

# FEDERAL GRAIN, LIMITED

*Eighth Annual Report of the Directors*

YEAR ENDED 31st JULY, 1937

*TO THE SHAREHOLDERS:*

Your Directors present herewith Financial Statements of the Company for the year ended 31st July, 1937, including the Balance Sheet certified by your Auditors, Messrs. George A. Touche & Co.

Statement of Income and Expenditure shows that after meeting expense of operations and providing depreciation of \$110,113.06, bond interest and premiums of \$204,177.75 and making allowance for other charges, loss for the year amounted to \$84,610.78. This amount has been transferred to the Surplus Account, reducing the balance carried forward to \$391,437.24. Depreciation Reserve which now stands at \$2,227,694.88 was, as shown, increased during the year by only \$110,113.06.

Cash at Banks, in transit and with paying agents amounts to \$1,538,889.09 and Current Assets exceed Current Liabilities by \$1,385,401.58.

In accordance with Sinking Fund provisions \$129,000.00 par value First Mortgage Bonds were redeemed at a cost of \$126,022.50 to the Company.

Properties and equipment have been maintained in good repair. Essential improvements were made where considered advisable.

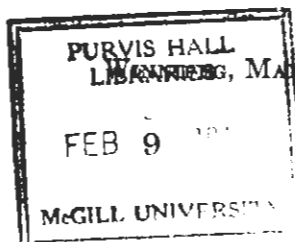
Grain marketed during the year under review was approximately 20% less than the volume handled in the preceding year. Drought conditions continue to prevail over large areas and the crop to be harvested will be even smaller than last year.

Your Directors desire to express appreciation of the loyal and efficient services rendered by all Country Elevator Agents, Employees, Managers and Officers of the Company.

On behalf of the Board of Directors,

H. E. SELLERS,

President.



# FEDERAL GRAIN, LIMITED

STATEMENT I

## BALANCE SHEET AT 31st JULY, 1937

ASSETS		LIABILITIES AND CAPITAL	
<b>CURRENT ASSETS:</b>		<b>CURRENT LIABILITIES:</b>	
CASH at Banks, less Outstanding Cheques.....	\$1,486,891.02	Sundry Creditors.....	\$331,415.17
CASH in transit and with Paying Agents, etc.....	51,998.07	Accrued Taxes.....	24,187.47
<b>ACCOUNTS RECEIVABLE:</b>			<u>\$355,602.64</u>
Department of Agriculture, Regina.....	\$34,157.18	<b>FIRST MORTGAGE SINKING FUND GOLD BONDS:</b>	
General Accounts.....	21,063.93	Authorized.....	\$6,000,000.00
Lake Shippers' Clearance Association.....	476.27	Issued, Series A 6%, maturing 1st August, 1949.....	\$4,250,000.00
Agents' Cottage Loans.....	2,636.25	Less Redeemed through Sinking Fund.....	855,000.00
Employees' Accounts.....	744.76		<u>3,395,000.00</u>
	<u>59,078.39</u>	<b>BOND REDEMPTION RESERVE.....</b>	116,785.81
<b>ADVANCES SECURED BY GRAIN.....</b>	15,436.63	<b>CAPITAL:</b>	
<b>STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:</b>		Authorized—	
Grain, less Stored Grain: valued on the basis of market quotations		40,000 6½% Cumulative Preference Shares of \$100.00 each,	
of 31st July, 1937, country stocks adjusted for freight, handling		redeemable at the option of the Company.....	
and carrying charges.....	\$65,392.51	160,000 Class A Common Shares of No Par Value.....	
Coal, at the lower of cost or market value.....	10,698.03	40,000 Class B Common Shares of No Par Value.....	
Feed Grain, at market value.....	1,956.36	Issued and fully paid—	
	<u>78,046.90</u>	30,000 Preference Shares.....	\$3,000,000.00
<b>ACCRUED EARNINGS.....</b>	8,195.81	200,000 Common Shares	
<b>PREPAID EXPENSES.....</b>	41,357.40	Amount apportioned as Capital.....	1,250,000.00
	<u>\$1,741,004.22</u>	<b>DISTRIBUTABLE SURPLUS, balance at 31st July, 1936.....</b>	\$457,500.00
<b>INVESTMENTS:</b>		<b>EARNED SURPLUS, balance at 31st July, 1936.....</b>	18,548.02
Sundry Stocks at book values.....	53,194.55		<u>\$476,048.02</u>
<b>BONDS OF THE COMPANY purchased in anticipation of Sinking Fund</b>		<b>Deduct Loss for the year ended 31st July, 1937,</b>	
Par \$104,500.00—cost.....	103,570.00	per Statement II.....	84,610.78
<b>MEMBERSHIPS, AT COST.....</b>	86,001.00	<b>Balance at 31st July, 1937, being DISTRIBUTABLE SURPLUS.....</b>	391,437.24
<b>PROPERTIES:</b>		<b>Cumulative Preference Dividends not paid since 1st February, 1931</b>	
Terminal and Country Elevators, Coal Sheds, Dwellings, Flour			
Sheds, Automobiles, Furniture and Miscellaneous Equipment,			
at cost.....	\$8,737,750.80		
Less Reserve for Depreciation.....	2,227,694.88		
	<u>6,510,055.92</u>		
<b>DEFERRED CHARGES:</b>			
Organization Expenses, less proportion written off.....	15,000.00		
	<u>\$8,508,825.69</u>		
			<u>\$8,508,825.69</u>

Approved on behalf of the Board,

H. E. SELLERS, *Director*  
T. H. RATHJEN, *Director*

### AUDITORS' REPORT

To the Shareholders:  
Federal Grain, Limited,  
Winnipeg, Manitoba.

We have examined the foregoing Balance Sheet of Federal Grain, Limited, 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 at 31st July, 1937, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

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

Winnipeg, 7th September, 1937.

# Federal Grain, Limited

## STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended, 31st July, 1937

Income from the Company's operations after providing for Depreciation on Properties and Equipment, but before taking into account the items shown below.....		\$166,633.48
Income from Investments.....		46,429.61
		<u>\$213,063.09</u>
<i>Less:</i> Bond Interest.....	\$203,700.00	
Bond Interest Premiums.....	477.75	
Executive Salaries.....	44,780.00	
Directors' Fees.....	1,250.00	
Legal Fees.....	1,217.70	
		<u>251,425.45</u>
Operating Loss.....		\$ 38,362.36
<i>Add:</i> Proportion of organization expenses written off.....	\$5,000.00	
Loss on wrecking and rebuilding elevators, etc. (net).....	1,248.42	
Provision for moving elevators.....	40,000.00	
		<u>46,248.42</u>
Loss for the year.....		<u>\$ 84,610.78</u>

*Note:* The provision made for Depreciation of Properties and Equipment amounted to \$110,113.06, computed at modified rates.

### DIRECTORS

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

A. THOMSON, *Vice-President.*

H. J. SYMINGTON

A. H. WILLIAMSON

W. A. ANDERSON

T. H. RATHJEN

F. E. TOPPER

V. W. TRYON

H. V. HUDSON

*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 & Co.

*Solicitors* - - - - - HUDSON, ORMOND, SPICE, SWIFT & McLEOD.