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CANADA BREAD

C O M P A N Y

*Limited*



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1948  
*Annual Report*



# CANADA BREAD CO. LIMITED

## *Board of Directors*

HARRY N. BAWDEN	G. C. LEITCH, C.B.E.
F. J. HANNIBAL	A. V. LOFTUS
A. W. HOLMESTED, K.C.	R. S. WALDIE
K. F. WADSWORTH	

## *Officers*

A. V. LOFTUS  
President and General Manager

R. S. WALDIE  
Vice-President

W. S. ANTLIFF  
Assistant General Manager  
and Treasurer

L. F. ENRIGHT  
Secretary

HEAD OFFICE • 224 DAVENPORT ROAD • TORONTO



# Directors' Report to Shareholders . .

For the Fiscal Year Ended June 30  
1 . 9 . 4 . 8

Your Directors present herewith the Annual Statement of the Canada Bread Company Limited for the year ended June 30th, 1948.

The year just closed has been the Company's best in sales. At \$15,620,823 these reflect a substantial increase over the preceding fiscal year. Net profit after deduction of income taxes amounts to \$269,318 equivalent to 1.7% on sales. Profit shown is a slight reduction from that of \$317,922 realized in the preceding fiscal year.

The year under review has been a difficult one for the baking industry. In September, 1947, the wheat subsidy formerly paid to maintain 1941 flour prices was eliminated. The ceiling on the selling price of bakery products was simultaneously withdrawn. An increase in the selling price of bread was shortly thereafter put into effect by your Company. This increase was insufficient to offset rapidly rising costs. As a consequence a further price increase was made in January, 1948. In February, 1948, your Company, along with others in the bread industry, received widespread publicity from the proceedings of the parliamentary committee investigating prices. The annual report submitted herewith should finally and conclusively refute any suggestion that your Company took advantage of the elimination of wartime controls to achieve an unwarranted profit.

The maintenance of satisfactory sales volume during the year has been made difficult by the unlimited supply of sugar, shortening and other ingredients now available to the housewife for home baking. Your Company has met this condition by producing many new varieties of product which, we are pleased to report, have enjoyed most favourable customer acceptance. The satisfactory volume of sales attests to the success arising from the policy of maintaining Canada Bread quality, now as always, at the highest possible level.

You will note there is a decrease in the Company's working capital. This has been reduced from \$775,250 at June 30, 1947, to \$388,421 at June 30, 1948. This recession has been brought about by large scale capital expenditures for buildings, bakery equipment and motor trucks. The total expended on capital account was \$966,391. Included in this is the cost of erecting at Sudbury the most-up-to-date bakery in the North Country, the acquisition of fifteen (15) new ovens of the most modern type, the installation of a great many other modernized pieces of bakery equipment and the purchase of 227 delivery trucks. These expenditures while a heavy drain on working capital were urgently required in order to maintain our position as Canada's leading bakers. We do not anticipate there will be the same necessity for large scale capital expenditures during the next fiscal year. Under these circumstances your Company's working capital position should improve during the year ending June 30th, 1949.

Following the last annual shareholder's meeting, we were happy to welcome three new members to our Board, Mr. K. F. Wadsworth, Vice-President and General Manager of the Maple Leaf Milling Company, Mr. Harry N. Bawden, Vice President of Dominion Securities Corporation Limited, and Mr. Frank J. Hannibal, Manager of the Canada Bread Company, Winnipeg. The able counsel and assistance of these gentlemen has been of material value to your Company.

Your directors wish to place on record their appreciation of the loyal support given by each and every member of the staff. The operation of your Company has involved many complex problems and the success achieved has only been made possible by the fine spirit existing throughout the entire organization.

Respectfully submitted on behalf of the Board of Directors,

A handwritten signature in cursive script, appearing to read "H. Loftus". The signature is written in dark ink and is positioned to the right of the typed name "President.".

President.

Toronto, August 25, 1948.

