

Grain Company's Annual

In his Address to the Shareholders, President T. A. Crerar showed the Company to have had the most prosperous year in its history, and that plans were being made for a magnificent future

I am glad to have the opportunity today of welcoming so many of our shareholders to this, the sixth annual meeting of our Company. It is an indication that a steady interest upon the part of many of the shareholders is being maintained in the Company's business. In reviewing the work of the past season I shall do so as briefly as possible, touching only upon matters of importance.

In many respects the year just completed has been the most important one in our experience. The previous year had been a trying one to the Company. This one has been even more so. I do not need to say to you, gentlemen, that last year's crop was one of the most difficult crops to handle that the West has ever produced. While heavy in almost every part of the three Western Provinces, it was late. When you have a crop largely frosted and a wet harvest you have the worst conditions possible. The grain was a month later than usual starting to market. Fully 25 per cent. of it was tough, damp, or wet. Hundreds of thousands of acres were not threshed when the snow came and much of this had to stand over until spring. To make matters worse the railway companies could not commence to move the crop nearly as quickly as desired. Traffic became congested, cars of grain got lost for weeks and months, and frequently weeks passed before we could get the outturns of cars after they had been unloaded. Cars were scarce and farmers were being pressed in the country to meet their liabilities to merchants, banks and machine companies, and there was very naturally strong dissatisfaction on the part of the shippers who could not get their grain sold. Last season we received thousands of drafts against bills of lading sent to us through various country banks. In nine cases out of ten these drafts were so large we could not pay them until the grain was inspected, for, owing to the uncertainty of grading, a car that in an ordinary year could stand a draft of six or seven hundred dollars, last season often would not stand one of even half that amount. A farmer with a car of wheat that he knew was of good quality very naturally complained when his draft was not paid, and we had numerous vigorous kicks on this account. We had no way to protect ourselves except to refuse to pay or ask the bank to cut it down, for it was quite a common occurrence to receive high grade and low grade wheat from the same district, and until we had the inspection of the car we did not know the value of the grain against which the draft was drawn. Even with the very greatest of care we frequently gave a greater advance upon cars than they amounted to when the grain was sold. Dissatisfaction with grading, complaints about slowness of getting grain forwarded and sold, difficulties over drafts (and right here I wish to voice a complaint against many local bank managers in the country who would pass drafts upon the Company that they knew could not be met until we had inspection of grain, and who, when we would not pay them under these conditions, said all manner of things against us). All this increased the work in the office enormously. It is no exaggeration to say the work in handling the same amount of grain last season was double that of the season before. Under these conditions the work in our office was badly congested for weeks despite the

best efforts of everyone upon our staff to keep up with it. In addition we were hampered for room. Under these circumstances mistakes and errors occurred, which, I need not tell you, were a matter of regret to everyone connected with the business. I have mentioned all these circumstances so that you may know just the position we were in. Whenever the Company was responsible for loss through mistakes or errors upon the part of our staff, we made it good, even if it did cost us several thousand dollars in the aggregate to do so. I do not think it would be possible for us to pass through a more trying season than the past one and I feel certain the experience gained will be of value in the future. That experience will in a large degree enable us to reorganize our work to meet similar conditions should they arise again. The grain commission business is one involving an immense amount of detail and a simple mistake will often lead to infinite trouble. For weeks last fall scores of letters reached us daily asking for information on cars shipped. It was often difficult to get the information to answer them and often they were not answered nearly as promptly as they should have

been. It will be necessary next season to open a special department for looking after this class of correspondence. I have dwelt at considerable length upon this, because I recognize there were many cases where there was legitimate cause for complaint. When all the circumstances are known I feel certain the shareholders will recognize and make due allowance for the difficulties our staff was laboring under.

Financing

The financing of the Company's business is a very important matter. At the rate our business is growing it is necessary that our paid up capital be very materially increased. The stock of the Company is now paying a good dividend, and there seems to be no reason why this should not continue. In addition the value of the Company's stock will increase from year to year. The matter of increasing our paid up capital is one which will have to have considerable attention, and if our crop comes off successfully this year we can reasonably expect a good increase in this direction.

Lumber Company

Last fall the Company secured the controlling interest in a timber limit in British Columbia, estimated to contain over 300,000,000 feet of lumber. The cash outlay was not very great and there is every reason to believe that the in-

Comparison with Other Years

A comparison of the past year's business of the Company with that of other years is very interesting. The volume of business we have handled in the past season is by far the greatest in our history for

