

FEDERAL GRAIN, LIMITED

Sixteenth Annual Report of the Directors

YEAR ENDED 31st JULY, 1945

TO THE SHAREHOLDERS:

Your Directors present herewith Financial Statements for the year ended 31st July, 1945, including the Balance Sheet, with Report by your Auditors, Messrs. George A. Touche, & Co.

Statement of Income and Expenditure shows an operating profit of \$360,796.74 after providing for bond interest, depreciation, interest on special Bank loans and other charges. This shows a decrease of \$26,643.69 from the year ended 31st July, 1944. From the net operating profit there has been deducted \$145,000.00 as provision for Income and Excess Profits Taxes. The balance, together with the capital gain arising from the sales of properties has been transferred to Surplus Account. Working Capital now amounts to \$2,799,487.46.

First Mortgage Bonds of the par value of \$196,500.00 were redeemed during the year in accordance with Sinking Fund provisions. Total redemption of Bonds amounts to \$2,187,500.00, leaving an outstanding balance of \$2,062,500.00.

Your wholly owned subsidiary Company, The Alberta Pacific Grain Co. (1943) Ltd., shows a profit of \$150,169.64 after providing for bond interest, depreciation and all other charges, and making provision for estimated Income and Excess Profits Taxes. This amount has been transferred to your subsidiary Company's Surplus Account.

Your Directors are awaiting with interest the action of Parliament on the report of the Royal Commission on Taxation of Co-Operatives.

Crops in Western Canada are greatly reduced this year due to severe drought over a large part of the country. This will result in a material reduction in the volume of grain handled through your elevators. The surplus wheat which this country has had for the last few years is disappearing rapidly which, of course, greatly reduces the stocks in country elevators, and will have a material effect on the storage charges earned by the Company. Part of the loss in revenue from these sources will be offset by the increased handling charges in effect this year.

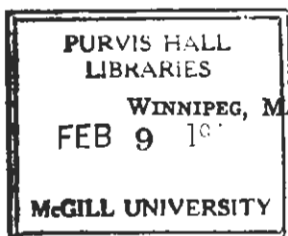
Since the end of the last fiscal year, Preferred Shareholders have received dividends of \$4.00 per share, totalling \$120,000.00. Future payments will be made as conditions warrant.

Your Directors desire to express appreciation of the efficient services and loyal support of all employees, and with the war over, we look forward to welcoming back many members of the staff who enlisted in the Armed Services. Our staff has again made worthy contributions to the war effort through the purchase of War Savings Certificates and Victory Bonds.

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

On behalf of the Board of Directors,

H. E. SELLERS,
President.



FEDERAL GRAIN, LIMITED

STATEMENT 1

BALANCE SHEET AT 31st JULY, 1945

ASSETS		LIABILITIES AND CAPITAL
CURRENT ASSETS:		
Cash in transit and with Paying Agents, etc.	\$ 265,999.71	CURRENT LIABILITIES:
Dominion of Canada War Loan Bonds—Par Value \$200,000.00, at cost	200,000.00	Bank Loans (secured)
Bonds of the Company in excess of 1st December, 1945, Sinking Fund requirement—Par Value \$3,000.00, at cost	3,210.00	Outstanding Cheques, less current account bank balances
ACCOUNTS RECEIVABLE:		Outstanding Cash Tickets and Orders
General Accounts	\$ 231,707.58	Sundry Creditors
Agents' Cottage Loans	9,620.14	Provision for payments to customers to be made only if and when they are allowed as a deductible expense for Income Tax and Excess Profits Tax purposes
Employees' Accounts	619.19	Accrued Taxes, including provision for balance of estimated Income Tax and Excess Profits Tax on profit for the year ended 31st July, 1945
AMOUNT RECEIVABLE from wholly owned subsidiary	241,946.91	
ADVANCES SECURED BY GRAIN	24,444.31	
	11,025.41	SPECIAL LOANS due 1st June, 1946 (secured)
STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:		GENERAL MORTGAGE 5% DEBENTURES maturing 1st June 1946
Grain purchased for account of The Canadian Wheat Board: valued on the basis of Board prices less freight, etc.	\$ 6,338,387.76	Authorized
Grain, less stored grain: valued on the basis of market quotations of 31st July, 1945, less freight, etc.	517,629.57	Issued as collateral for Special Loans
Coal, Sacks, Feed Grain and Seed: valued at the lower of cost or market	529,099.36	
	7,385,116.69	FIRST MORTGAGE SINKING FUND GOLD BONDS:
ACCRUED EARNINGS	69,336.39	Authorized
PREPAID EXPENSES	28,227.54	Issued, Series A 6%, maturing 1st August, 1949
	\$ 8,229,306.96	Less Redeemed through Sinking Fund
BONDS OF THE COMPANY purchased for Sinking Fund—		
Par Value \$207,500.00, at cost	223,087.50	BOND REDEMPTION RESERVE:
MEMBERSHIPS AND SHARES in Grain Trade Organizations, at cost	107,587.51	CAPITAL:
INVESTMENT IN WHOLLY OWNED SUBSIDIARY COMPANY, at cost	3,810,159.80	Authorized—
PROPERTIES:		40,000 6½% Cumulative Preference Shares of \$100.00 each, redeemable at the option of the Company
Terminal and Country Elevators, Temporary Bins, Coal Sheds, Dwellings, Flour Sheds, Automobiles, Furniture and Miscellaneous Equipment, at cost	\$ 8,355,120.98	160,000 Class A Common Shares of No Par Value
Less Reserve for Depreciation	4,161,173.26	40,000 Class B Common Shares of No Par Value
	4,193,947.72	Issued and fully paid—
DEFERRED CHARGES:		30,000 Preference Shares
Employees' Retirement Annuity Plans—Payments re past services, less amounts written off	98,382.70	200,000 Common Shares
	\$16,662,472.19	Amount apportioned as Capital
		DISTRIBUTABLE SURPLUS:
		Balance at 31st July, 1944—unchanged
		EARNED SURPLUS:
		Balance at 31st July, 1944
		Deduct Preference Dividends (including dividend paid 18th August, 1945)
		Add Profit for the year ended 31st July, 1945—
		Per Statement II
		Cumulative Preference Dividends are in arrear fractionally for the year 1934, and for all subsequent periods.
		Approved on behalf of the Board.
		H. E. SELLERS, Director.
		T. H. RATHJEN, Director.
		<u>\$16,662,472.19</u>

To the Shareholders,
Federal Grain, Limited, Winnipeg.

AUDITORS' REPORT

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, 1945, 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, 18th October, 1945.

