

The

OGILVIE FLOUR MILLS

COMPANY LIMITED



ANNUAL REPORT

For the Year Ended 31st August

1940

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The
OGILVIE FLOUR MILLS
COMPANY LIMITED

●
FOUNDED 1801



Head Office: MONTREAL, P.Q.

Mills at

MONTREAL

FORT WILLIAM

WINNIPEG

MEDICINE HAT

EDMONTON

ANNUAL REPORT

For the Year Ended 31st August

1940

To the Shareholders of

THE OGILVIE FLOUR MILLS COMPANY, Limited

The Directors submit herewith the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st August, 1940, certified by our Auditors, Messrs. Creak, Cushing & Hodgson.

Profits for the year, after making provision for Taxes estimated to be payable, and after all charges for Administration and Maintenance, amounted to.....\$1,076,731.29 and were applied as follows:—

To Depreciation on Buildings and Machinery.....	\$171,397.00
To Dividends of \$7.00 per share on the Preferred Stock.....	140,000.00
To Dividends of \$1.00 per share on the Common Stock.....	600,000.00
	<hr/>
	911,397.00

leaving a balance of.....	<hr/> <u>\$ 165,334.29</u>
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which was carried forward to Earned Surplus Account.

The volume of business done during the period under review was somewhat larger than during the previous year, but the beneficial results obtained from increased production were largely offset by heavier taxation and severe competition in the home markets.

The demand for flour for export was greater than usual from the United Kingdom due to war conditions, but these same conditions resulted in the closing of several other export markets. This factor of contracting outlets for export is a serious one for the industry as a whole and is one of the major problems of the future.

As to the immediate outlook, it is impossible to forecast with any degree of accuracy.

We are likely to be called upon for larger quantities of flour to fill a temporary need in the markets of the United Kingdom and needless to say every service we can possibly render to the Empire will be gladly given. It should be recognized, however, that these heavier operations are not likely to result in increased profits, because the margin over cost is very narrow.

At the same time conditions in the domestic markets are more highly competitive than usual; added to which increased taxation generally must inevitably make it more difficult to maintain earnings.

Total Income from Investments was well maintained during the past year, but profits derived from the sale of securities were substantially lower.

On the other hand, the market value of the Investment portfolio as at the end of the year showed a moderate increase.

Inventories of wheat, flour and other commodities were, in accordance with our usual practice, conservatively priced in relation to unfilled orders and market values in the Balance Sheet presented herewith.

Mention was made in last year's report of the decision to erect a modern Coarse Grain Cereals and Feed Mill plant at Montreal. This plant did not come into operation as soon as expected, but is now running and will prove to be an important addition to our manufacturing facilities.

Canada has again been blessed with abundant crops of Wheat and Coarse Grains and we have much to be thankful for in this regard. The problems of handling and financing these crops are not easy to solve, but everyone concerned is co-operating in their solution. This Company has done, and is doing, its full share in these matters by providing additional storage facilities wherever possible. The reduction recently announced in the authorized storage charges from 1/30 of a cent to 1/45 of a cent per bushel per day will, however, adversely affect our Elevator Department earnings during the current fiscal year.

In July of this year, Mr. J. W. McConnell, who had been a Director of this Company for fourteen years, and its President for nearly five years, decided to retire from both offices, which were filled by the election of Mr. Morris W. Wilson as a member of the Board and the appointment of the undersigned as President. The Directors acceded to Mr. McConnell's wishes in the matter of his retirement with a keen sense of regret and desire to record their sincere appreciation of his leadership during a period of unusual difficulty.

The Directors also desire to record their sense of loss by the passing away of Mr. W. J. Mundell, Comptroller of Western Branches, who served the Company faithfully for nearly thirty-four years and who will be greatly missed by his associates from Coast to Coast.

The Directors thank the staff and employees for their continued loyalty and devotion to the Company's best interests in all its lines of activity.

Submitted on behalf of the Board,

CHARLES A. DUNNING,

President.

Montreal, November 5th, 1940.

THE OGILVIE FLOUR MILL

BALANCE SHEET,

ASSETS

Cash.....		\$ 280,147.05
Accounts Receivable, less Reserve.....		1,290,323.16
Stocks on hand of Wheat, Flour, Rolled Oats, Coarse Grains and Bags, as determined and certified by responsible officials of the Company. Valued at cost or under and not above market value at this date, less Reserve.....		3,041,202.51
Investments (Bonds, Preferred and Com- mon Stocks).....	\$2,357,241.29	
Shares in and amounts owing by wholly owned Subsidiary Companies (the assets of which consist of marketable securities):		
Shares.....	\$ 155,000.00	
Amounts Owing.....	2,446,682.44	
	<u>2,601,682.44</u>	
(Fair Market Value \$8,885,000.00)		4,958,923.73
TOTAL ACTIVE ASSETS.....		<u>9,570,596.45</u>
Shares in and amounts owing by partly owned Subsidiary Companies:		
Shares, less Reserve.....	476,344.03	
Amounts Owing.....	16,819.86	
	<u>493,163.89</u>	
Other Investments and Mortgages, less Reserve.....		978,317.90
Real Estate, Developed Water Powers and Mill Plants in Montreal, Fort William, Winnipeg, Medicine Hat and Edmonton; Terminal Elevator at Fort William and Country Elevators in Manitoba, Saskatchewan and Alberta; Property in Ottawa, Toronto, Calgary and Vancouver; Motor Trucks and Office Equipment; at predecessor Company's net book value of 1924 with subsequent additions thereto at cost, less realizations to date.		
Less Reserve for Depreciation.....	7,419,016.08 3,951,984.01	
	<u>3,467,032.07</u>	
Goodwill, Trade Marks, Patent Rights, etc.....		1.00
		<u>\$14,509,111.31</u>

Approved on behalf of the Board:

CHARLES A. DUNNING,
H. S. HOLT,
Directors.

