

Stock

ANNUAL REPORT
OF
CANADA BREAD COMPANY
LIMITED
1946



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JUL 13 1953
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CANADA BREAD CO., LIMITED

Head Office: 224 Davenport Road, Toronto

BOARD OF DIRECTORS

C. H. CARLISLE

A. W. HOLMESTED, K.C.

G. C. LEITCH

A. V. LOFTUS

C. B. SHIELDS

R. S. WALDIE

A. G. WALWYN

OFFICERS

C. H. CARLISLE
PRESIDENT

R. S. WALDIE
VICE-PRESIDENT

A. V. LOFTUS
GENERAL MANAGER

W. S. ANTLIFF
Secretary-Treasurer
and
Asst. General Manager

L. F. ENRIGHT
Asst. Secretary-Treasurer

Directors' Report to Shareholders

FOR THE FISCAL YEAR ENDED

JUNE 30th, 1946

GROSS EARNINGS:—————\$851,663.97

Distributed as follows:—

Depreciation.....	\$ 249,515.25
Income Taxes.....	211,200.00
Pension Plan.....	98,507.31
Dividends.....	169,375.00
Added to Surplus (see below).....	123,066.41
Cost of Stock Redemption and Re-financing at September 15th, 1945.....	185,289.05
Less: Net Decrease in Earned Surplus at June 30th, 1946 compared with June 30th, 1945.....	62,222.64
Addition to Surplus (as shown above) on Operations for the year ended June 30th, 1946.....	123,066.41
Value of Equipment installed during the fiscal year.....	\$ 425,000.00
Estimated value of Equipment required during the present year.....	450,000.00

MOTOR TRANSPORTATION:

Number of trucks required for operation.....	500
Trucks purchased prior to 1942.....	431
Number of trucks purchased since 1942.....	97
Number of trucks now in use.....	448

Owing to our inability to purchase trucks the cost per mile operated as compared with 1940 has increased 100%. Total operating cost in relation to 1940 increased \$292,231.

EXPANSION OF PLANT:

A new bakery is being built at Fort William. Depots are being erected at Belleville and St. Catharines.

PENSION PLAN:

On April 29th your Directors passed a Resolution creating a Pension Plan for the employees of the Company. This Plan received careful study and has for its object a reward for past, present and future service. Those who arrive at retirement age, when income becomes impaired, will find the pension of special value. You will be requested to approve the Resolution as passed by the Board of Directors.

PARTIES INTERESTED IN CANADA BREAD:

Shareholders • Employees • Government • Suppliers • Consumers

SHAREHOLDERS:

First Preference Shares—up to 1935 there were 12,500 shares outstanding, Par Value \$100, Dividend Rate 7%, callable at \$125. At present the First Preference Shares are 20,000 at \$100 Par, dividend rate $4\frac{1}{2}\%$, callable at \$105 to July 1st, 1948, at \$103 thereafter. Apply present rate and call price to the 12,500 shares formerly outstanding, the result is a decrease in dividends of \$31,250, and in call of \$20 per share to July 1st, 1948, and \$22 per share thereafter.

Class "B" Preference Shares—up to 1935 there were 25,000 shares outstanding, Par Value \$100, dividend rate 7%, call price \$110. These shares have been reduced to \$50 Par Value, dividend rate from 7% on the \$100 shares to 5% on the \$50 shares, call price from \$110 to \$100. This change reduces the dividend rate $4\frac{1}{2}\%$ and the call price \$10 per share.

Common shares up to 1935 were 200,000, No Par Value, and remain the same at the present time. The present dividend rate is 10c. per share.

The number of shares held by 91 incorporated companies, such as insurance companies, is 125,253. The number of shares held by 1,717 individuals is 119,747, with average holdings of 70 shares each. The earnings of the Company are heavily taxed. The dividends received by the Shareholders are also taxed.

EMPLOYEES:

At the beginning of the fiscal year 1936-1937 the number of employees was 1,663 and the number of employees at the close of the past fiscal year was 2,444. Wages paid in 1937 totalled \$1,890,450; wages paid at the close of the last fiscal year were \$4,023,667. This shows an increase in payroll of 113%.

GOVERNMENT:

Taxes paid and to be paid for the fiscal year are \$301,164.21. The Government also gets taxes from the employees on the four million odd dollars which they receive. This money is again taxed when spent by the employees.

SUPPLIERS:

The suppliers are interested in Canada Bread to the extent of \$5,722,000 for purchases of ingredients and wrapping supplies; automobile manufacturers \$250,000 for the average year's requirement of trucks; equipment suppliers for plant equipment, replacement and extension for a yearly average of \$300,000.

CONSUMERS:

The consumers are interested and likely appreciate the fact that no increase in the price of bakery products has been made during or since the war. Quality of product and service have been kept at as high a level as conditions permitted.

The foregoing information should make it quite clear that the Company does not exist for the benefit of the few and that the success of the Company depends on united effort of the interested parties. The life-blood of any country depends on its production and service. They are the real sources of wealth. During the fiscal year now past the production has been constant, the cooperation of every department has been commendable, the year's results are the product of work well done.

On behalf of the Board of Directors.

Respectfully submitted,

C. H. CARLISLE,
President.

CANADA BREAD CO.

