

# Canada Bread Company Limited

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## 25th *Annual Statement*

June 30th, 1936

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### BOARD OF DIRECTORS:

C. H. CARLISLE  
President

C. W. BAND  
Vice-President

A. W. HOLMESTED, K.C.

J. H. McCONNELL, M.D.

C. B. SHIELDS

R. S. WALDIE

A. G. WALWYN

A. V. LOFTUS, General Manager

DEC 10 1936  
McGILL UNIVERSITY

# CANADA BREAD COMPANY, LIMITED

(Incorporated under the Ontario Companies Act)

AND ITS SUBSIDIARY

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ended 30th June, 1936

Profit on operations before charging bond interest, depreciation and income and corporation taxes ....	\$ 456,290.41	
Interest earned on investments and bank deposits .....	4,300.87	
		\$ 460,591.28
<b>Deduct:</b>		
Bond Interest .....	\$ 57,567.50	
Provision for depreciation of buildings and equipment .....	197,705.40	
Premium paid on purchase of bonds for sinking fund .....	2,425.00	
		257,697.90
Net Consolidated Profit for the year before charging Income and Corporation Taxes .....		\$ 202,893.38
<b>Deduct:</b>		
Provision for Income and Corporation Taxes .....		39,415.16
Balance, transferred to Surplus Account .....		\$ 163,478.22

## CONSOLIDATED SURPLUS ACCOUNT

For the Year Ended 30th June, 1936

Balance at 30th June, 1935 .....		\$1,615,190.27
<b>Less:</b> Write-offs approved by the Board of Directors on 27th July, 1935, and reported to the shareholders at the special meeting of 27th August, 1935:—		
Amount added in 1925 to the book value of property accounts as a result of an appraisal in 1923 .....	\$ 930,578.46	
Reduction in Goodwill from \$2,354,865.02 to \$500,000 .....	1,854,865.02	
		\$2,785,443.48
<b>Less:</b> Amount provided by reduction in par value of Class B Preference Share Capital as authorized by the shareholders on 27th August, 1935, and confirmed by Supplementary Letters Patent dated 28th October, 1935 .....	1,250,000.00	
		1,535,443.48
		\$ 79,746.79
<b>Add:</b> Net consolidated profit for the year ended 30th June, 1936, after charging provision for Income and Corporation Taxes .....		163,478.22
		\$ 243,225.01
<b>Less:</b> Appropriation for revaluation of vacant properties .....	\$ 100,000.00	
Dividends on First Preference Shares (5%) .....	62,500.00	
Balance of Capital Reorganization Expenses .....	5,145.16	
		167,645.16
Balance, Consolidated Surplus Account as at 30th June, 1936 .....		\$ 75,579.85

# DIRECTORS' REPORT

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## TO THE SHAREHOLDERS:

Your Board of Directors submit the Annual Statement of the Canada Bread Company, Limited, and its subsidiary for the year ended June 30th, 1936.

Both bread and cake sales have shown an increase during the year just closed as compared with the twelve months ended June 30th, 1935. This increase has been reflected in operating profits which amount to \$202,893.38 as compared with \$72,004.67 in the preceding fiscal year. While the increase in net profit is substantial this profit has been obtained because of heavy sales volume rather than an excess profit per loaf. It may interest the shareholders to know that the margin in this connection was approximately  $\frac{1}{4}$  of a cent per loaf which would indicate that business is being built on a sound foundation.

On the attached statement you will note that effect has been given to the Company's Capital Re-Organization which was ratified by the shareholders in August, 1935. Your Directors have also appropriated \$100,000.00 for revaluation of properties not used in the Company's operations.

From the operating profit of \$202,893.38 an amount of \$39,415.16 has been appropriated for Income and Corporation Taxes, leaving \$163,478.22 as an addition to Surplus Account. The Dividends have been paid in full on the First Preference stock. The remaining earnings have been conserved for bond redemption. The safety of your Company lies in making adequate provision for bond redemption in 1941. During the year \$94,040.00 has been set aside from current cash for the purpose of bond redemption, of this amount \$31,456.04 has been invested in the purchase of our own bonds. Sufficient of these are now held to take care of all sinking fund requirements until maturity.

After giving effect to the appropriation for bond redemption Balance Sheet submitted herewith reflects an increase of \$44,789.68 in Working Capital as compared with the Working Capital at June 30th, 1935.

