, B.W.I.
BOOKER BROS. McCONNELL & CO....	Georgetown, Demerara, B.G.
CHRISTOFILIS BROS.....	Nassau, Bahamas, B.W.I.
EMILE S. DELISLE.....	St. Kitts, B.W.I.
GORDON GRANT & CO. LTD.....	Port of Spain, Trinidad, B.W.I.
H. D. HOPWOOD & CO. LTD.....	Kingston, Jamaica, B.W.I.
H. JASON JONES & CO. LTD.....	Bridgetown, Barbados, B.W.I.
JOHNSON & COOPER LTD.....	Hamilton, Bermuda.
STEPHEN R. MENDES LTD.....	St. John's, Antigua, B.W.I.
R. K. MILNE & SON.....	St. George's, Grenada, B.W.I.
MINVIELLE & CHASTANET LTD.....	St. Lucia, B.W.I.
A. DE MATTEIS & CO.....	Port-Au-Prince, Haiti, B.W.I.
JUAN FRANCISCO GOMEZ.....	Caracas, Venezuela.
JOSE MUNOZ ARNAIZ & SONS.....	Cienfuegos, Cuba.
FAGUNDES SUCENA & CIA .....	Sao Paulo, Brazil.
LEAO DE FARIA & CA.....	Funchal, Madeira.
WM. CAMPBELL LTD.....	St. John's, Nfld.
J. P. HALIBURTON & CO. LTD.....	St. John's, Nfld.