(Incorporated under the

AND ITS WHOLLY

CONSOLIDATED BALANCE SHEET

AS AT 30th JUNE, 1946

ASSETS

Cash on hand and in banks.....	\$	314,043.07	
Dominion of Canada Bonds—at par value.....		275,000.00	
Accounts receivable, less reserve for doubtful accounts.....		212,489.93	
Inventories of ingredients, finished products and supplies, as determined and certified by the management, valued at the lower of cost or market, less reserves.....		618,754.41	
			<u>\$1,420,287.41</u>
Post-war fund for rehabilitation and expansion or other purposes:			
Dominion of Canada Bonds—at par value.....		625,000.00	
Mortgages receivable.....		12,200.00	
Buildings and equipment—at cost.....	\$	5,717,614.27	
Less reserve for depreciation.....		3,697,241.51	
		2,020,372.76	
Land—at cost.....		333,796.55	
			<u>2,354,169.31</u>
Prepaid insurance, taxes and other charges.....	\$	117,610.31	
Refundable Portion of taxes on Income.....		34,000.00	
			<u>151,610.31</u>
Goodwill (less amounts written off).....		500,000.00	
			<u><u>\$5,063,267.03</u></u>

LIABILITIES

Accounts payable, wages and other accrued charges.....	\$	703,308.26	
Reserve for taxes (including income and excess profits taxes).....		187,575.26	
Dividends payable 2nd July, 1946.....		58,125.00	
			<u>\$ 949,008.52</u>
Deposits by salesmen.....	\$	66,125.24	
Less cash and government bonds held in trust.....		66,125.24	
			<u>100,000.00</u>
Reserve for contingencies.....			100,000.00
Capital:			
Authorized and issued—			
20,000 4½% first cumulative redeemable preference shares, of \$100 each, redeemable at \$105 per share to 1st July, 1948 and at \$103 per share thereafter...		2,000,000.00	
25,000 5% cumulative participating redeemable class "B" preference shares of \$50 each, redeemable at \$100 per share.....		1,250,000.00	
200,000 common shares of no par value.....		25,000.00	
		3,275,000.00	
Earned Surplus.....		739,258.51	4,014,258.51
			<u><u>\$5,063,267.03</u></u>

COMPANY, LIMITED

(Ontario Companies Act)

WHOLLY OWNED SUBSIDIARY

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 30th JUNE, 1946

Profit on operations before deducting the charges set out below.....	\$	828,880.11	
Add interest earned on investments.....			22,783.86
			<u>\$ 851,663.97</u>
Deduct: Payments under proposed employee pension plan.....	\$	98,507.31	
Provision for depreciation of buildings and equipment.....		249,515.25	348,022.56
			<u>\$ 503,641.41</u>
Deduct provision for income and excess profits taxes.....		216,000.00	
Less refundable portion thereof.....		4,800.00	211,200.00
			<u>\$ 292,441.41</u>
Net profit for the year.....	\$		<u><u>292,441.41</u></u>

STATEMENT OF CONSOLIDATED EARNED SURPLUS FOR THE YEAR ENDED 30th JUNE, 1946

Balance at 30th June, 1945.....	\$	801,481.15	
Add consolidated net profit for the year ended 30th June, 1946.....			292,441.41
			<u>\$1,093,922.56</u>
Deduct:			
Dividends—			
6% first preference shares to 15th September, 1945.....		15,625.00	
4½% first preference shares from 15th September, 1945..		71,250.00	
5% class "B" preference shares.....		62,500.00	
Common shares—10c. per share.....		20,000.00	
		<u>\$ 169,375.00</u>	
Premium on redemption of \$1,250,000 6% cumulative redeemable first preference shares.....		125,000.00	
Discount and expenses on issue of \$2,000,000 4½% first cumulative redeemable preference shares.....		60,289.05	354,664.05
			<u>\$ 739,258.51</u>
Balance at 30th June, 1946.....	\$		<u><u>739,258.51</u></u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Canada Bread Company, Limited and its wholly-owned subsidiary as at 30th June 1946 and the related statements of profit and loss and earned surplus for the year ended on that date. In connection therewith we examined or tested accounting records of the head office of the company, of its subsidiary and of certain of the principal branches and reviewed the reports furnished by the company's staff auditor on his examination of the records of the remaining branches. We also made a general review of the accounting methods and of the operating and income accounts for the year but we did not make a detailed audit of the transactions. All our requirements as auditors have been complied with.

We report that in our opinion, based upon our examination, the foregoing consolidated balance sheet and related statements of profit and loss and earned surplus have been drawn up so as to exhibit a true and correct view of the state of the companies' affairs as at 30th June 1946 and of the results of their operations for the year according to the best of our information and the explanations given to us and as shown by the books and branch statements.

Toronto, Canada,
26th July, 1946.

CLARKSON, GORDON & CO.
Chartered Accountants.

Canada Bread Old Favourites Still Available

Bread

C.B.4
Butternut
Cracked Wheat

Dr. Hall's 100% Whole Wheat
Sandwich
Tender Crust

Rolls

Hamburg

Club

Milk

Wiener

Coffee Cakes

Butterfly Buns
Cherry Pecanettes

Coffee Ring
Gretna Slices

Pecan Bar
Pecan Rolls

Pies

Apple
Blueberry

Cherry
Fruit Salad

Peach
Raisin

and

A Restricted but Pleasing Variety

of

Cakes, Cookies and Doughnuts

QUANTITY

IS

LIMITED



QUALITY

IS

MAINTAINED

Canada Bread Bakeries

Brantford	Ontario
Chatham	Ontario
Cornwall	Ontario
Galt	Ontario
Guelph	Ontario
Hamilton	Ontario
Kingston	Ontario
Kirkland Lake	Ontario
London	Ontario
Montreal	Quebec
Ottawa	Ontario
Sarnia	Ontario
Toronto—Avenue Road	Ontario
—Bloor Street	Ontario
—Danforth Avenue	Ontario
Windsor	Ontario
Winnipeg	Manitoba



Our Policy,

Quality of product

Diversity of product

Service to customers

Sound Business Ethics

Competitive Prices

Co-operation with
the Industry

CANADA BREAD COMPANY LIMITED

C.H. Carlisle
President

A.V. Loftus
General Manager



ART IN BAKING