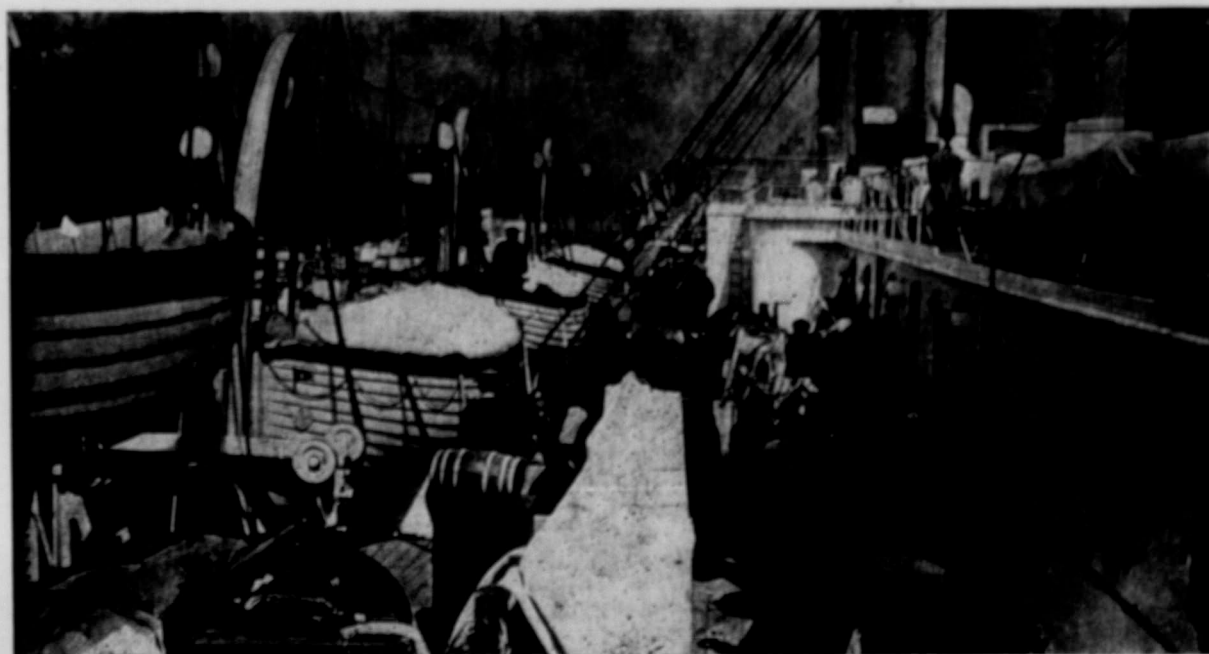
the past year will, we think, also prove satisfactory. I have already stated that the Company had considerable loss last fall in making up for errors that occurred in the work in the office, which consequently somewhat reduced our profits. You will remember that our profits a year ago were a little over \$99,000.00. This year they amount to \$121,614.13. This is sufficient to pay a dividend of 10 per cent. on the paid up stock; put over \$62,090.00 in our reserve fund and carry forward a balance of about \$10,000.00 to the credit of our profit and loss account for next year. This is what the directors propose, and I trust it will meet with your approval.

Balance Sheet

The balance sheet calls for a few comments. In some items of expenditure there has been an increase, and in others a decrease. Mr. Bewell, the shareholders' auditor, as has been his custom in the past, will present to you the profit and loss account, and the statement of the assets and liabilities, and will give you any information upon it that you may desire. I wish, however, to deal briefly with one or two features of the balance sheet. In respect to organization costs we adopted the principle last year of writing off a third against the profits of the year, and carry the two-thirds to be written off in the two succeeding years. We have again followed this principle in respect to the organization costs of the past year. The total amount we have written off against organization this year is \$15,203.25. You will note that our reserve stands now close upon \$200,000.00. We have transferred to reserve out of profits in the last two years over \$100,000.00. The balance comes from the increased value of our Lombard Street property. I just wish to point out that we received an independent valuation on this property on the 30th of June, on what was considered by the valuator a conservative basis. We have taken

it into account at \$2,000.00 a foot, while the valuation we received was \$2,300.00 per foot, or in a round amount about \$40,000.00 more than we have allowed. So in this respect our reserve is easily within the mark of what is proper. It is a sound principle, however, to keep conservative valuations on our assets. In this way we build up a reputation for ourselves in the business world. We have been, I might say, negotiating with people in Chicago for the sale of this property at \$2,500.00 a foot. I think the property will easily sell for that, if not more, and if it does we will have from the profits an additional \$60,000.00 which can be further placed to reserve. Our aim should be to get our reserve equal to the amount of our paid up capital. You will note that in addition we have created a special reserve entitled, "Reserve for Contingencies." This, in my judgment, is a sound policy. Through over advances to farmers last fall, and through the fact that in the past three months we have given advances on grain, some of which is now out of condition, there is a possibility, though I think a remote one, that we might have some small losses there. If, after the season's business is completed, this special reserve remains intact we could give our customary grants to the Grain Growers' Associations of the three provinces, and to The Guide out of the special reserve.

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MAKING SAFE THE OCEAN HIGHWAY—As a result of the foundering of the S.S. Titanic, many of the liners plying between European and American ports have had large additions made to their life-saving apparatus. In several cases the life-boat accommodation has been increased by 60 per cent. The above picture shows the crew of the S.S. Olympic placing extra life-boats—many of them being of the collapsible type—on the deck of that "giant of the waters."

any year, being 27,750,000 bushels as against 18,000,000 bushels for last year. While the service the Company rendered their patrons for some time last fall was very short of what it should have been, it is clear that our shareholders and friends throughout the country recognized the difficulties we were laboring under and the receipts of grain the Company has received in the past four months is more than three times what it has received for the corresponding period in any other year. You will remember that a premium of 20 per cent. was placed on our stock a year ago, raising the selling price of our stock from \$25.00 to \$30.00 per share. There has been a nice increase in our capital for the year. A year ago the amount of capital stock subscribed amounted to \$615,000.00, of which \$492,000.00 had been paid. At the end of June last the amount of subscribed stock had increased to \$683,000.00 and the amount paid in to \$586,000.00, an increase in the latter of almost \$100,000.00. The results of the crop last season were discouraging, and consequently very little money was spent in organization work last year, since we recognized that the tightness of money prevented farmers from taking stock. Under these circumstances this increase is indeed gratifying, and shows that the Company has secured a firm position and is held in high esteem generally throughout the community. The profit