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The
St. Lawrence Flour Mills Company,
Limited



STATEMENT — 1955

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McGILL UNIVERSITY

Directors and Officers

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President

P. M. PETERSEN

Vice-President

W. J. KENNEDY

H. E. HOWLETT

R. KIRKWOOD

W. G. McLAUGHLIN

Sec.-Treasurer

W. G. PASCOE

Directors' Report to the Shareholders

Your Directors submit herewith the financial statements of The St. Lawrence Flour Mills Company, Limited for the period commencing September 1, 1954 and ended August 31, 1955, together with the auditors' report.

The net profit for the period, excluding a dividend received from Brodie & Harvie, Limited, amounted to \$90,736.17 compared with a net profit of \$97,102.04 for the previous year. The dividend received from Brodie & Harvie, Limited, a wholly owned subsidiary, is shown in the Statement of Profit and Loss and represented the entire undistributed earned income of that company accumulated over a period of years and which it had on hand on August 31, 1954.

Earnings of the Company continued unsatisfactory due to severe competitive conditions in both the domestic and export markets. The Company because of its location must rely to a great extent on sales for export, and the export market has continued to deteriorate, both in volume and in price, and we cannot foresee any improvement.

Dividends at the rate of seven per cent per annum on the preferred shares of the Company were paid for the three quarters ended April 30, 1955. No provision has been made for dividends on the preferred shares subsequent to April 30, 1955. No dividend was paid during the period on the common shares.

Your Directors at a Meeting on June 9th, 1955, decided to submit to the shareholders a plan of liquidation of the Company whereby it would sell its assets, distribute the proceeds of sale amongst the shareholders in accordance with their respective rights and surrender the Charter of the Company. The Directors accordingly adopted certain Resolutions and By-Laws to this end and gave Notice to the Shareholders of a Special General Meeting to be held on June 30, 1955 for the purpose of approving the same.

These proposals by your Directors were opposed by certain preferred shareholders and proceedings were taken in the Superior Court of Montreal which Court by judgment of the Honourable Judge Tellier ordered the Company to abstain until otherwise ordered by the Court from holding the Meeting of its shareholders called for June 30, 1955 for the purpose of considering such proposals. These proceedings and this judgment are being contested by the Company.

The Directors wish to take this opportunity of expressing their sincere appreciation for the loyal services given by all of our employees during the past year.

Respectfully submitted on behalf of the Board,

P. M. PETERSEN,
President.

Auditors' Report to the Shareholders

(Under the provisions of The Companies Act of Canada)

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We have examined the balance sheet of The St. Lawrence Flour Mills Company, Limited as of August 31, 1955 and the statements of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In accordance with the provisions of Section 118 of The Companies Act of Canada, we have to report that, in arriving at the net profit of the company for the year ended August 31, 1955, the profit of its subsidiary has been taken into account only to the extent of dividends received.

In our opinion the accompanying balance sheet and statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at August 31, 1955 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

Peat, Marwick, Mitchell & Co.,
Chartered Accountants.

Montreal, P.Q.

October 25, 1955

The St. Lawrence Flour

Balance Sheet

ASSETS

Current assets:

Cash.....		\$	7,406.99
Accounts receivable, less allowance for doubtful receivables \$29,088.21.....			531,837.20
Freight and other claims.....			33,411.89
Accrued earnings.....			5,448.19
Inventories:			
Grain, including wheat held for account of The Canadian Wheat Board, at replacement market.....	\$	709,815.31	
Flour, cereals, millfeeds, etc., based on replacement market prices of grain and feed.....		317,177.87	
Prepared feeds, ingredients, etc., at the lower of cost (first-in, first- out) or replacement market.....		120,284.55	
Packages, at replacement market.....		37,172.84	
Miscellaneous supplies, at cost (first-in, first-out).....		14,030.73	1,198,481.30
Prepaid expenses.....			33,765.66
Due from affiliated company, Robin Hood Flour Mills Limited.....			1,043,435.62
Total current assets.....			<u>2,853,786.85</u>
Investment in, and advances to subsidiary company:			
Investment.....	1,000.00		
Advances.....	329,565.41		330,565.41
Miscellaneous advances and investments, at cost.....			172,001.13
Due from employees.....			219.12
Property and plant, less depreciation:			
Land, at cost.....	146,193.50		
Buildings and equipment (Note 1).....	2,056,325.07		
		2,202,518.57	
Less allowance for depreciation (Note 1).....	1,145,396.37		
		1,057,122.20	
Improvements in progress (estimated cost to complete \$220,000.00).....	428,550.49		1,485,672.69
			<u>\$4,842,245.20</u>

See accompanying notes to financial statements.

