

Federal Grain, Limited

Third Annual Report of the Directors

YEAR ENDED 31st JULY, 1932

TO THE SHAREHOLDERS :

Your Directors submit herewith the Third Annual Report of the Company for the year ended 31st July, 1932, together with the financial statements certified by your auditors, Messrs. George A. Touche & Company.

After providing Bond Interest of \$243,540.00, together with U.S. Exchange premium of \$36,406.02 thereon, the balance of operating profit for the year was \$485,245.70. The sum of \$432,708.99 has been set aside for Depreciation. After meeting other charges of \$68,519.45, Surplus Account has been reduced by \$15,982.74, leaving the credit balance carried forward \$466,607.05.

Substantial economies in operating costs were effected. Your elevators in drought areas remained closed throughout the season and others in poor crop districts were opened for only a short period. Volume of grain handled through the Company's country elevators, due to the short crop, was less than the previous year.

Provision for Depreciation is greater than last year by an amount of \$211,327.64. In view of reduced building costs since formation of the Company, your Directors deem it advisable to substantially increase the Company's Depreciation Reserve Account. Properties have been well maintained. The Company now has a well developed grain handling system with country elevators of a total storage capacity of 10,000,000 bushels at 384 stations throughout Manitoba, Saskatchewan and Alberta, and terminal elevators at the Head of the Great Lakes having a storage capacity of 7,500,000 bushels.

Working Capital position was improved during the year by \$292,222.99 after having retired, in accordance with sinking fund provisions, \$100,000.00 of the Company's outstanding First Mortgage Sinking Fund Gold Bonds.

The loyal and efficient services of all officers, agents and employees of the Company made possible the satisfactory progress recorded in this report in a period in which grain yields were greatly reduced over a large area due to drought conditions prevailing throughout the 1931 season.

The crop now being harvested in the West is the largest since incorporation of your Company and a greater volume of business should materialize in the ensuing year.

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

On behalf of the Board of Directors,

H. E. SELLERS,

President.

WINNIPEG, MANITOBA, 12th September, 1932.

FEDERAL GRAIN, LIMITED

STATEMENT I.

BALANCE SHEET at 31st July, 1932

ASSETS		LIABILITIES AND CAPITAL	
CASH IN TRANSIT AND WITH PAYING AGENTS, ETC.....	\$ 32,918.13	BANK LOANS AND OVERDRAFTS (SECURED).....	\$ 1,419,539.91
ACCOUNTS RECEIVABLE:		SUNDRY CREDITORS.....	830,690.36
General Accounts Receivable.....	\$ 32,087.78		
Saskatchewan Relief Commission.....	40,877.34	FIRST MORTGAGE SINKING FUND GOLD BONDS:	\$ 2,250,230.27
Terminal Accounts.....	7,604.41	Authorized.....	<u>\$6,000,000.00</u>
Agents' Cottage Loans.....	9,692.63	Issued Series A 6%, maturing 1st August, 1949	\$4,250,000.00
Employees' Accounts.....	3,726.01	Less Redeemed through Sinking Fund.....	<u>191,000.00</u>
	93,988.17		4,059,000.00
ADVANCES SECURED BY GRAIN.....	48,651.96	GENERAL MORTGAGE 6% DEBENTURES:	
STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:		Authorized.....	<u>\$1,000,000.00</u>
Grain, less Stored Grain.....	\$2,376,364.53	Issued to Banks as collateral, repayable on demand.....	<u>\$1,000,000.00</u>
Coal and Flour.....	9,557.02		
	2,385,921.55	BOND REDEMPTION RESERVE.....	15,928.11
ACCRUED EARNINGS.....	111,702.34	CAPITAL:	
PREPAID EXPENSES.....	24,991.85	Authorized—	
INVESTMENTS:		40,000 6½% Cumulative Preference Shares of \$100.00 each,	
Sundry Stocks and Bonds, as valued at 31st July, 1930, with		redeemable at the option of the Company.....	
subsequent additions at cost.....	141,371.98	160,000 Class A Common Shares of No Par Value.....	
Bonds of the Company purchased in anticipation of Sinking Fund		40,000 Class B Common Shares of No Par Value.....	
—Par \$149,500.00—cost.....	105,107.50	Issued and fully paid—	
MEMBERSHIPS, AT COST.....	85,400.00	30,000 Preference Shares.....	\$3,000,000.00
PROPERTIES:		200,000 Common Shares	
Terminal and Country Elevators, Coal Sheds, Dwellings, Flour		Amount apportioned as Capital.....	<u>1,250,000.00</u>
Sheds, Automobiles, Furniture and Miscellaneous Equip-			4,250,000.00
ment, at cost.....	\$8,606,131.55	SURPLUS:	
Less Reserve for Depreciation.....	645,280.91	Per Statement II (subject to Income Taxes).....	466,607.05
	7,960,850.64	CONTINGENT LIABILITIES:	
DEFERRED CHARGES:		In respect of guarantee of Bank Loan of Lake Shippers' Clear-	
Organization Expenses, less proportion written off.....	50,861.31	ance Association.....	\$ 11,000.00
		In respect of shares subscribed for by the Company and unpaid..	<u>12,100.00</u>
Approved on behalf of the Board.			<u>\$ 23,100.00</u>
H. E. SELLERS, Director.		Cumulative Preferred Dividends not paid since 1st February, 1931.	
T. H. RATHJEN, Director.			
	<u>\$11,041,765.43</u>		<u>\$11,041,765.43</u>

AUDITORS' REPORT

TO THE SHAREHOLDERS:

Federal Grain, Limited,
Winnipeg, Manitoba.

We have examined the foregoing Balance Sheet of Federal Grain, Limited, at 31st July, 1932, with the books and vouchers relating thereto, and we report that we have obtained all the information and explanations we have required.

We further report that in our opinion the 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, 7th September, 1932.

GEORGE A. TOUCHE & CO.,
Chartered Accountants,
Auditors.

Federal Grain, Limited

STATEMENT OF SURPLUS

For the Year Ended 31st July, 1932.

Balance brought forward at 31st July, 1931.....		\$482,589.79
Operating Profit.....	\$765,191.72	
Deduct Bond Interest and U.S. Exchange thereon.....	279,946.02	
		485,245.70
		\$967,835.49
Less Depreciation.....	\$432,708.99	
Cost of wrecking and rebuilding elevators and losses on realization of assets, etc.....	55,388.55	
Dominion Income Tax paid on 1930-31 profits.....	4,177.13	
Proportion of Organization Expenses written off, less adjustment.....	8,953.77	
		501,228.44
BALANCE at 31st July, 1932 (subject to Income Taxes).....		\$466,607.05

DIRECTORS

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

A. THOMSON, *Vice-President.*

H. J. SYMINGTON

J. H. McDONALD

A. H. WILLIAMSON

J. R. MURRAY

W. A. ANDERSON

T. H. RATHJEN

F. E. TOPPER

Secretary: E. W. NEVILLE

Treasurer: T. H. RATHJEN

ASST. TREASURER: R. C. GAGE

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.

Solicitors . . . HUDSON, ORMOND, SWIFT & McLEOD