# Canada Bread Company

(INCORPORATED UNDER THE ONTARIO COMPANIES ACT)  
AND ITS WHOLLY-OWNED SUBSIDIARY

*Le Pain Moderne Canadien*

## CONSOLIDATED BALANCE SHEET

AS AT 30TH JUNE 1948

CURRENT:		<b>ASSETS</b>	
Cash on hand and in banks.....		\$	239,025.72
Accounts receivable, less reserve for doubtful accounts.....			265,040.99
Inventories of ingredients, finished products and supplies, as determined and certified by the management, valued at the lower of cost or market....			834,178.83
Prepaid insurance, taxes, etc.....			150,512.38
			<u>\$1,488,757.92</u>
SUNDRY:			
Refundable portion of taxes on income.....	\$	4,300.00	
Mortgage.....		5,200.00	9,500.00
FIXED:			
Buildings and equipment—at cost.....	\$6,982,665.07		
Less reserve for depreciation.....	3,750,906.63		
	<u>\$3,231,758.44</u>		
Land—at cost.....	340,322.50		3,572,080.94
GOODWILL (less amounts written off).....			<u>500,000.00</u>
			<u>\$5,570,338.86</u>
CURRENT:		<b>LIABILITIES</b>	
Accounts payable, wages and other accrued charges.....	\$	856,358.92	
Taxes payable (including taxes on income).....		185,852.65	
Dividends payable 2nd July, 1948.....		58,125.00	
		<u>\$1,100,336.57</u>	
TRUST FUNDS:			
Deposits by salesmen.....	\$	75,796.08	
Less cash and government bonds held in trust.....		75,796.08	
RESERVE FOR CONTINGENCIES.....			100,000.00
CAPITAL:			
Authorized and issued—			
20,000 4½% first cumulative redeemable preference shares of \$100 each, redeemable at \$103 per share.....		\$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	
		<u>\$3,275,000.00</u>	
EARNED SURPLUS.....	1,095,002.29		4,370,002.29
			<u>\$5,570,338.86</u>



HEAD OFFICE:  
 TORONTO, ONT.

## STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED 30TH JUNE 1948

Profit on Operations (after deducting provision for depreciation of buildings and equipment \$429,140.83 and the company's contribution to employee pension plan \$106,481.40).....		\$ 420,111.03
Add:		
Interest earned on investments.....	\$ 1,082.27	
Profit on sale of investments.....	4,625.00	
		<u>5,707.27</u>
Deduct provision for taxes on income.....		\$ 425,818.30
		<u>156,500.00</u>
Net profit for the year.....		<u>\$ 269,318.30</u>

## STATEMENT OF CONSOLIDATED EARNED SURPLUS

FOR THE YEAR ENDED 30TH JUNE 1948

Balance at 30th June 1947.....		\$ 952,180.60
Add:		
Net profit for the year ended 30th June 1948.....		269,318.30
Adjustment of prior years' earnings for over-provision of reserves.....		46,003.39
		<u>\$1,267,502.29</u>
Deduct:		
Dividends—		
4½% first preference shares.....	\$ 90,000.00	
5% class "B" preference shares.....	62,500.00	
Common shares—10c per share.....	20,000.00	
		<u>172,500.00</u>
Balance at 30th June 1948.....		<u>\$1,095,002.29</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 1948 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 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 1948 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.  
 12th August 1948.

