

CANADA MALTING CO.
LIMITED



Annual Report



FOR THE YEAR ENDING DECEMBER 31, 1939

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McGILL UNIVERSITY

DIRECTORS



ARNOLD C. MATTHEWS, *President*

H. C. HATCH, *Vice-President*

ERIC S. CLARKE, *Managing Director*

JOHN P. HEIGHTON, *Secretary and Treasurer*

GEO. BAILEY

J. E. GRANT

L. M. McCARTHY

C. H. S. MICHIE

Report of the Directors to the Shareholders of
CANADA MALTING CO., LIMITED
For the Fiscal Year ending December 31, 1939

The Board of Directors submits herewith Balance Sheet and Profit and Loss Statement for the twelve months ending December 31, 1939, as certified to by the Auditors of the Company, Messrs. Price, Waterhouse & Co.

The net operating profit for the year, after deducting all expenses and providing for depreciation and taxes, amounted to \$576,384.40. This compares with \$455,927.42 in 1938, and \$568,262.28 in 1937.

The income from investments and interest earned was \$59,009.05, and profit on sale of securities \$16,611.02—the total of these two items representing an increase of \$34,965.66 over the previous year.

This resulted in a combined net profit of \$652,004.47 in 1939, as compared to \$496,581.83 in 1938.

The sharp advance in grain prices, during the final quarter of 1939, resulted in an inventory profit, which is the principal reason for the improvement in the net operating statement. In addition, however, sales—both domestic and export—showed an increase, particularly the latter. The major portion of this increase in export occurred in the September-December period, and was mainly due to the elimination of most of the important European sources of supply of export malt, owing to war conditions.

You will note that the item "Investment in Marketable Securities", under Current Assets, has been increased during the year. This represents an investment in Dominion, Provincial and Municipal Bonds, and a diversified list of sound dividend-paying Canadian Preferred and Common Stocks.

The ratio of current assets to liabilities is better than 11 to 1.

The Company has made provision for assistance to those regular employees who enlist for active service with His Majesty's Forces, as follows:

- (1) Married men and single men with dependents will receive an allowance equal to 60% of the difference between the salary paid by the Company and the pay and allowance received in respect to active service. Single men without dependents will receive 40% of the above differential. In all cases, one full month's salary will be paid upon enlisting.
- (2) Premium payments under the Group Life Insurance Plan will be maintained by the Company without expense to the employee.
- (3) The Company will make payments under the Retirement Income Plan, equal in amount to the combined payments which would normally be paid by the employee and the Company under the said plan.
- (4) When able to return to work, the employee will be re-employed in a position relatively as good as the one he held upon enlisting, provided such re-employment can be given in view of the then prevailing economic situation, and the employee be mentally and physically capable of performing his duties.

The above provisions will be in effect for one year, and will be reviewed at the end of that period in the light of the then existing conditions.

It is with deep regret that we report the recent death of Mr. Ward Wright, K.C. Mr. Wright had been a Director and Solicitor of the Company for the past thirteen years. He was a personal friend of each member of the Board. His sound judgment and counsel will be greatly missed.

Your Plants have been maintained in first-class condition.

The Directors wish to express their appreciation of the efforts of the staff and employees.

Respectfully submitted on behalf of the Board.

ARNOLD C. MATTHEWS,
President.

CANADA MALTING CO.

Balance Sheet, December 31, 1940

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$ 166,111.46	
Deposits with bankers, at interest	233,669.60	
Call loans guaranteed	350,000.00	
Investment in marketable securities, at cost	1,268,206.97	
(Market value \$1,318,585.50)		
Accounts receivable, less reserve	622,332.71	
Inventories, as determined and certified to by responsible officers of the company: Malt, barley, etc.—on the basis of market, which was lower than cost, less reserve	\$1,656,076.33	
Coal, bags, etc.—on the basis of cost	38,359.75	1,694,436.08
		<hr/> \$4,334,756.82

DOMINION OF CANADA BONDS, at cost: Deposited with Department of National Revenue

4,252.50

GRAIN EXCHANGE SEATS AND MEMBERSHIP IN CLEARING HOUSE, at cost

17,200.00

DEFERRED CHARGES:

Prepaid taxes, insurance, etc.	\$ 16,935.07	
Machinery repair parts and office supplies	20,000.00	
		<hr/> 36,935.07

FIXED ASSETS, based on appraised depreciated values as reported by Canadian Appraisal Company Limited as at June 25, 1927, plus subsequent additions at cost:

Land	\$ 242,532.81	
Buildings	\$2,517,957.64	
Plant and equipment	2,041,937.01	
	<hr/> \$4,559,894.65	
Less—Reserve for depreciation	2,026,568.60	2,533,326.05
		<hr/> 2,775,858.86
		<hr/> <hr/> \$7,169,003.25

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the books and accounts of Canada Malting Co., with all the information and explanations which we have required; and we are satisfied that the same present a true and correct view of the state of the company's affairs as at the end of the year, and the explanations given to us, and as shown by the books of the company.

TORONTO, February 22, 1940.

NG CO., LIMITED

December 31, 1939

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 134,726.71
Reserve for Dominion and Provincial income taxes, and other accrued taxes	250,000.00
	<hr/> \$ 384,726.71

CAPITAL AND SURPLUS:

Capital Stock—

Represented by 198,972 shares with-
out nominal or par value \$4,441,960.00
(Authorized 200,000 shares)

Capital Surplus (no change during the year)	797,676.01
	<hr/> \$5,239,636.01

Earned Surplus (as per statement attached)	1,544,640.53
	<hr/> 6,784,276.54

Approved on behalf of the Board.

ARNOLD C. MATTHEWS, Director.

ERIC S. CLARKE, Director.

\$7,169,003.25

limited, for the year ending December 31, 1939, and have been furnished
we report that, in our opinion, the above balance sheet is properly drawn
affairs as at December 31, 1939, according to the best of our information
any.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

CANADA MALTING CO., LIMITED

Statement of Profit and Loss and Earned Surplus For the Year Ending December 31st, 1939



PROFIT AND LOSS

Particulars	Amount	
Profit from operations for the year after charging all manufacturing, selling and general expenses, but before providing for the under-noted charges	\$1,077,750.45	
<i>Deduct—</i>		
Directors' fees	\$ 2,125.00	
Total amount paid or provided as counsel and solicitors' fees, and remuneration and fees of executive officers and directors (totalling five in all) who hold salaried positions in the company	84,453.74	86,578.74
<i>Operating Profit for the year, before providing for depreciation and income taxes</i>		\$ 991,171.71
<i>Deduct—</i> Provision for depreciation		200,000.00
		\$ 791,171.71
<i>Deduct—</i> Provision for Dominion, Provincial and other income taxes		214,787.31
		\$ 576,384.40
<i>Add—</i>		
Income from investments, call loans and bank balances....	\$ 59,009.05	
Profit on sale of securities	16,611.02	75,620.07
<i>Net Profit for year ending December 31, 1939, carried to Earned Surplus</i>		\$ 652,004.47

EARNED SURPLUS

Balance as at December 31, 1938	\$1,290,646.86	
<i>Add—</i>		
Net profit for the year ending December 31, 1939	\$652,004.47	
<i>Deduct—</i> Dividends paid	398,010.80	253,993.67
<i>Balance as at December 31, 1939</i>		\$1,544,640.53

