Business and Finance

THAT the milling industry of Canada is having an unprecedentedly prosperous time of it, a fact made abundantly manifest by the balance sheets presented at the annual meetings of the shareholders of the milling companies held during the past couple of weeks. Herewith The Guide reprints, from the leading financial journals of Montreal and Toronto, summaries of those annual statements of three of the big milling companies.

Ogilvie Flour Mills Co.

From the Financial Times, of Montreal:—

"One of the most astounding statements ever presented by a Canadian industry is that of the Ogilvie Flour Mills Company, Limited, for the 12 months ending August 31 last, given out at Thursday's meeting.

"The visible profits for the year, clearly exhibited in the statement, amount to $1,955,414 or $600,000 more than in the best previous year, namely, 1917. After deducting the preferred dividend there remains available for the common stock the sum of $1,815,414, or over 72½ per cent. for the year.

"But this is by no means the entire profits for the year, since the balance sheet shows that the whole of the old contingent account has been appropriated for the creation of a new "rest account," and a new contingent account has been created, amounting to $1,596,407, without any appropriation for that purpose having been made out of the profit and loss account. It is, therefore, evident that this $1,596,407 is actually profits made but not passed through the profit account, so that the total betterment in the position of the common shareholders during the year (including the amount paid out for their dividends) is really $3,411,821, or 136½ per cent. on the common stock.

"Scarcely less astounding than the profit statement is the position of the company in regard to liquid assets. Not only has the immense surplus of profits over dividend requirements been added to the company's holdings of government bonds, but a large sum of cash has been realized by the cutting down of the stocks of flour and wheat on hand. The company now has an excess of current assets over current liabilities amounting to $6,664,500."

St. Lawrence Flour Mills Co.

From the Montreal Gazette:—

"Net profits of St. Lawrence Flour Mills Co., Ltd., amounted to $268,737 in the year ended August 31st last, by a big margin the best showing yet made by the company. After bond interest and preferred stock dividends, earnings were at the rate of 17.9 per cent. on the common stock against 7.3 per cent. a year ago and six per cent. two years ago."

Lake of the Woods Milling Co.

From the Monetary Times, of Toronto:—

"A new high record in net profits has been made by the Lake of the Woods Milling Company, for the year ended August 31st, 1918. The net profit for this year is $857,914, or $288,167 more than for the previous year. After paying interest upon the $900,000 of outstanding bonds and seven per cent. dividend upon the $1,500,000 of preferred stock, the balance remaining is $698,914, or about 33 per cent. upon the common. The usual dividend of eight per cent. has been paid upon the common. The sum of $100,000 was written off the property and good-will accounts, and $200,000 set aside to bond redemption account. This makes a total of $400,000 set aside to redeem the $900,000 of bonds which fall due in 1923. The amount of surplus is now $978,797."

Agricultural Implement Profits

From the Monetary Times, of Toronto:—

"The statement of the Cockshutt Plow Company, Limited, for the year ended June 30th, 1918, is much more favorable than that of the previous year. The net profits, after providing for depreciation, were $553,214, compared with $370,745 the last year, and $465,211 the year before.

"The quarterly dividend on the preferred stock at the rate of four per cent. per annum, absorbed $234,[illegible] there was also transferred to contingent reserve the sum of $200,000, and $[illegible],000 to capital reserve.

"These funds now stand at $1,[illegible] and $1,500,000 respectively, in addition to which there is a merchandise reserve of $500,000, making a total of $[illegible],000,000."

No Less than 68 Per Cent.

From the Montreal Gazette:—

"That the Russell Motor Car Company experienced a satisfactory period for the fiscal year ending July 31, 1918, is evident from the annual report which has just been issued. While the net profit of $628,581 after taxes, etc., was about $15,000 less than for the previous year, the balance earned on the common stock was at the rate of no less than 68 per cent."

To Calculate the Income Tax

The method of calculating the tax on incomes, in accordance with the Canadian Income Tax Act of 1917 and the 1918 amendments to that act, is set forth in the schedule below which shows the tax which a man with an annual income of $1,200,000 would pay into the Dominion treasury, and exactly how that tax would be figured up by the Income Tax officials.

Why, you may ask, is so large an income as $1,200,000 taken as an example? Has anybody in Canada so large an annual income as that?

The Guide is not in a position to answer the second of the foregoing questions. But the answer to the first is simple and easy.

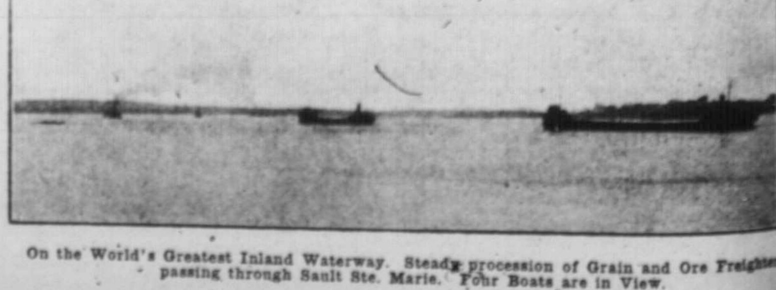
Preliminary Explanations

First of all, it must be explained that unmarried persons' income up to $1,500 a year are exempt from income taxation, and married persons' incomes up to $3,000 a year are exempt from income taxation.

Next it must be explained that on all incomes exceeding $6,000 the normal tax, the supertax, and the surtax all apply. The supertax and the surtax mount by rapidly increasing stages.

Therefore, in order to furnish a comprehensive working example which will show the application of all the rates of supertax and surtax provided in the act, it is necessary to imagine a very large income.

That is why the imaginary income of $1,200,000 a year is taken as the basis of the following schedule, which shows the method of calculating the income tax. But, before proceeding to the schedule, a few more explanations must be made. It must be explained that on any income of $3,000 or more a year an unmarried person pays a normal tax of exactly $50 more than the normal tax paid by a married person. The super-



On the World's Greatest Inland Waterway. Steady procession of Grain and Ore Freighters passing through Sault Ste. Marie. Four Boats are in View.