

FEDERAL GRAIN LIMITED

Second Annual Report of the Directors

YEAR ENDED JULY 31, 1931

TO THE SHAREHOLDERS:

Your Directors have pleasure in presenting the Second Annual Report of your Company for the year ended July 31, 1931, together with the Financial Statement certified by your Auditors, Messrs. George A. Touche & Company.

Operating profits for the period, after maintenance and repairs to properties, amounted to \$789,399.42. From this has been deducted Bond Interest of \$249,540.00, Reserve for Depreciation of \$221,381.35 and Miscellaneous Expenditures and Write-offs of \$104,832.18. After transferring the balance of \$213,645.89 to Surplus Account, and making provision for two quarterly Preference Dividends amounting to \$97,500.00 the amount at the credit of Surplus Account has been increased, during the year, from \$366,443.90 to \$482,589.79.

Although dividends for the entire year were earned in full the Directors have considered it wise to defer for the present further Preferred Dividends in view of the small crop outlook and in order to conserve the Working Capital position of the Company.

During the period under review there was a substantial increase over the previous year in the volume of grain handled, but it is apparent that the volume to be handled during the coming year will be greatly reduced.

Further economies in operation have been effected, but all properties are being well maintained, and the Company is in a splendid position to render efficient service to its customers.

The Directors record with deep regret the death of Mr. J. C. Gage, the late President of the Company, and of Mr. H. D. K. Sellers, a Director and General Manager of the Company's Terminal Department at Fort William. The services of both Mr. Gage and Mr. Sellers were of great value and their loss will be keenly felt.

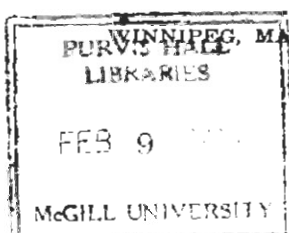
During the year Mr. H. E. Sellers was appointed President and Managing Director of the Company, and Mr. T. H. Rathjen was appointed Treasurer and a member of the Board of Directors.

The present Directors retire at the ensuing Annual General Meeting and are eligible for re-election.

For the Directors,

H. E. SELLERS,

President.



FEDERAL GRAIN LIMITED

STATEMENT I.

BALANCE SHEET AT 31st JULY, 1931

ASSETS		LIABILITIES AND CAPITAL	
Cash in transit and with Paying Agents, etc.....	\$ 39,463.09	Bank Loans and Overdrafts (secured).....	\$ 2,783,682.06
ACCOUNTS RECEIVABLE, ETC.:		Sundry Creditors	519,522.86
General Accounts Receivable.....	\$ 65,812.28		
Terminal Accounts, since collected.....	22,172.88	First Mortgage Sinking Fund Gold Bonds	3,303,205.86
Accounts secured by grain.....	39,063.65	Authorized	\$6,000,000.00
Agents' Cottage Loans.....	11,099.79	Issued, Class A 6%, maturing 1st August, 1949.....	\$ 4,250,000.00
Employees' Accounts.....	5,471.72	Less redeemed through Sinking Fund.....	91,000.00
Memberships since sold, at amount realized.....	29,600.00		4,159,000.00
	173,220.32	General Mortgage 6% Debentures:	
Advances secured by grain.....	76,943.89	Authorized	\$1,000,000.00
STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:		Issued to Banks as collateral, repayable on demand.....	1,000,000.00
Grain, less stored grain.....	2,934,680.63	Bond Redemption Reserve.....	6,382.11
Coal and flour.....	8,819.26	CAPITAL:	
	2,943,499.89	Authorized	
Accrued Earnings	220,849.65	40,000 6½% Cumulative Preference Shares of \$100.00	
Prepaid Expenses	29,357.26	each, redeemable at the option of the Company	
STOCKS AND BONDS:		160,000 Class A Common Shares of No Par Value	
Sundry, as valued at 31st July, 1930, with subsequent		40,000 Class B Common Shares of No Par Value	
additions at cost.....	137,510.10	Issued and fully paid	
Federal Grain Ltd. Bonds purchased in anticipation of		30,000 Preference Shares.....	3,000,000.00
Sinking Fund—Par \$82,500.00 at cost.....	75,613.75	200,000 Common Shares	
	213,123.85	Amount apportioned as Capital.....	1,250,000.00
Memberships, at cost.....	110,400.00		4,250,000.00
Mortgages	6,993.52	SURPLUS:	
	330,517.37	Per Statement II. (subject to Income Taxes in respect of	
PROPERTIES:		1930-1931 profits).....	482,589.79
Terminal and Country Elevators, Coal Sheds, Dwellings,		CONTINGENT:	
Flour Sheds, Automobiles, Furniture and Miscellan-		In respect of guarantee of Bank Loan of Lake Shippers'	
eous Equipment, at cost.....	8,540,892.56	Clearance Association	11,000.00
Less Reserve for Depreciation.....	221,381.35	Cumulative Preferred Dividends not paid since 1st Feb., 1931	
	8,319,511.21		
DEFERRED CHARGES:		Approved on behalf of the Board.	
Organization Expenses, less proportion written off.....	67,815.08	H. E. SELLERS, A Director.	
	\$12,201,177.76	T. H. RATHJEN, A Director.	\$12,201,177.76
To the Shareholders, Federal Grain, Limited, Winnipeg.			

