

1888 October 19<sup>th</sup>

Directors' Meeting

19<sup>th</sup> October 1888 3 P.M. at 7 Water St. Yokohama

Present: Mr.Talbot (Chair), Mr.Grosser, Mr.Dodds, Mr.Abbott, Mr.Baehr

Minutes of last meeting were read and signed.

➤ Report on Company's Financial Position as to Sept. 30<sup>th</sup>

Report on Company's Position

Mr. Talbot read a Report and series of Accounts which he had prepared, showing the Company's financial position up to 30<sup>th</sup> September, as follows:-

Forty five days have elapsed since the last meeting of directors was held on the 4<sup>th</sup> September last, when it was informally understood that periodical meetings of the board might be, temporarily at least, suspended, and be replaced by meetings convened for the despatch of such business as should properly come before directors.

In the interval, a considerable amount of work has had to be performed.

Messrs. C. Rohde & Co sent in a mass of documents and invoices all of which had to be analysed and classified, and apportioned to the several accounts to which the articles are supposed to belong and where they will remain until the annual stock-taking at the end of the year enables a more accurate distribution to be made. As the documents involved the adjustment of rebates and returns and separation of three currencies, with adjustment of differences in exchanges, the task was by no means simple, and the amount of work required to perfect it, considerable; and if the records have been imperfect the causes are, in my mind, sufficient explanation. The books are



and returns as brewed Hecto	3308 = 72784 galls
Delivered	1156= 25440 "
Stock actually on hand	<u>47,344</u>
Difference Galls	<u><u>4,656</u></u>

No doubt several brews failed, of which no account is here taken, and were thrown away. Six bad brews will account for the difference and it is almost certain that number of brews failed. The question has not been put to Mr. Heckert directly, but, no doubt, if it is, he will admit this to be the case. These losses are inseparable from new works and are not likely to recur. You will observe the accounts deal only with the smaller stock. The cost of the beer, apart from establishment expenses, is 22 Cents per gallon; and if bottles, Capsules, Corks, &c are taken into account, we have sold so far at the rate of 64 Cents per gallon for quarts and 73 Cents for pints. If we can maintain these prices, our future is promising.

The point to which the serious attention of the directors is called is the financial position of affairs. Large orders for brewing material &c have been executed, and acceptances maturing before the end of this year, in addition to drafts retired amounting to £999-0-8, are no less than £1956-19-9, or say \$13,000. This, with current liabilities to provide for indicates a necessity for some careful financial steering. Dealing with probabilities, and allowing a fairly safe margin, our position seems to be:-

Debts now payable	\$3256
Due & payable at intervals to end of year	
Wages, Salaries, Duties, Charges	4650

Bottles purchased here	1800	
Coal	900	
Margin	<u>394</u>	11,000

or with acceptances \$24,000: and including excess of O.B.C. overdraft ( \$41,500 ) \$25,500, which sum must be provided before we can begin to reduce the debts of the concern. The income with which we can reckon is:-

Due on good bills in Current a/cs	}	\$5,200
less discounts not yet charged		
Estimated Sales, local, Oct to Dec		12,000
Consignments to 30 Sept, due,		5,325
Probable shipments Oct to Dec		3,000 <u>25,525</u>

But as we cannot reasonably calculate upon receipts from consignments of more than \$2325, we are plainly \$6000 short of the money we must actually look for. How this is to be provided, the meeting must determine.

The statement of account before you is not one of which we have cause to be ashamed. The large stocks of imported beer seriously affect sales of ours, but dealers assure our Agent that when rid of our imported beer the demand will be almost solely for the Japan Brewery Coy's beer. Upon the production to 30<sup>th</sup> September of 72,874 gallons, our profit on the small sale of 25,000 gallons is considerable, and if we realise the stock at current prices, as we shall probably do, the realised profit will be \$13,500 more than we calculate upon.

With regard to stocks, we have perhaps laid in rather too rapidly, but it was thought necessary to be on the safe side in the event of a demand failure to supply which would have been injurious. On the 1<sup>st</sup>. inst. We had a stock of malt, hops, &c sufficient for 60 brews, that is 52,800 gallons of beer, so that for

the present we have no further anxieties on that score. Orders will, in future, be prepared for supplies to arrive periodically from March 1<sup>st</sup> 1889 up to which time we are amply supplied for 15 Brews per month.

I think it is not unreasonable to say that the year's balance should show a profit equivalent to 10% on the subscribed capital after closing all expenditure from the commencement but whether dividend can be declared cannot now be discussed. The profit has been used to supply or replace deficient capital and is locked up in property.

