

# THE OGILVIE FLOUR MILLS CO., LIMITED

## REPORTS and BALANCE SHEET

For year ended August 31st, 1918, presented to the Shareholders at the Seventeenth Annual Meeting, held at Montreal, Que., October 10th, 1918.

### DIRECTORS' REPORT

A Balance Sheet showing the Assets and Liabilities of the Company, also Profits for the year, is submitted.

The Company's accounts have been audited by Messrs. Creak, Cushing & Hodgson, Chartered Accountants, whose report is presented herewith.

The Company's Pension Fund now amounts to \$253,644.91.

You will note that the amount of last year's Contingent Account has been transferred to Rest Account, and a Special Contingent Account established.

Provision has been made for the maintenance of the Company's various properties at the highest possible state of efficiency.

The usual quarterly dividends were paid during the year on the Preferred Stock, and four quarterly dividends of 3% were paid on the Common Stock, together with a bonus of 15%, which was paid on the 1st instant.

All of which is respectfully submitted.

CHAS. R. HOSMER, President.

### VICE-PRESIDENT and MANAGING DIRECTOR'S ADDRESS.

Addressing the shareholders, Mr. W. A. Black, the Vice-President and Managing Director, said:

It is with much pleasure that we present to our shareholders another very satisfactory statement.

On account of our inability to secure sufficient wheat, the output of our flour mills during the past year was somewhat less than the previous year, the supply of wheat for all Canadian mills being under the control of the Food Board, which allotted to the mills a proportionate share of wheat that was available for the mills to grind.

The capacity of our cereal mills was increased during the year, the output being materially increased, and finding ready sale at satisfactory prices.

Our trading in grains and other commodities was large and profitable, and these profits, together with income from investments, give us nearly sixty per cent. of our total profits.

The turnover for the year was \$56,657,117, of which

\$40,412,848 was on the sale of the products of our flour mills, the profits from the operation of which netted us \$832,910.50, or only a shade over 2% (2.06%, to be exact), on the turnover, a figure which is, indeed, very low, and only possible of returning a reasonable profit on account of the very large amount involved. I have particularly drawn this matter to your attention because the impression seems to prevail with some that the flour profits are unduly large, which these figures clearly demonstrate is not the case.

Realizing that our business is much more subject to market changes than is generally the case, it has been the policy of your Directors to carry the large supplies required by our mills and the product of same, as also its investment at a most safe and conservative figure, but owing to Government requirements, and feeling the advisability of our shareholders realizing that proper provision has been made to take care of a sudden change in values, you will note that a Contingent Reserve Account has been established to provide against such a contingency. With flour and wheat from two to three times normal values, it is only natural that there should be some anxiety in the minds of our shareholders in this respect. This reserve, however, must be regarded as likely to be required for the purpose named. We profited by the advance to the present high prices, and as it is hardly possible for us to avoid some loss when normal values again prevail, and having in mind the different matters referred to in this connection, it is well that proper provision be made and shown.

We continue to contribute largely to the Income and Business Profit Taxes, our contribution this year again exceeding the dividends paid to the shareholders of our ordinary stock. There has been practically no change in the holdings of our shareholders during the year, the average holdings being 34 shares.

The outlook for this year is hardly as promising as last. Firstly, for the reason that the Government has felt it necessary to adopt the use of the same quantity of substitutes for flour as is used by our Allies, which means a reduction in the use of wheat flour in Canada by some 20%. Secondly, the export outlook is not as bright as it was a year ago, but your Management feel confident of the maintenance of a satisfactory return to the shareholders.

## BALANCE STATEMENT, 31st AUGUST, 1918

### ASSETS

Cash.....	\$1,078,472.19
Accounts and Bills Receivable, after making provision for bad and doubtful Debts.....	1,501,826.31
Stocks on hand of Wheat, Flour, Oatmeal, Coarse Grains, Bags and Barrels.....	1,462,916.02
Investments (including \$4,896,900.00 Dominion of Canada War Loans and Treasury Bills).....	6,575,149.82
<b>Total Active Assets.....</b>	<b>10,618,364.34</b>
Investments for Pension Fund.....	173,252.25
Real Estate, Water Powers and Mill Plants in Montreal, Fort William, Winnipeg and Medicine Hat; Elevators in Manitoba, Saskatchewan and Alberta; Property in St. John, N.B., and Ottawa; Stable Plant and Office Equipment.....	5,692,892.41
Goodwill, Trade Marks, Patent Rights, etc.....	1.00

**\$16,484,510.00**

### LIABILITIES

Accounts Payable (including Provision for War Tax for two years, 1917 and 1918).....	\$3,433,615.03
Provision for Bond Interest and Dividends to date.....	520,250.00
<b>Total Current Liabilities.....</b>	<b>3,953,865.03</b>
Officers' Pension Fund.....	253,644.91
First Mortgage Bonds.....	2,350,000.00
Capital Stock—Preferred.....	2,000,000.00
Common.....	2,500,000.00
Rest Account.....	2,500,000.00
Special Contingent Account.....	1,596,407.45
Profit and Loss Account:	
Amount at Credit 31st August, 1917.....	\$190,177.77
Profits for the year after payment of Bond Interest and making provision for War Tax:	
Flour Milling Profits.....	\$832,910.50
Profits from other Sources and Investment Income.....	1,122,504.34
	1,955,414.84
Less—Dividends on Preferred and Common Stocks.....	815,000.00
	1,140,414.84
	<b>1,330,592.61</b>

**\$16,484,510.00**

We have audited the books of the Company at Montreal, Fort William, Winnipeg and Medicine Hat for the year ending 31st August, 1918, and have obtained all the information and explanations we have required; and we certify that, in our opinion, the above Balance Sheet is properly drawn up, so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

CREAK, CUSHING & HODGSON, Chartered Accountants.