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Blue Ribbon

CORPORATION LIMITED



ANNUAL REPORT
AND
CONSOLIDATED BALANCE SHEET

AT 30th JUNE, 1956

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Blue Ribbon Corporation Limited

BOARD *of* DIRECTORS

S. W. HOARE L. G. KEITH J. B. BRYDON
W. T. KENNEDY G. T. F. HILLIER

President

S. W. HOARE

Secretary-Treasurer

L. G. KEITH

Bankers

THE CANADIAN BANK OF COMMERCE

Transfer Agent

THE TORONTO GENERAL TRUSTS CORPORATION

Registrar

NATIONAL TRUST COMPANY, LIMITED

Auditors

CLARKSON, GORDON & Co.

DIRECTORS' REPORT

Winnipeg, Canada, September 27, 1956.

To THE SHAREHOLDERS OF
BLUE RIBBON CORPORATION LIMITED:

Your Directors submit the Consolidated Balance Sheet of the Company and Consolidated Statements of Earned Surplus and Profit and Loss for the year ended 30th June, 1956.

The Statement of Consolidated Profit and Loss shows a net profit of \$110,638 for the year after charging all expenses, including depreciation amounting to \$102,114 on Fixed Assets.

The net profit for the year of \$110,638 compares with a net loss of \$235,724 for the previous year. In view of the loss carry-forward provisions of the Income Tax Act there is no liability for tax on income for the year ended 30th June, 1956, so that the net profit has been transferred in full to Earned Surplus Account.

Dividends on the 5% Cumulative Convertible Redeemable Participating Preferred Stock are in arrears in the amount of \$42,642, representing four quarterly dividends payable during the year under review. It was with considerable regret that, following last year's severe losses, your Directors were unable to recommend the payment of the dividend due 1st August, 1955 and Preferred Shareholders were so informed by letter dated 27th September, 1955.

However, we are pleased to be able to report that dividend payments have been resumed commencing with the quarterly dividend paid 1st August, 1956.

Reference was made in our previous report to measures being taken to effect economies and generally to improve the trading operations of your Company. Of recent years our chocolate manufacturing business in Eastern Canada has been causing concern. It was becoming increasingly difficult to compete with the larger manufacturers in the chocolate and confectionery trade and losses were being incurred. Your Directors decided that it would be in the Company's overall interests to dispose of the chocolate plant and equipment in Toronto, provided of course that an attractive price could be secured.

We are pleased to report that in January of this year agreements were concluded for the sale of the entire buildings and chocolate machinery and equipment in Toronto. Although the price secured is considered to be eminently satisfactory, a loss on the book value of these assets has resulted in a charge of \$60,380 to Earned Surplus Account for the year.

The expected economies are already partially reflected in the accounts under review. In addition, trading conditions with more stable markets and lower prices at the consumer level have contributed materially to increased sales volume and to the much improved operating results for the year.

Submitted on behalf of the Board of Directors.

S. W. HOARE, President.

Blue Ribbon Corp

(Incorporated under

AND SUBSIDIARIES)

CONSOLIDATED

June 30, 1961

ASSETS

CURRENT:

Cash on hand and in banks	\$ 80,312
Accounts receivable, less allowance for doubtful accounts	1,022,993
Inventories of merchandise and supplies as certified by the management, determined on the basis of physical count and valued at cost or under	2,681,119
Prepaid expenses	97,557
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	\$3,881,981
Investment in shares of customer company, less allowance	5,813
Mortgage receivable, 5½% due January 17, 1961	123,750
FIXED:	
Land, buildings, machinery and equipment—as appraised by Sterling Appraisal Co. Ltd.—1928, plus subsequent additions at cost	\$1,158,254
Less accumulated depreciation	685,556
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	472,698
Trade-marks, patent rights and goodwill	1
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	<u>\$4,484,243</u>

On behalf of the Board,

S. W. HOARE, Director

L. G. KEITH, Director

To the Shareholders of
Blue Ribbon Corporation Limited.

AUDITORS

We have examined the consolidated balance sheet of Blue Ribbon Corporation of consolidated profit and loss and consolidated earned surplus for the year ended required. Our examination included a general review of the accounting procedures considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statement drawn up so as to exhibit a true and correct view of the state of the affairs of the corporation ended on that date, according to the best of our information and the explanation

Winnipeg, Canada, September 4, 1956.

Corporation Limited

(under the Laws of Canada)

FINANCIAL STATEMENTS
OF THE COMPANY

BALANCE SHEET

As at June 30, 1956

LIABILITIES

CURRENT:

Accounts and bills payable \$1,862,629

CAPITAL STOCK:

Authorized—

27,207 shares of 5% cumulative convertible
redeemable participating preferred stock of
\$50.00 each \$1,360,350

150,000 common shares of no par value.

Issued and fully paid—

17,057 preferred shares of \$50.00 each \$ 852,850
65,000 common shares of no par value 859,226

\$1,712,076

RESERVES AND SURPLUS:

Reserve against future decline in inven-
tory values \$675,000
Reserve for replacement of fixed assets 150,000
Surplus arising from the sale of fixed
assets 1,475 826,475

Earned surplus 83,063 2,621,614

\$4,484,243

NOTES:

- Dividends on the 5% cumulative convertible redeemable participating preferred stock are in arrears in the amount of \$42,642.
- Contingent liabilities:
 - Commitments for forward delivery of Sterling and U.S. dollar exchange at cost of \$744,434
 - Employees' pension plan—balance of contributions in respect of past service 28,498

REPORT

CLARKSON, GORDON & CO., Chartered Accountants.
We have examined the balance sheet of the Corporation Limited and subsidiary companies as at June 30, 1956 and the statements of financial position and income for the year ended on that date and have obtained all the information and explanations we have required and such tests of accounting records and other supporting evidence as we considered necessary.

In our opinion the balance sheet and the statements of financial position and income for the year ended on that date are properly prepared in accordance with the requirements of the Companies Act and the regulations thereunder and as shown by the books of the companies.

(Signed) CLARKSON, GORDON & CO.,
Chartered Accountants.

Blue Ribbon Corporation Limited

AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

For the Year Ended June 30, 1956

Profit for the year before deducting the undernoted items . . .	\$256,746
DEDUCT:	
Depreciation—buildings, machinery and equipment	\$102,114
Remuneration of directors and officers	42,729
Legal fees	1,265
	<u>146,108</u>
Net profit for the year carried to statement of consolidated earned surplus	<u>\$110,638</u>

Note: The company is not liable for tax on income earned during the year because of the loss carry-forward provisions of the Income Tax Act.

STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Year Ended June 30, 1956

Balance at credit June 30, 1955	\$ 32,805
Net profit for the year transferred from statement of consolidated profit and loss	<u>110,638</u>
	\$143,443
Deduct loss arising from sale of fixed assets	<u>60,380</u>
Balance at credit June 30, 1956	<u>\$ 83,063</u>

Blue Ribbon Limited

OFFICES

WINNIPEG	334 McDermot Avenue
TORONTO	381 College Street
VANCOUVER	1043 West Hastings Street

PLANTS

WINNIPEG	334 McDermot Avenue
TORONTO	381 College Street
EDMONTON	9908—65th Avenue
VANCOUVER	1043 West Hastings Street

AGENTS

MONTREAL	Brooke Bond Canada Limited
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BUYING OFFICES

LONDON, ENGLAND

CALCUTTA AND COIMBATORE, INDIA

COLOMBO, CEYLON

KERICHO, KENYA

BATAVIA, JAVA