LS COMPANY, LIMITED

1st AUGUST, 1940

LIABILITIES

Bank Overdraft (Secured).....	\$1,127,500.00
Accounts Payable.....	612,512.60
Reserve for Taxes.....	150,963.78
Provision for Dividends Payable.....	185,000.00

TOTAL CURRENT LIABILITIES	2,075,976.38
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Preferred Stock: Authorized and Issued: 20,000 Shares of \$100.00 each seven per cent cumulative.....	2,000,000.00
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COMMON STOCK AND SURPLUS:

Common Stock: Authorized and Issued: 600,000 Shares of No Par Value.....	\$2,500,000.00	
Rest Account.....	5,000,000.00	
Earned Surplus: Balance as per Statement attached...	2,933,134.93	10,433,134.93

Contingent Liability: Customers' Sterling Bills under Discount.....	\$ 334,834.85
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\$14,509,111.31

MONTREAL, OCTOBER 10TH, 1940.

Signed for identification with our certificate of this date.

CREAK, CUSHING & HODGSON,
Chartered Accountants,
Auditors.

BALANCE SHEET

THE OGILVIE FLOUR MILLS COMPANY, Limited
PROFIT AND LOSS ACCOUNT
For the Year Ended 31st August, 1940

Profit on Operations after deducting Selling and General Expenses.....	\$ 687,385.69
Investment Income (Net).....	297,028.28
Dividends from Wholly Owned Subsidiary Companies.....	470,000.00
Net Profit on Investments.....	7,325.63
	<hr/> 1,461,739.60

Deduct:—

Provision for Income and Excess Profits Taxes.....	\$ 75,000.00
Provincial and Municipal Taxes.....	173,825.79
Legal Expense.....	4,010.16
Contribution to Pension Fund.....	30,000.00
Remuneration of Executive Officers.....	83,550.26
Remuneration of Directors.....	18,622.10
	<hr/> 385,008.31

1,076,731.29

Deduct:—

Depreciation on Buildings and Machinery..	171,397.00
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Net Profit for the year, carried to Statement of Earned Surplus.....	<hr/> <u>\$ 905,334.29</u>
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Statement pursuant to Section 113, The Companies Act, 1934:

The total remuneration received by Officers and Directors from the Subsidiary Companies amounted to \$15,060.00.

STATEMENT OF EARNED SURPLUS
For the Year Ended 31st August, 1940

Balance as at 31st August, 1939.....	\$2,767,800.64
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Add:—

Net Profit for the year, as per Profit and Loss Account.....	905,334.29
	<hr/> 3,673,134.93

Deduct:—

Dividends for the year:	
On Preferred Stock.....	\$140,000.00
On Common Stock.....	600,000.00
	<hr/> 740,000.00

Balance as per Balance Sheet.....	<hr/> <u>\$2,933,134.93</u>
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AUDITORS' CERTIFICATE

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OCTOBER 10TH, 1940.

To the Shareholders,

THE OGILVIE FLOUR MILLS COMPANY, Limited

We have audited the books of The Ogilvie Flour Mills Company, Limited, for the year ended 31st August, 1940, and report that we have verified the Cash on hand, the Bank Balances and all Securities; that we have obtained all the information and explanations which we have required, and that, in our opinion, the attached identified 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.

In accordance with Section 114 of The Companies Act, 1934, we further report that the profits of the Subsidiary Companies for the year have been included in the attached accounts to the extent of the dividends received by The Ogilvie Flour Mills Company, Limited.

CREAK, CUSHING & HODGSON,

Chartered Accountants,

Auditors.

THE OGILVIE FLOUR MILLS COMPANY, Limited

DIRECTORS, OFFICERS and BRANCH MANAGERS

DIRECTORS

SIR MONTAGU ALLAN, C.V.O.	MR. BEAUDRY LEMAN
MR. R. R. DOBELL	MR. G. A. MORRIS
HON. CHARLES A. DUNNING	MR. F. K. MORROW
SIR HERBERT HOLT, K.B.	MR. SIDNEY T. SMITH
MR. ELWOOD B. HOSMER	MR. M. W. WILSON

OFFICERS

<i>President</i> - - - - -	HON. CHARLES A. DUNNING
<i>Vice-President and General Manager</i> - - - -	MR. G. A. MORRIS
<i>Assistant General Managers</i> - - - - -	{ MR. H. N. DAVIS MR. H. GROOM
<i>Treasurer</i> - - - - -	MR. J. C. McLAUGHLIN
<i>Secretary</i> - - - - -	MR. H. K. HEPBURN
<i>Assistant Secretary-Treasurer</i> - - - - -	MR. H. CRANFIELD

BRANCH MANAGERS

MR. H. SELLERS, Western Manager, Winnipeg
MR. E. B. FROST, Manager, Winnipeg
MR. V. W. MACLEAN, Manager, Fort William
MR. H. ARMITAGE, Manager, Medicine Hat
MR. D. A. GROUT, Manager, Edmonton

TRANSFER AGENT

THE ROYAL TRUST COMPANY, Montreal

REGISTRAR

MONTREAL TRUST COMPANY, Montreal

