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Blue Ribbon

CORPORATION LIMITED



ANNUAL REPORT

AND

CONSOLIDATED BALANCE SHEET

OCT 11 1957

AT 30th JUNE, 1957

McGILL UNIVERSITY

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 30, 1957.

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, 1957.

The Statement of Consolidated Profit and Loss shows a net profit of \$100,283 for the year after charging all expenses, including depreciation amounting to \$95,190 on Fixed Assets.

The net profit for the year of \$100,283 compares with \$110,638 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, 1957.

During the year the regular quarterly dividends were declared and paid on the 5% Cumulative Convertible Redeemable Participating Preferred Stock. The reserve against future decline in inventory values has been increased by an appropriation of \$25,000 from Earned Surplus Account and a similar appropriation of \$50,000 has been made to the reserve for the replacement of fixed assets.

In the Budget announced by the government on 14th March, 1957, the sales tax on tea and coffee and on the other lines handled by your company, such as spices, extracts and baking powder, was removed and substantial consumer price reductions became immediately effective. The remission of this tax was most welcome and had been advocated by your company and by the trade Associations for many years.

However, in common with all members of the industry, your company was faced with immediate inventory losses on all tax paid raw materials and packed stocks, equivalent to the amounts of these price reductions.

Had it not been for this substantial loss which is non-recurring and which has been charged against operations, your company would have shown a greatly improved net profit over more recent years.

Sales volume of BLUE RIBBON tea and coffee has been well maintained during the year under review.

Submitted on behalf of the Board of Directors.

S. W. HOARE, President.

Blue Ribbon Co.

(Incorporated under

AND SUBSIDIARIES)

CONSOLIDATED

June 30

ASSETS

CURRENT:

Accounts receivable, less allowance for doubtful accounts	\$ 944,685
Inventories of merchandise and supplies determined on the basis of physical count and valued at cost or under	2,317,353
Prepaid expenses	76,407
	<u>\$3,338,445</u>
Investment in shares of customer company less allowance	5,813
Mortgage receivable, 5½% due January 17, 1961	118,750

FIXED:

Land, buildings, machinery and equipment—as appraised by Sterling Appraisal Co. Ltd.—1928, plus subsequent additions at cost	\$1,188,730
Less accumulated depreciation	736,989
	<u>451,741</u>
Trade-marks, patent rights and goodwill	1
	<u>\$3,914,750</u>

On behalf of the board,

W. T. KENNEDY, Director

L. G. KEITH, Director

To the Shareholders of
Blue Ribbon Corporation Limited.

AUDITOR

We have examined the consolidated balance sheet of Blue Ribbon Corporation and consolidated profit and loss and consolidated earned surplus for the year ended on June 30, 1957. Our examination included a general review of the accounting procedures and records necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statement of profit and loss so far as they relate to the assets and liabilities of the company as at the date, according to the best of our information and the explanations given to us and the audit procedures performed by us, present a true and fair view of the state of the affairs of the company as at that date and of its profit and loss for the year ended on that date.

Winnipeg, Canada, August 29, 1957.

Corporation Limited

(the laws of Canada)

RY COMPANIES

BALANCE SHEET

1957

LIABILITIES

CURRENT:

Bank overdraft	\$ 129,171
Accounts payable and accrued expenses	426,257
Amounts owing to associated companies	677,004
	<u>\$1,232,432</u>

CAPITAL STOCK:

Authorized—

27,207 shares of 5% cumulative convertible redeemable participating preferred stock of \$50.00 each	<u>\$1,360,350</u>
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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	\$700,000
Reserve for replacement of fixed assets	200,000
Surplus arising from the sale of fixed assets	4,539

904,539

Earned surplus	<u>65,703</u>
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2,682,318

\$3,914,750

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 \$ 679,908
 - Employees' pension plan—balance of contributions in respect of past service \$ 21,856

REPORT

Corporation Limited and subsidiary companies as at June 30, 1957 and the statements of that date and have obtained all the information and explanations we have required. Such tests of accounting records and other supporting evidence as we considered

statements of consolidated profit and loss and consolidated earned surplus are properly drawn up as at June 30, 1957 and the results of the operations for the year ended on that date 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, 1957

Profit for the year before deducting the undernoted items	\$ 240,452
DEDUCT:	
Depreciation—buildings, machinery and equipment	\$ 95,190
Remuneration of executives	44,213
Legal fees	766
	<u>140,169</u>
Net profit for the year carried to statement of consolidated earned surplus	<u>\$ 100,283</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, 1957

Balance at credit June 30, 1956	\$ 83,063
Net profit for the year transferred from statement of consolidated profit and loss	100,283
	<u>\$ 183,346</u>
DEDUCT:	
Appropriation to reserve for replacement of fixed assets	\$ 50,000
Appropriation to reserve against future decline in inventory values	25,000
Dividends paid on preferred shares	42,643
	<u>117,643</u>
Balance at credit June 30, 1957	<u>\$ 65,703</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

