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ANNUAL STATEMENT 1959

LAKE OF THE WOODS MILLING COMPANY LIMITED

The Keewatin Flour Mills Company, Limited, The Medicine Hat Milling Company, Limited
and Sunset Manufacturing Company, Limited

President and General Manager
H. NORMAN DAVIS

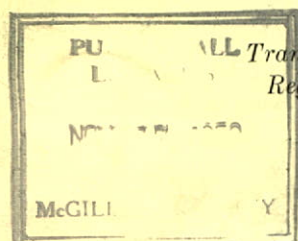
Vice-President
A. ATKINS

Directors

A. ATKINS
ROSS CLARKSON
H. NORMAN DAVIS
R. R. HUTCHISON
D. A. MACINNES

R. R. MACDOUGALL
J. M. PEAREN
J. H. PILLMAN
F. T. REA
J. W. TAIT

Secretary.....D. A. MACINNES
Treasurer.....J. W. TAIT



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

TO THE SHAREHOLDERS:

The Directors submit herewith the Balance Sheet and Profit and Loss and Surplus Account for the year ended August 31st, 1959.

Profit for the year, including profit on sale of fixed assets, amounted to	\$850,073.96
From which was deducted:	
Dividend of Seven Percent on the Preferred Stock of	105,000.00
Leaving balance added to Surplus Account of	<u>\$745,073.96</u>

The Surplus Account has been charged with the amount of \$125,222.53 being the net cost, after income taxes, of payments pursuant to Pension Plans.

Surplus also reflects a charge of \$115,333.20 to cover Income Tax which may be payable in future years due to the fact that, in the past, depreciation was accumulated for Income Tax purposes in excess of amounts provided in the company's accounts. This occurred at a time when the tax rates were substantially lower than at present.

Operating profits were better than last year with further operating savings and improvement in sales of Five Roses Flour.

Working Capital increased during the year by \$618,710.67, and now stands at \$7,621,672.58.

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

ON BEHALF OF THE BOARD,



President.



LAKE OF THE WOODS MILLING COMPANY
LIMITED

LAKE OF THE WOODS MILLS

THE KEEWATIN FLOUR MILLS COMPANY, LIMITED, THE MEDICINE HAT MILLS COMPANY, LIMITED

BALANCE SHEET AT 31st AUGUST 1959 with Comparative Figures at 31st August 1958

CURRENT ASSETS:	1959	1958
Cash	\$ 1,305.94	\$ 2,050.00
Accounts Receivable, less Reserve	2,453,709.07	2,481,605.19
Accounts Receivable, Subsidiary Company	60,085.75	71,637.65
Accounts Receivable, Parent Company	446,239.82	—
Inventories (including purchases for account of the Canadian Wheat Board) as determined and certified by responsible officials of the Company and valued at the lower of cost or market, less Reserve of \$32,000	6,775,227.09	5,954,683.14
Investments in Marketable Securities (Quoted Market Value: 1958 — \$126,032.)	—	1.00
TOTAL CURRENT ASSETS	9,736,567.67	8,509,976.98
CURRENT LIABILITIES:		
Bank Loans, secured	540,227.21	423,797.72
Accounts Payable and Accrued Liabilities	926,811.79	795,905.56
Provision for Federal, Provincial and Municipal Taxes	647,856.09	65,043.23
Amount owing to Parent Company	—	222,268.56
TOTAL CURRENT LIABILITIES	2,114,895.09	1,507,015.07
WORKING CAPITAL	7,621,672.58	7,002,961.91
OTHER ASSETS:		
Investment in shares of Affiliated Company (Quoted Market Value: \$83,200.)	1.00	—
Investment in Subsidiary Companies not consolidated, at cost less amount written off	1,489,108.12	1,489,108.12
Other Investments and Mortgages	40,323.17	65,249.96
Prepaid Expenses	160,609.17	46,569.89
Fixed Assets:		
Land, Water Power, Buildings, Machinery and Equipment at cost. Motor Trucks and Automobiles at cost less Reserve for Depreciation	\$7,567,142.71	
Less: Reserve for Depreciation	4,072,970.35	
Goodwill, Trade Marks, Patent Rights, etc.	3,494,172.36	3,582,145.09
	250,000.00	250,000.00
	13,055,886.40	12,436,034.97
Income Tax Reductions applicable to Future Years	115,333.20	—
EXCESS ASSETS OVER LIABILITIES	\$12,940,553.20	\$12,436,034.97
CONTINGENT LIABILITIES:		
Notes under Discount: 1959 — \$129,500.		
SHAREHOLDERS' EQUITIES:		
Preferred Stock—		
Authorized, Issued and Fully Paid		
15,000 Seven per cent 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 as per statement attached	8,486,773.20	11,440,553.20
	11,440,553.20	10,936,034.97
	\$12,940,553.20	\$12,436,034.97

