Alberta Co-operators' Annual

The Alberta Farmers' Co-operative Elevator Company Limited reports a profit of $23,231.94 at the annual meeting held at Calgary, November 15

I have pleasure in submitting for your consideration report of your board of directors covering the third year's business of the company.

In view of abnormal crop conditions, your board of directors considered it advisable to secure an amendment to the act, changing the end of the company's year from July 31 to August 31. Consequently this report covers a period of thirteen months. As was anticipated, at the end of July the elevators on the C.N.R. lines were completely blocked, and had the end of the company's year not been changed we should have been in the position of having large stocks of grain in the elevators, which would not only have represented all the profits, but we should have been altogether unable to liquidate our debts.

During the season the company operated 87 elevators. During this period we handled 19,320,556 bushels of grain, 18,131,156 of which was handled thru the elevators and 1,189,400 bushels loaded over the platform and on track and consigned to the company. Of the amount handled thru the elevators, 10,793,130 bushels was special binned and 7,338,026 bushels purchased by cash ticket. Again, of this amount over 17,400,000 bushels was handled in the twelve months ending July 31, an average of slightly over 200,000 bushels per elevator. This easily constitutes a record handling for a line of elevators. Had it not been for the car shortage, we can safely say that we should have handled a considerably larger amount of grain, the fact that our elevators were blocked at a number of points for weeks at a time forcing the grain to other elevators. We have had the usual experience of line elevator companies at certain points exceeding our street price, over-grading and otherwise offering special inducements to our shareholders. The fact that they only offer these special inducements at isolated points and do not pay a uniform price for grain thruout the province is to our mind all the explanation that is needed of this condition. The situation is well covered by the remarks of a representative of one of the line companies at a meeting held in Winnipeg, "that it would surely not be good business for any one to pay more for grain than they had to." It must, however, be recognized that the fact that the line companies regulate their prices at different points to suit competition they have to meet, places our company, paying, as we do, the same price at all points, at a disadvantage, leaving, as it does, with a number of shareholders at a point where this exists a wrong impression as to this condition. There will no doubt be a discussion concerning this phase of the business and there are one or two points concerning it which we wish to draw to the attention of the delegates.

In view of the fact that our agents besides handling more grain than the majority of line companies' agents, also have the co-operative and livestock business, it was decided a year ago to establish a bonus system of paying the agents for the extra work which this entailed. This bonus has been figured on the basis of the amount of co-operative and livestock business handled by the agents at the different points, the manner in which they conducted it also being taken into consideration. Owing to the very large volume of grain which they had to handle this season, a bonus was also paid on the grain end of the business. It is felt that under the bonus system we shall be able to pay our agents on a more equitable basis for the amount of work they do and according to the way they handle the business of the locals. This will be the means of our being able, without a doubt, to retain the services of the most desirable men who are working for the company and whose services are sought by line firms.

Commission Department

Up to the fall of 1916 the work of the commission department was practically all performed by one man, who was attached to the accounting department. Shortly after the commencement of last season, owing to the large volume of grain which the company was called upon to handle, it was found necessary to open up a regular commission department, Mr. Elliott being placed in charge. 10,384,156 bushels of grain was handled by this department as compared with 1,211,000 bushels in 1914-15. To organize a commission department which could accurately and speedily care for a volume of business ten times as large as the previous year was no small undertaking and delays occurred which no one regrets more than the management. Further delays in the handling of shipments were caused by cars being held up in transit and other causes over which we have no control. Every effort, however, was made to remedy these deficiencies, and we believe that the service given to the shippers of the 1,100 cars which we have already handled thru our commission department this season speaks for itself.

Special arrangements have been made for wiring information in connection with consigned cars from Winnipeg, and while this will result in an expense of several thousand dollars to the company during the season, we feel that the service which we can give our shareholders and customers will before long bring us sufficient extra business to more than cover this extra cost.

Co-operative Department

The co-operative department handled during the thirteen months ending August 31, 1916, a total of 1,002 cars, besides which a considerable volume of business in less than carload lots was handled, amounting in all to a total turn-over of $749,668.49. In terms of carlots the total business handled by the department was as follows:—

Flour and Feed	164
Twine	133
Coal	370
Posts	204
Hay	30
Lumber and Building Material	42
Salt	7
Fruit	20
Wood	9
Wire	23
Total	1002

In reducing this statement to where we can make a comparison with the business handled last year, we find that approximately 170 carloads amounting to $216,934.38 of this past year's business was handled during the month of August, leaving the amount of business for the previous twelve months at 832 carloads or $532,734.11. In comparing this amount of business with that of 1914-15, in which 705 carloads or $400,000 worth of business was turned over, we find that the number of carloads of goods had increased by 127. It must, however, be borne in mind that there was no twine included in the 1914-15 co-operative business. On the other hand, in 1914-15 we handled 178 carloads of hay as against 30 during the past year. Again, the amount of flour handled was less by some 58 cars, in our opinion this being at least to a certain extent accounted for by the fact that the previous year, when we first started to handle flour, our prices were a good deal lower than the prices of the local merchants, whereas during the past year our prices have been met and in some instances beaten by the local merchants, backed up in some cases by milling companies with whom we are not doing any business.

