

THE TUCKETT TOBACCO COMPANY, LIMITED

HAMILTON, CANADA



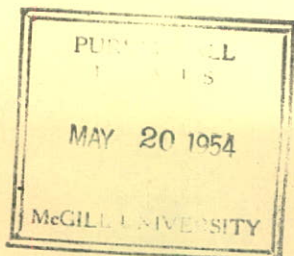
ESTABLISHED 1857

FORTY-SECOND ANNUAL REPORT

III

FOR THE YEAR ENDED

31st MARCH 1954



THE TUCKETT TOBACCO COMPANY, LIMITED
HAMILTON, CANADA

§

BOARD OF DIRECTORS

HOWARD S. AMBROSE

PETER R. AUSTIN

CHARLES W. BOSWELL

JOHN J. MCGILL

HARRY WILSON

§

OFFICERS OF THE COMPANY

President:

HARRY WILSON

Vice-President:

JOHN J. MCGILL

Secretary and Treasurer:

CHARLES W. BOSWELL

§

AUDITORS

DELOITTE, PLENDER, HASKINS & SELLS

FORTY-SECOND ANNUAL REPORT
OF
THE TUCKETT TOBACCO COMPANY, LIMITED

TO THE SHAREHOLDERS:

Presented herewith is the Annual Report of your Company, together with Financial Statements and Auditors' Report for the year ended 31st March, 1954.

To improve the form of presentation of financial information to Shareholders, the Report this year contains Consolidated Balance Sheet and also Statement of Consolidated Profit and Loss and Earned Surplus of your Company and its Subsidiary Companies which comprise Tuckett Limited, Philip Morris & Company, Limited and Tobacco Products Corporation of Canada, Limited. In previous Reports the published financial information appertained only to The Tuckett Tobacco Company, Limited.

This being the first year of publication of Consolidated Accounts, the Financial Statements contain figures of a similar consolidation for the preceding year in order to facilitate comparison of results.

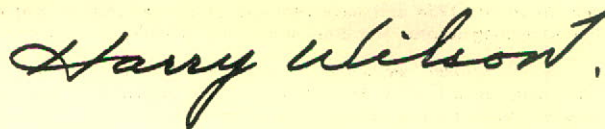
The Net Profit for the year, after deducting all charges and expenses for management and providing for Income Taxes, amounted to \$414,223. This enabled your Directors to authorize the payment of Dividends on Preference and Ordinary Shares aggregating \$390,000, leaving Earned Surplus at \$3,155,678, an increase for the year of \$24,223.

In February 1953 the Federal Government rate of excise taxes on cigarettes was decreased by a fraction over 4¢ per package of 20. Your Company then reduced the selling prices of its principal brands by an amount in excess of the tax reduction which, together with a lower net return per package accepted by wholesalers and retailers, resulted in general lowering of the cost by 6¢ per package of 20 cigarettes to the smoking public. In each succeeding month it became increasingly evident that the Canadian smoker was appreciative and responded to the actions of the Government, your Company, and the distributing trade, resulting in an increase in the demand for your Company's cigarettes. It is apparent that a number of Canadians have discontinued the smoking of cigarettes made in the United States and on which Canadian duty and excise taxes have not been paid.

It is extremely evident, however, that very large quantities of cigarettes are still entering Canada from the United States without the payment of Canadian duty and excise taxes and are being smoked by Canadians. A further decrease in the rate of excise taxes would materially contribute toward elimination of this practice and afford much greater opportunity for increased sales of your Company's products. This would be beneficial also to the economy of Canada by promoting the best interests of all the many Canadians dependent upon the production and distribution of tobacco products for their livelihood. Past experience suggests that, at the current high levels of excise taxation, a sizable reduction in rate can be effected without a material reduction in Government revenues.

Your Company takes pride in the programme of benefits provided for its employees. During 1953, the benefits under the Group Hospitalization Plan were increased in view of rising hospital charges. The Employees, for their part, have rendered loyal and efficient service and your Directors express gratitude for their efforts.