Mills, Company, Limited

August 31, 1955

Liabilities	
Current liabilities:	
Accounts payable	\$ 169,220.29
Contribution payable to Profit Sharing Retirement Plan	23,001.22
Accrued liabilities:	
Taxes (including income taxes), estimated	\$ 69,008.76
Interest, payroll, etc.	30,252.02
Total current liabilities	291,482.29
2 $\frac{3}{4}$ % long-term unsecured bonds payable on March 1, 1957. Authorized \$1,000,000.00; issued	750,000.00
Capital stock and surplus: (Note 3)	
7% cumulative preferred shares of \$100.00 par value per share. Authorized 6,000 shares; issued 5,750 shares, of which 585 shares have been redeemed, leaving outstanding 5,165 shares	516,500.00
Common shares without par value:	
Authorized 150,000 shares; outstanding 102,857 shares at stated value	2,204,344.71
Capital surplus (transferred from earned surplus upon redemption of preferred shares) (no change during the year) ..	58,500.00
Earned surplus (Note 2)	1,021,418.20
	<u>3,800,762.91</u>

Signed on behalf of the Board:

R. KIRKWOOD, Director.

W. J. KENNEDY, Director.

\$4,842,245.20

The St. Lawrence Flour Mills Company, Limited

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Statement of Profit and Loss Year ended August 31, 1955

Earnings from operations before providing for the charges shown below		\$ 306,981.64
Interest earned		86,077.45
Dividends received from subsidiary, excluding \$40,871.54 applied against cost of investment		77,489.13
		470,548.22
Deduct:		
Officers' remuneration	\$ 7,800.00	
Legal fees	10,603.99	
Interest paid on long-term debt	20,625.00	
Other interest paid	11,875.49	
Depreciation	161,445.12	212,349.60
Profit before income taxes		258,198.62
Income taxes, estimated		89,973.32
Net profit		\$ 168,225.30

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Statement of Earned Surplus Year ended August 31, 1955

Balance at beginning of year		\$ 880,309.15
Net profit for the year		168,225.30
		1,048,534.45
Deduct dividends declared on 7% cumulative preferred shares — \$5.25 per share		27,116.25
Balance at end of year (Note 2)		\$1,021,418.20

Notes to Financial Statements

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1. The amount of the buildings and equipment represents reproduction cost per appraisal at October 2, 1925 plus subsequent additions at cost. The allowance for depreciation includes accrued depreciation as determined by the appraisal.
2. No provision has been made for undeclared dividends that may have accrued since May 1, 1955 on the 7% cumulative preferred shares.

Proposals by the Board of Directors that the company liquidate and wind up its affairs prior to August 31, 1955 were opposed by certain preferred shareholders by proceedings instituted in the Superior Court in Montreal, which Court, by Judgment of the Honourable Mr. Justice Tellier dated July 11, 1955, ordered the company to abstain until ordered otherwise by the Court from holding the meeting of its shareholders called for June 30, 1955, for the purpose of considering such proposals. These proceedings and this Judgment are being contested by the company.
3. Under the terms of agreements entered into by the parent company, International Milling Company, relating to long-term notes payable, among other conditions, restrictions are placed on stock payments (dividends, stock purchases, etc. as defined in the agreements) by the parent company or its subsidiaries to anyone other than the parent company or its subsidiaries.

The
St. Lawrence Flour Mills Company,
Limited



MILLERS OF THE FOLLOWING
FAMOUS BRANDS OF FLOUR



REGAL



FLEUR DE LIS



DAILY BREAD



ST. LAURENT



NUTRITIA
(Whole Wheat)



ALSO MANUFACTURERS OF
ST. LAWRENCE ANIMAL AND
POULTRY FEEDS