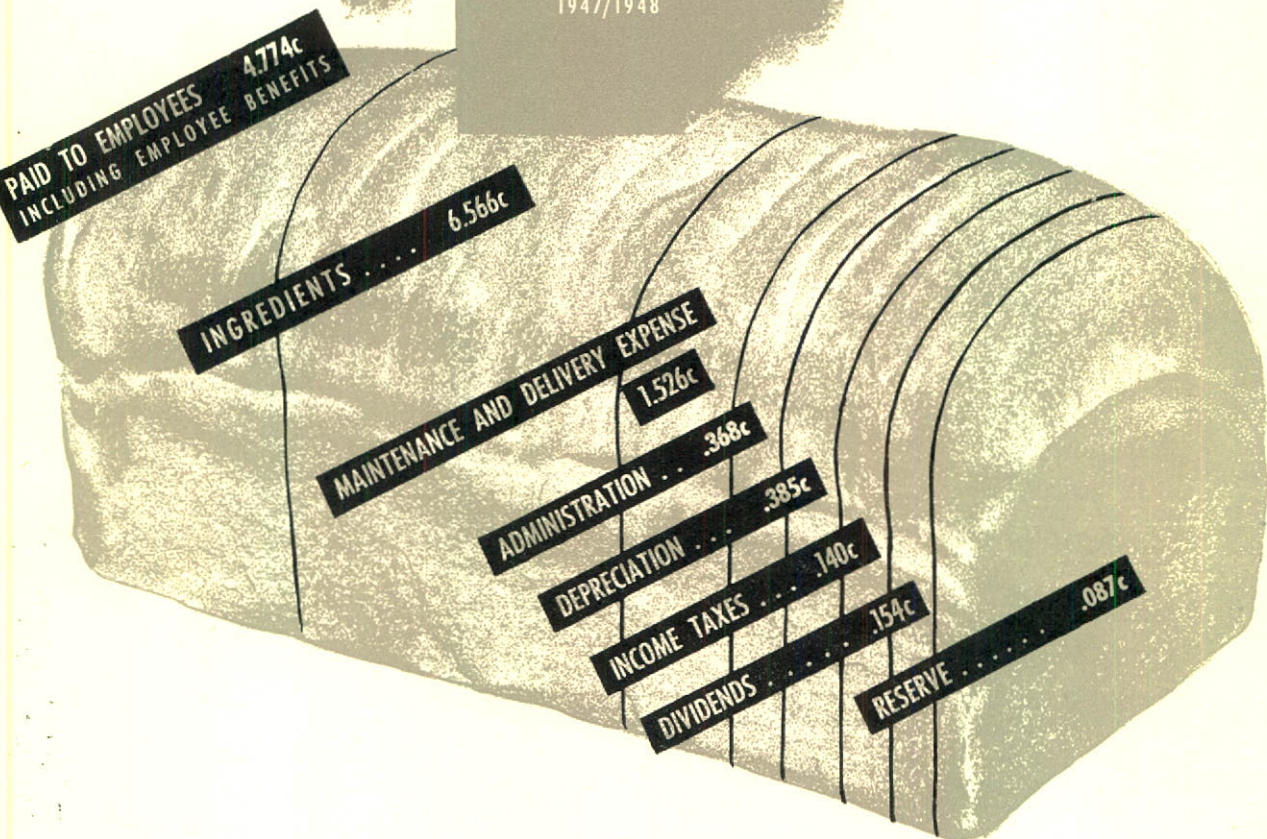
CLARKSON, GORDON & CO.,  
 Chartered Accountants.

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# Distribution of Cash Proceeds

FROM EACH 14 CENTS  
OF PRODUCT SOLD IN

1947/1948



	Cents
<b>Paid to Employees</b> —Paid to employees—includes company cost of employee benefit plans .....	4.774
<b>Ingredients</b> —Paid to suppliers for flour, shortening, milk, sugar, yeast, fruit and other ingredients entering into the product .....	6.566
<b>Maintenance and Delivery Expense</b> —Paid to suppliers and others for the maintenance and operation of the bakery and delivery equipment — includes fuel, machinery repairs, gasoline, truck repairs, horse feed, wagon repairs, municipal taxes, insurance, etc.....	1.526
<b>Administration</b> —Paid for sundry administrative expenses — includes advertising, telephones, stationery and office supplies, law and audit fees, depot rentals, travelling expenses, etc.....	.368

	Cents
<b>Depreciation</b> —Set aside for depreciation—represents estimated amount required to provide for the replacement of plant and equipment as it becomes worn out.....	.385
<b>Income Taxes</b> —Paid in Income Taxes to the Dominion and Provincial Governments....	.140
<b>Dividends</b> —Paid in Dividends to Shareholders.....	.154
<b>Reserve</b> —Set aside as undistributed surplus to provide a reserve for future expansion and continued stability.....	.087
	14.000

\*(Current bread price—Ontario and Quebec—14 cents per 24 oz. loaf)



# CANADA BREAD

## BAKERIES

### Toronto:

Bloor Street  
Danforth Avenue  
Davenport Road

Brantford  
Chatham  
Cornwall  
Fort William  
Galt  
Guelph  
Hamilton  
Kingston

### Montreal:

Papineau Avenue  
Rivard Street  
Westmount

Kirkland Lake  
London  
Ottawa  
Sarnia  
Sudbury  
Windsor  
Winnipeg

## DISTRIBUTING DEPOTS

Barrie  
Belleville  
Brockville  
Caledonia  
Campbellford  
Collingwood  
Fort Erie  
Granby  
Huntington  
Leamington

Midland  
Niagara Falls  
North Bay  
Orillia  
Oshawa  
Owen Sound  
Pembroke  
Peterborough  
Petrolia

St. Catharines  
St. Thomas  
Sharon  
Sherbrooke  
Smith's Falls  
Stratford  
Trenton  
Valleyfield  
Wallaceburg  
Woodstock





## Y O U R F R I E N D L Y B A K E R

The Friendly Baker is our ambassador of goodwill. His bright smile and cheery manner are contagious; he is courteous and efficient. Customers say they welcome the daily call of the Canada Bread Friendly Baker.



