

Company and its total receipts in dollars for the year ending August 31, 1917, amounted to about \$26,000,000. The total receipts from the Maple Leaf Milling Company's sales in the year ending March 31, 1917, were about \$14,500,000. This difference in receipts is due to the fact that the sales of the Maple Leaf Milling Company covered the year March 31, 1916, to March 31, 1917; those of the Western Flour Mills Company covered the year August 31, 1916, to August 31, 1917.

In the capacity of its mills, the Maple Leaf Milling Company also ranks as the third largest in Canada. The daily maximum capacity is 14,400 barrels as compared with 14,500 barrels of the Lake of the Woods Milling Company and 17,000 barrels of the Ogilvie Company. Its production of flour has, however, not greatly increased since the war. In 1913, 1,700,000 barrels were produced; in 1911, this dropped to about 1,300,000 barrels. Total sales in 1914 amounted to approximately \$7,460,000; in 1917, this amount was about doubled.

The total stock of this company is \$5,000,000: \$2,500,000 of preferred stock and \$2,500,000 of common stock. Of this amount, \$3,770,524 has been paid in assets. In the calculations of net capital above \$3,770,524 is taken as net capital. The surplus profits account is added to this in calculating the total invested capital. The contingent account has not been added. Until the year 1915, the contingent account was not considerable. Had it been added and had net profits been calculated on total invested capital as above, plus the contingent account, the rate of profit in 1916 would have been 7.1 per cent instead of 7.4 per cent and, in 1917, it would have been 12.1 per cent instead of 12.63 per cent.

The surplus profit account increased from \$241,881 in 1913 to \$1,402,332 in 1917. The contingent account increased from \$10,038 in 1913 to \$361,007 in 1917. (Thus, total surplus profits amounted in 1917 to \$1,763,339.) No depreciation account existed previous to 1917. In that year, \$250,000 was set aside. Seven per cent dividends have been paid on preferred shares throughout. No dividends were paid on common stock until 1916, when three per cent was declared. In 1917, 8½ per cent dividends were paid on common stock. The reason that no dividends were paid on common shares previously was no doubt due to the fact that they consisted, to the extent of about fifty per cent, of "watered stock" part of which amount was issued as bonus to purchasers of preferred stock and \$230,000 represents good-will directly.

The tremendous increase in the surplus profits account of from \$251,922 in 1913, to \$1,662,339, in 1917, should rightly be decreased by \$100,000 a year for depreciation, which would leave about \$1,100,000. But, even after making that reduction, the increase in the account would still be very large indeed. The source of such abnormal profits was the huge revenue from dealings in wheat in 1915 and a substantial profit from the same source in 1917.

NOTE.—Subsequently \$65,116 was paid in war tax on profits for fiscal year 1917.

The profit per barrel of flour as shown by this company is of course affected by the large revenues from wheat in 1915 and 1917 above referred to. It is for this reason that the profit jumps from 11.2 cents per barrel in 1914 to 50.56 cents per barrel in 1915; from 18.4 cents per barrel in 1916 to 30.45 cents per barrel in 1917. Although, as explained previously, the information regarding the actual amount of revenue from wheat dealings in 1915 and 1917 is not available, it is very probable that the profit from flour alone in 1915 and 1917 was below 20 cents per barrel. Figures submitted by the company for this calculation were incorrect for the year 1913 to 1917 in that no depreciation reserve had been made. In this report, a straight depreciation reserve of \$100,000 per annum until 1917 has been allowed. This is approximately two per cent of the value of the plant which was the percentage of depreciation reserve normally shown by the milling companies until 1917.