Shortly after the last annual meeting your board of directors decided to adopt the policy of building coal sheds wherever there was an opening at a point where we had an elevator. This decision was arrived at for the reason that immediately the car shortage started a year ago, we found it almost impossible in many instances to place orders for coal except on the understanding that the mines could fill them at their leisure, the custom of the mines being to give preference to firms having coal sheds, it being apparent that we could neither give the service not handle a sufficient quantity to in any way regulate the price at local

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The Alberta Farmers' Co-operative Elevator Company Limited

BALANCE SHEET—As at August 31, 1916

ASSETS

Fixed Assets		$929,784 18
Elevator Buildings, Machinery, etc.	$917,949 18	
Office Furniture and Grain Exchange Seats, etc.	11,835 00	
After deducting depreciation from Office Furniture.		
	$929,784 18	
Current Assets		579,712 59
Stocks of Grain and other Merchandise	$286,439 41	
In terms of approved Inventories.		
Advances on Bills of Lading and other Debts due to the Company after providing for doubtful Accounts	92,791 34	
Funds	195,923 48	
Being Cash on hand, in Home Bank of Canada, and in hands of Agents after deducting outstanding tickets, orders, etc.		
Deferred Charges	4,558 36	
	$579,712 59	
		$1,509,496 77

CAPITAL AND LIABILITIES

Fixed Liabilities		$657,556 52
Mortgage in favor of Provincial Government covering completed Elevator Buildings, advances on uncompleted Buildings.		
Current Liabilities		180,399 76
Accounts and Bills Payable	$180,399 76	
Provision for Bonuses, etc.		97,482 82
Being provision made for bonus to Agents, Renewals, provision for alterations in Macleod Elevator and Dominion Government War Tax.		
Dividend No. 1		23,000 00
Reserves		226,088 13
Depreciation Reserve	$ 51,088 13	
Being provision for depreciation on Elevator Line at the rate of 2½% per annum.		
General Reserve	175,000 00	
	$226,088 13	
Capital Account		301,737 60
Authorized Capital	$1,000,000 00	
(By order of Lieutenant-Governor-in-Council)		
Paid Up Capital	301,737 60	
Profit and Loss Account		23,231 94
Balance of credit thereof in terms of Separate Statement.		
		$1,509,496 77

Profit and Loss Account for the Thirteen Months ending August 31, 1916

To Salaries and Wages	$220,779 73
Buyers' and Travellers' Salaries and Expenses, Head Office Salaries and Local Secretary's Salaries and Expenses.	
To General Expenses	178,985 48
Brokerage, Directors' Fees, Telegraph and Telephones, Stationery and Supplies, Repairs, Postage, Insurance, etc.	
To Organizing Expenses, etc., written off	21,690 59
Fire Loss, Organization Expenses, Legal Expenses, Bad Debts.	
To Delegates Expenses to the Annual Meeting	2,722 02
To Interest on Loans	97,102 37
Interest on Loan from Provincial Government of Alberta and other Bank Interest, etc.	
To Depreciation	39,660 93
Depreciation on Elevator Buildings and Machinery, Plant and Equipment, Office Furniture, etc.	
To Balance carried down	282,484 90
	$843,426 02

By Grain, Merchandise and Livestock Accounts		$843,426 02
Commission, Storage, Handling Charges, Binder Twine, Coal, Livestock, etc.		
		$843,426 02
By Balance brought down		$282,484 90
To which must be added		
Balance at Credit of Profit and Loss Account at 31st July, 1915		36,229 86
		$318,714 76
Which has been disposed of as follows:		
To General Reserve	$175,000 00	
To Provisions for Renewals	19,482 82	
To Provisions for Bonus to Agents	15,000 00	
To Provision for Dividend No. 1	23,000 00	
To Provision for Alteration to Macleod Elevator	3,000 00	
To Provision for Dominion Government War Tax	60,000 00	
	$295,482 82	295,482 82
Balance carried to Balance Sheet herewith		$23,231 94

Calgary, November 14, 1916.

We beg to report to the Shareholders that we have audited the books and accounts of The Alberta Farmers' Co-operative Elevator Company Limited for the thirteen months ended August 31, 1916, and hereby certify that in our opinion, subject to our report of November 13, 1916, as called for by Section 26 of the Act of Incorporation, the foregoing Balance Sheet is properly drawn up so as to exhibit a true and correct view of the Company's affairs at August 31, 1916, and as shown by the Books of the Company.

SCOTT & STUART, Chartered Accountants.