Further steps have been taken during the year to place your Company on a more efficient operating basis. The Danforth Avenue plant has been remodelled and is now in operation as a most modernly equipped cake shop. All cakes for Toronto and vicinity are being produced at this point. Your Company has also established and is operating a branch factory in Sarnia.

Your Directors wish to express their appreciation of the loyal service rendered by all employees of the Company.

The year just closed completes a quarter century of Canada Bread service to the Canadian public. During this period your Company has pioneered in many of the advances made by the Bread and Cake Industry. The Company is now well equipped both in personnel and plant to continue its progress in the production of a constantly improving variety of quality bread, cake and sweet goods. The support of our shareholders in making Canada Bread products known to their friends is earnestly solicited. In this way you will not only be helping the Company but your own best interests as shareholders.

Very truly yours,

C. H. CARLISLE,  
President.

# CANADA BREAD COMPANY, LIMITED

(Incorporated under the Ontario Companies Act)

## AND ITS SUBSIDIARY

### CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 1936

ASSETS		LIABILITIES	
Cash on Hand and in Banks .....	\$ 293,367.54	Accounts Payable, Wages and other Accrued Charges .....	\$ 214,457.69
Accounts Receivable .....	\$ 195,375.53	Taxes Due and Accrued .....	40,512.76
Less: Reserve for Doubtful Accounts 45,000.00		Bond Interest Accrued .....	22,782.50
	\$ 150,375.53	Dividend on First Preference Shares—Payable 1st July, 1936 ..	21,875.00
Inventories of Ingredients, Finished Products and Supplies, as determined and certified by the management, valued at the lower of cost or market .....	118,107.11		\$ 299,627.95
	\$ 561,850.18	Deposits by Salesmen .....	\$ 67,625.42
Bond Redemption Fund—		Less: Cash and Government Bonds held in Trust .....	67,625.42
Cash in Bank .....	\$ 52,742.32	First Mortgage 6% Sinking Fund Gold Bonds, due 1941, Outstanding .....	\$ 958,700.00
Bonds Guaranteed by the Dominion of Canada at cost (Market Value \$9,950.00) .....	\$ 9,841.64	Less: Bonds held for redemption .....	47,400.00
	62,583.96		911,300.00
Mortgages Receivable .....	20,749.80	Capital:	
Buildings and Equipment—at cost ..	\$4,740,634.23	Authorized and Issued—	
Less: Reserve for Depreciation ..	2,546,932.54	12,500 Cumulative Redeemable First Preference Shares of \$100 each, redeemable at \$110 per share, entitled to cumulative dividends at 5% per annum to 1st July, 1941 and 6% per annum thereafter .....	\$ 1,250,000.00
	\$2,193,701.69	25,000 5% Cumulative Participating Redeemable Class "B" Preference Shares of \$50 each, redeemable at \$100 per share. (Note: Dividends in arrears from 1st July, 1935) .....	\$ 1,250,000.00
Land—at cost less amounts written off .....	391,330.08	200,000 Common Shares of no par value .....	25,000.00
	2,585,031.77		\$ 2,525,000.00
Prepaid Insurance, Taxes and Other Charges .....	\$ 73,222.88	Earned Surplus—as per statement attached .....	75,579.85
Deferred Moving Expenses .....	8,069.21		2,600,579.85
	81,292.09		
Goodwill (less amounts written off) .....	500,000.00		
	<u>\$3,811,507.80</u>		<u>\$3,811,507.80</u>

#### AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the Balance Sheet of Canada Bread Company, Limited, and its subsidiary as at 30th June, 1936, and of the statements of Profit and Loss and Surplus for the year ended on that date. In connection therewith, we examined or tested the accounting records of the Head Office of the Company and those of certain branches and we obtained all the information and explanations we required from the Company's officers and employees; the accounts of the remaining branches are incorporated from the signed returns verified by the Company's staff auditor. 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.

We report that in our opinion based upon our examination and upon the report furnished to us by the Company's staff auditor, the accompanying Balance Sheet and related statements of Profit and Loss have been drawn up in accordance with accepted principles of accounting and on a basis consistent with the preceding year, so as to exhibit a true and correct view of the state of the Company's affairs as at 30th June, 1936, and of the results of its operations for the year, according to the best of our information and the explanations given us and as shown by the books.

CLARKSON, GORDON, DILWORTH AND NASH,

Chartered Accountants.

Toronto, 23rd July, 1936.