Approved on behalf of the Board:

H. NORMAN DAVIS }
ROSS CLARKSON } Directors.

LING COMPANY, LIMITED

G COMPANY, LIMITED, AND SUNSET MANUFACTURING COMPANY, LIMITED

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31st AUGUST 1959 with Comparative Figures for the year ended 31st August 1958

	1959	1958
Earnings from Operations before deductions enumerated below	\$1,687,628.84	\$1,011,870.54
ADD: Investment Income	3,580.00	3,767.20
Net profit on sale of Investments	76,220.00	—
Net profit on sale of Fixed Assets	17,011.03	119,829.22
	<u>1,784,439.87</u>	<u>1,135,466.96</u>
DEDUCT: Depreciation on Buildings and Machinery	156,805.63	156,430.43
Legal Fees	—	262.60
Remuneration of Executive Officers	18,496.19	17,461.01
Remuneration of Directors	5,801.16	6,711.81
	<u>181,102.98</u>	<u>180,865.85</u>
	1,603,336.89	954,601.11
Provision for Estimated Income Tax	753,262.93	399,029.50
Net Income for year, carried to Statement of Earned Surplus	<u>\$ 850,073.96</u>	<u>\$ 555,571.61</u>

Statement pursuant to Section 117, the Companies Act 1934.

The total remuneration received by Officers and Directors from the operating
Subsidiary Company amounted to \$3,600.00 in 1959 and \$2,800.00 in 1958.

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st AUGUST 1959

Balance at 31st August 1958		\$7,982,254.97
DEDUCT: Pension Fund and Pension Payments with respect to past service	\$250,445.06	
Less: Related Income Tax Credit	<u>125,222.53</u>	<u>\$125,222.53</u>
Income Tax reductions applicable to future years, at current rates, on excess of depreciation accumulated for Income Tax purposes over amounts provided through accounts in prior years		<u>115,333.20</u>
		240,555.73
		<u>7,741,699.24</u>
ADD: Net Profit for year as per Statement of Income and Expenditure		850,073.96
		<u>8,591,773.20</u>
DEDUCT: Dividends:		
On Preferred Stock		105,000.00
Balance as per Balance Sheet		<u>\$8,486,773.20</u>

TO THE SHAREHOLDERS,
LAKE OF THE WOODS MILLING COMPANY, LIMITED.

We have examined the Consolidated Balance Sheet of Lake of the Woods Milling Company, Limited and Consolidated Subsidiary Companies as at 31st August 1959 and the related Statements of Income and Expenditure and Surplus for the year ended on that date and have obtained all the information and explanations which 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 our opinion, based on such examination, the accompanying Consolidated Balance Sheet and the related Statements of Income and Expenditure and Surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company and its Consolidated Subsidiary Companies at 31st August 1959 and the results of their 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 Companies.

In accordance with Section 118 of the Companies Act, 1934, we report that the aggregate profits for the year of the Subsidiary Companies not consolidated have not been included in the accompanying Consolidated Financial Statements.

Signed for identification with our report of this date.

CREAK, CUSHING & HODGSON

Chartered Accountants.

MONTREAL, 21ST OCTOBER 1959.