AUDITORS' REPORT

We have audited the books and accounts of Federal Grain, Limited, for the year ended 31st July, 1931, and report that we have obtained all the information and explanations we have required. We further report that in our opinion the above 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.

Winnipeg, 18th September, 1931.

GEORGE A. TOUCHE & CO.,

Chartered Accountants.

Auditors.

STATEMENT OF SURPLUS For the Year Ended 31st July, 1931

		STATEMENT II.
Operating Profit		\$789,399.42
Less Bond Interest.....	\$249,540.00	
Depreciation	221,381.35	470,921.35
		318,478.07
Less Cost of wrecking, and rebuilding elevators and Losses on		
Realization of Assets, etc.....	87,878.41	
Proportion of Organization Expenses written off.....	16,953.77	104,832.18
		213,645.89
Less Preferred Dividends to 1st February, 1931.....		97,500.00
		116,145.89
Balance brought forward at 31st July, 1930.....		366,443.90
Balance at 31st July, 1931 (subject to Income Taxes in respect		
of 1930-1931 profits).....		\$482,589.79

FEDERAL GRAIN LIMITED

Notice of Annual Meeting

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of the shareholders of FEDERAL GRAIN LIMITED will be held at 810 Grain Exchange Building, in the City of Winnipeg, Canada, on Tuesday, the 6th day of October, 1931, at the hour of 3 o'clock p.m., for the purpose of receiving and considering the report of the directors of the company, and the balance sheet and statement of income and expenditure and auditors' report for the past fiscal year, electing directors for the ensuing year, appointing auditors, and transacting such other business as may properly come before the meeting.

DATED the 24th day of September, 1931.

By Order of the Board,

E. W. NEVILLE,
Secretary.

To the Holders of Class "B" Shares—Common Stock—Federal Grain Limited.

If you are unable to be present at the above mentioned Meeting, kindly sign the enclosed proxy and mail same to the Secretary, Federal Grain Limited, 809 Grain Exchange, Winnipeg, Manitoba.

DIRECTORS

H. E. SELLERS, *President and Managing Director*

A. THOMSON, *Vice-President*

W. A. ANDERSON J. R. MURRAY J. H. McDONALD H. J. SYMINGTON
A. H. WILLIAMSON T. H. RATHJEN

Secretary: E. W. NEVILLE

Treasurer: T. H. RATHJEN

Registrar THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg.

Transfer Agents { THE MONTREAL TRUST COMPANY, Toronto and Montreal;
THE NORTHERN TRUSTS Co., Winnipeg.

Auditors GEORGE A. TOUCHE & COMPANY.