On behalf of the Directors,



President.

Hamilton, 12th May, 1954.

THE TUCKETT TOBACCO COMPANY
CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS

		1953
Cash	\$ 94,266	\$ 91,052
Government of Canada Securities (Market Value \$24,963)	25,000	25,000
Accounts Receivable less Reserve for Doubtful Debts	1,015,933	1,159,716
Inventories of Leaf Tobacco, Manufacturing Materials, Supplies and Finished Products (at average cost or under) and Advances for Purchases of Leaf Tobacco	6,725,044	6,009,379
	7,860,243	7,285,147

SUNDRY INVESTMENTS

Mortgage	102,500	105,000
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FIXED ASSETS

Real Estate, Buildings, Plant and Equipment (at cost)	1,662,554	1,532,657
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PREPAID CHARGES

Taxes, Insurance, etc., Paid in Advance	3,938	8,531
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GOODWILL

Goodwill and Trade Marks	2,478,672	2,478,672
	\$12,107,907	\$11,410,007

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
THE TUCKETT TOBACCO COMPANY, LIMITED:

We have examined the books and accounts of The Tuckett Tobacco Company, Limited and its subsidiary companies for the year ended March 31, 1954 and have received all the information and explanations we have required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we have considered appropriate in the circumstances.

In our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies as at March 31, 1954 according to the best of our information and the explanations given to us and as shown by the books of the companies.

38 King Street West, Toronto.
May 5, 1954.

DELOITTE, PLENDER, HASKINS & SELLS,
Chartered Accountants,
Auditors.

Y, LIMITED and Subsidiary Companies

SHEET 31st MARCH 1954

LIABILITIES

CURRENT LIABILITIES

		1953
Accounts Payable	\$ 917,182	\$ 287,647
Income and Excise Taxes	886,000	1,143,063
Dividends Payable:		
On Ordinary Shares	50,000	
On 7% Cumulative Preference Shares	35,000	35,000
	1,888,182	1,465,710

RESERVES

Reserves for Buildings, Plant and Equipment	1,537,477	1,417,438
Provision for Retirement Allowances to Employees	255,196	232,696
Fixed Asset and Inventory Replacement Reserves	759,274	651,346
Sundry Reserves	12,100	11,362

CAPITAL

Authorized and Issued:		
7% Cumulative Preference Shares:		
20,000 shares of the par value of \$100 each	2,000,000	2,000,000
Ordinary Shares:		
25,000 shares of the par value of \$100 each	2,500,000	2,500,000

SURPLUS

Earned Surplus	3,155,678	3,131,455
	\$12,107,907	\$11,410,007

Approved on behalf of the Board:

HARRY WILSON,
CHARLES W. BOSWELL, } Directors.

THE TUCKETT TOBACCO COMPANY, LIMITED
and Subsidiary Companies

STATEMENT OF CONSOLIDATED PROFIT AND LOSS
and EARNED SURPLUS
Year Ended 31st March 1954

Income from Operations before taking into account the undernoted items shown separately, but after deducting all Charges and Expenses for Management (remuneration to all Executive Officers and Salaried Directors — \$58,700, Directors' Fees — \$820, Legal Expense — \$48)	\$ 965,657	1953 \$ 993,720
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NOTE: The charge against Operations in respect of depreciation amounted to \$166,824.

Add:

Income from Investments	18,896	750
	984,553	994,470

Deduct:

Income Taxes	570,330	643,057
NET PROFIT FOR THE YEAR	414,223	351,413

Add:

Earned Surplus as at 1st April	3,131,455	3,120,042
	3,545,678	3,471,455

Deduct:

Dividends on Preference Shares	140,000	140,000
Dividends on Ordinary Shares	250,000	200,000
Earned Surplus as at 31st March	\$ 3,155,678	\$ 3,131,455

1954
The Tuckett Tobacco
Company, Limited

ANNUAL REPORT

For the Year Ended
31st March 1954

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