<u>Beer Product Account</u>	<u>Memorandum</u>	
Sept. 30 by Total Sales		\$26,270.50
" To Cost of Malt Hops &c	16,048.34	
" " 7720 doz quarts at 67c	5172.40	
" " 7200 " Pints " 47c	3384.00	
" " Capsules Corks labels	<u>&amp;c800.00</u>	
	9,356.40	
" Stock		
	galls	
Brewed per a/c 3520 Hecto=77440		
Sold & Delivered	<u>25440</u>	
Balance @40c	52000	20,800.00
Profit & Loss a/c	<u>21,665.76</u>	
		<u>\$47,070.50 \$47,070.50</u>

The stock above does not, however, tally with Mr. Heckert who furnishes a stock, Oct 13<sup>th</sup> of 2152 hecto. This gives for Oct 1<sup>st</sup> the result following:-

Sept. 30	Items above		25,404.74	26,270.50
	" Stock per Heckert			
	Brewed 3308 hecto = 72784 galls			
	Sold & Dlivd per a/c			
		<u>25440</u>	"	
	Actual Stock per Heckert	47334	" @40c	18,937.60
	Profit & Loss a/c		<u>19,803.36</u>	
			<u>\$45,208.10</u>	<u>45,208.10</u>
Oct. 1 <sup>st</sup>	Stock actually in hand		<u>\$18,937.60</u>	

Difficulty has been experienced in arriving at the true stock. Brews are said to be 54 hecto each, less an allowance for 1<sup>st</sup> year of 15 to 30%. Mr. Heckert always returned 40 hecto for the brews and now asserts that it should be 37.8 only. Some brews have however been rejected with the result that the stock per register should be 52,000 galls, but actually is 47344 galls equivalent to a loss of 6 brews.

Pro forma Balance Sheet 30<sup>th</sup> September 1888

-Liabilities-

To	Capital 696 shares at \$100 each	69,610.00
"	Reserve Premium on 29 shares	700.00
"	New Oriental Bank Corp, Ltd.	40,483.93
"	Bills payable	15,037.05
"	Carl Rohde & Co	12,532.42
"	Profit & Loss surplus assets	<u>3,041.13</u>
		<u>\$141,404.58</u>

-Assets-

By Landed Estate	4,621.42	
" Buildings	34,403.94	
" Machinery	41,880.10	
" Plant	8,628.08	
" Stores	10,159.09	
" Office Furniture	<u>603.32</u>	100,295.95
<u>Fixed property</u>		
" Brewing Material Sundries	1,703.88	
" Malt & Hops	<u>8,418.03</u>	10,121.91
Variable Property		
" Stock of Saleable beer \$40c		18,937.60
" Petty Cash in hand		532.47
" Bills receivable:-		
on Current a/cs	6,191.15	
" Consignments	<u>5,325.50</u>	
Money due		<u>11,516.65</u>
		<u>\$141,404.58</u>

Pro forma Profit & Loss account to 30<sup>th</sup> Sept. 1888

By Beer Product a/c		19,803.36
" Waste Grains Sold		212.00
To Interest	1,954.56	
" Preliminary Expenses	1,651.15	

" Ground Rent	324.24	
" Office Expenses	360.38	
" Samples of Beer	150.00	
" Charges	848.19	
" Working Expenses	2,653.56	
" Fire Insurance	413.00	
" Salaries & Wages	7,086.05	
" Coal	1,429.20	
" Advertising	104.00	
Balance	<u>3,041.13</u>	
	<u>\$20,015.36</u>	<u>20,015.36</u>

In discussing the foregoing report, Mr. Heckert explained that the difference in the stock of beer shown in the Beer Product a/c was owing to the disadvantages naturally arising in the commencement of a new Brewery such as workingmen to whom such work is entirely new &c, during which period from 15 to 30 per cent loss is generally allowed, but that such loss gets less after a short experience and in fact will in future be almost nil.

The other parts of the report were discussed at length, and, in regard to the financial position, it was decided to issue the remaining unallotted shares, 54 in all, at \$118, as it was understood that they could be placed at this price, and this would make an average price for the total number of \$120, the price originally determined upon.

➤ Bottle Contract with Shinagawa Glass Works

Bottle Contract

Samples of bottles supplied by the Shinagawa Glass Works were examined and a draft Contract explained, by which they propose to supply a maximum quantity of 25,000 Quarts and 10,000 Pints per month commencing on 1<sup>st</sup> April, at \$4.50 per hundred for Quarts and \$3.50 for Pints with an allowance for breakage of 15 bottles for each thousand. The general principles of the proposal were approved of- all moulds and samples to be approved by the Brewer. Decided to arrange a Contract.

➤ Export Duty on Beer

Export Duty on Beer

Mr. Talbot mentioned that he had seen the Commissioner of Customs in regard to the removal of this duty, but that gentleman did not appear inclined to make any alteration.

➤ Change of Office to the Brewery

Change of Office to the Brewery

A suggestion was made by Mr. Abbott that the Company's work could be carried on better by having the Office at the Brewery, but other members of the Board thought this step although advantageous in some ways would be disadvantageous in others and the matter was deferred for the present.

➤ Title Deeds

Title Deeds

Mr. Talbot read a Draft Conveyance of the Company's landed property by Mr. Abbott and himself in favour of the Company and it was decided to have the same executed and registered.

➤ Change of Agencies from Caldbeck Macgregor to Carlowitz

Agencies

Some dissatisfaction was expressed at the apparent want of energy on the part of the Shanghai Agents, Messrs. Caldbeck Macgregor & Co, in disposing of the beer, and it was arranged to write to Messrs. Carlowitz & Co asking them if they inclined to take the Agency over.

A letter was read from Messrs. Carlowitz & Co of Tientsin agreeing to take the Agency for the northern parts of China, and expressing great satisfaction with the beer already sent and holding out good prospects for the future.

The meeting adjourned at 5.45 p.m.

J. Donaldson

F. Grosser

Secretary

Vice Chairman