BRANDRAM-HENDERSON LIMITED

Statement of Assets and Liabilities at 31st December, 1918

ASSETS.

Fixed:			
Real Estate, Buildings, Plants, Equipment, Goodwill and Patent Rights		$1,827,223.90	
Capital Stock of the Alberta Linseed Oil Co., Ltd., and other investments, less reserves		129,772.82	
Total Fixed Assets			$1,956,996.72
Current:			
Merchandise		$ 919,809.09	
Accounts Receivable		453,336.25	
Bills Receivable		1,970.80	
Cash on hand and in banks		6,906.41	
Total Current Assets			1,382,022.55
Deferred Charges			3,987.39
			$3,343,006.66

LIABILITIES.

Fixed:			
Capital Stock, Common	$970,000.00		
Capital Stock, Preferred	500,000.00		
		$1,470,000.00	
Bonds		363,000.00	
Bond Redemption Reserve		137,000.00	
Bond Premium Account		3,864.85	
Reserve for Depreciation		65,000.00	
			$2,038,864.85
Current:			
Loans from Bank		$ 444,706.64	
Bills Payable		42,349.52	
Accounts Payable		287,529.55	
Reserve for Dividend on Preferred Stock payable January 2nd, 1919		8,750.00	
Reserve for Bond Interest		5,519.56	
Reserve for War Tax		13,767.24	
Total Current Liabilities			802,622.51
Surplus			501,519.30
			$3,343,006.66

GEORGE HENDERSON }
T. SHERMAN ROGERS } Directors.

Audited and verified in accordance with our report.
P. S. ROSS & SONS, Chartered Accountants.
Montreal, 15th February, 1919.

Profit and Loss Account for Thirteen Months Ended 31st December, 1918

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By Balance brought forward December 1st, 1917		$412,184.92
" Net Profit after deducting Head Office Charges		238,133.35
		$650,318.27

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To Bond Interest paid and accrued		$24,431.73	
" Dividends on Preferred Stock		35,000.00	
" Dividends on Common Stock		38,800.00	
" Reserve for Depreciation	$7,500.00		
" Reserve for Depreciation (Special)	10,000.00		
		$17,500.00	
" Sinking Fund for Redemption of Bonds		19,300.00	
" Reserve for War Tax		13,767.24	
			$148,798.97
Balance at credit of Profit and Loss Account, 31st December, 1918			$501,519.30

Audited and Verified,
P. S. ROSS & SONS,
Chartered Accountants.
Montreal, 15th February, 1919.

To the Shareholders of
BRANDRAM-HENDERSON, LIMITED:

Your Directors submit herewith their Twelfth Annual Report with Statement of Assets and Liabilities and Abstract of Profit and Loss Account for the period ended December 31st, 1918. It will be noted the fiscal year has been changed to coincide with the calendar year and that the period covered by this report is one of thirteen months.

The net profits amounted to $238,133.35, which, with the balance of $412,184.92 carried forward from the previous year, makes the sum of $650,318.27 to the credit of the Profit and Loss Account. Out of this sum has been paid the interest on bonds to September 30th, and a reserve for interest accruing for October, November and December, amounting to $24,431.37; also the dividends of $35,000 and $38,800 paid and accrued on the Preferred and Common Stock at the rates of seven and four per cent. respectively. The sum of $7,500 has been provided for a reserve for depreciation, and a further $10,000, as in the last report, as a special reserve for depreciation by way of provision for a contingency arising out of the Halifax disaster, which we still hope will not eventuate. The reserve for the third year's War Tax of $13,767.24 has been provided, and the sum of $19,300 has been applied for Sinking Fund purposes, leaving a balance of $501,519.30.

The cost of Upkeep and Renewals at the plants at Montreal and Toronto, although amounting to a much larger sum than in previous years, because of the pressure of constant maximum production, has not altered the policy of the past, and all such outlay has been charged to operating expenses.

The increase in the Current Liabilities is due to the extension of the territory covered, both in the home and foreign field, which, with the greater volume of business, has necessitated larger and more numerous stocks, as is shown by the inventories.

Messrs. P. S. Ross & Sons, as in the past, have audited the books and accounts, and their report is herewith submitted.

Your Directors are pleased to report that the sales are much in excess of any previous year, and that all Divisions of the Company's operations have contributed to this increase.

The progress made in developing a demand for the products of the Company in the Province of British Columbia has justified the formation of the provincial organization of Brandram-Henderson of B.C., Limited, and the establishment of a depot at Vancouver.

In June last, your Directors announced the purchase of the property and plant in Medicine Hat, known as the Alberta Linseed Oil Mills, and the organization of your subsidiary, the Alberta Linseed Oil Company, Limited. This is one of the most important and progressive steps as yet taken, as it makes the Company self-supporting in the matter of linseed oil, which, taking into consideration all the manufacturing operations of the Company, is the most important raw material it employs. The Alberta Linseed Oil Company is capitalized for $300,000, all the stock being owned by Brandram-Henderson, Limited, with the exception of five common shares allotted to the incorporators. Against this amount of $299,500, carried under the head of Investments, has been set a depreciation reserve of $173,862.18, so that in keeping with the conservative policy of your Directors the investment is carried in our statement at the exact figure involved in the purchase, in spite of the fact that the dividends accruing up to December 31st, for the seven months period ended then, were $10,915.06, which demonstrates the high earning power of this investment carried in our assets at a net figure of $125,637.82.

The volume of foreign sales, in a great range of the Company's products, has heavily increased during the past year, and a diligent attempt will be made to develop business connections under peace conditions, which, in some cases, owe their inception to a situation created by the great world struggle, now so gloriously concluded.

The Company has established business relations and is conducting export shipments to Australia, New Zealand, South Africa, China, Newfoundland, West Indian Islands, etc. As a means of sounding out further export possibilities, the Company has sent a sales representative to the Lyons Fair, France, where an exhibition has been established of such products as the Company is in a position to offer in European markets and other foreign fields.

For the purpose of consolidating the finances of the Company, meeting necessary Capital expenditures and providing for the continuous expansion of the business, your Directors have approved of an issue of $1,250,000 twenty-year six per cent. Consolidated Mortgage Sinking Fund Gold Bonds, and are asking your authorization of same at a special general meeting to be held for this purpose. It is proposed that $655,000 shall be issued immediately, $345,000 be put in escrow to retire a like amount of First Mortgage Bonds outstanding, and the balance, $250,000, be held in the Treasury, only to be issued at some subsequent date to the extent of 75 per cent. of the cost on any future Capital expenditure.

Your Directors recommend a continuance of the present dividend of seven per cent. on the Preferred, and four per cent. on the Common Stocks, payable quarterly to Shareholders of record one month prior to dates of quarterly payments.

On behalf of the Directors.

GEORGE HENDERSON,
President and General Manager.

Montreal, February 4th, 1919.