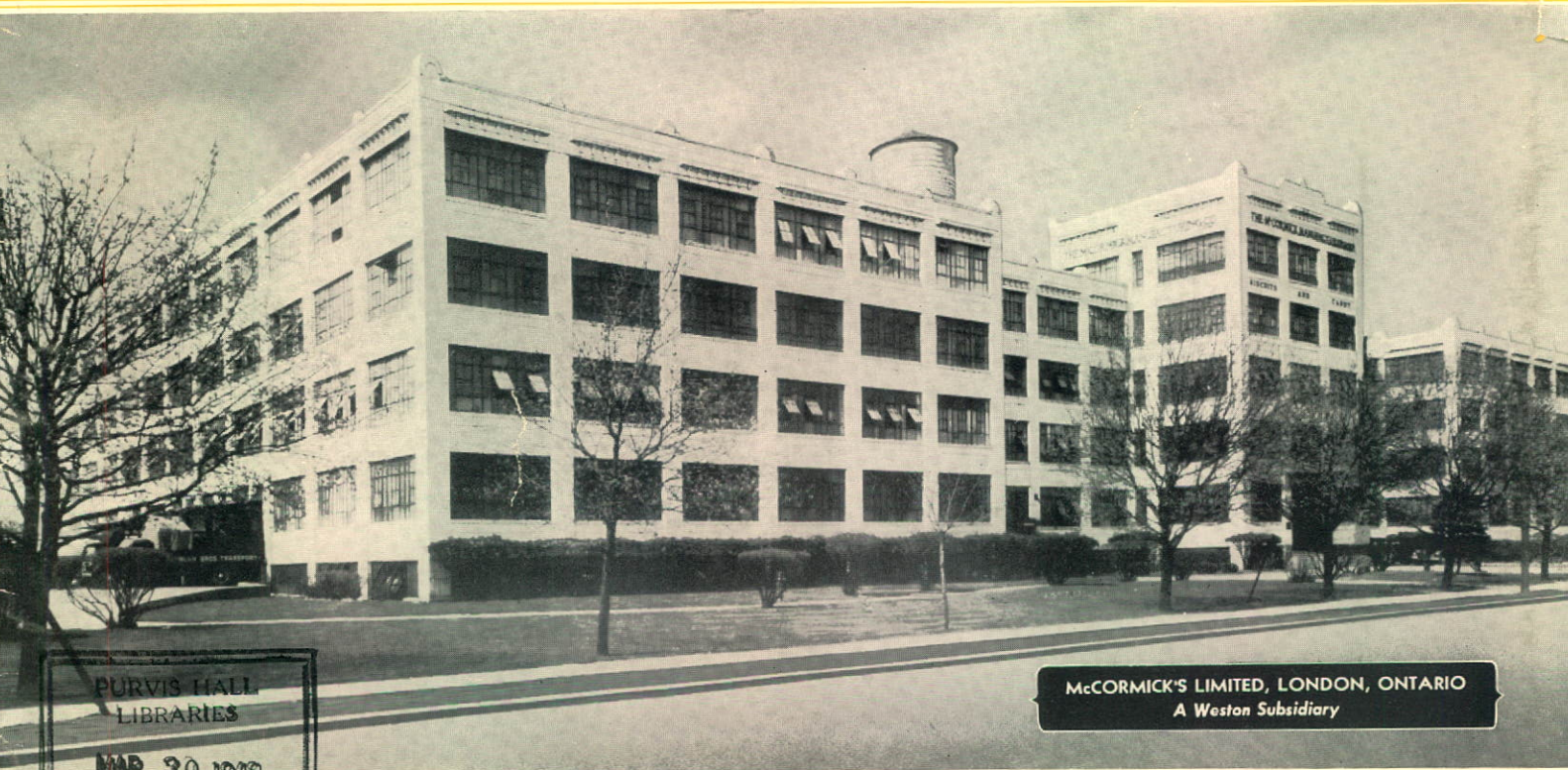




ANNUAL REPORT

1947

George Weston
Limited



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MCCORMICK'S LIMITED, LONDON, ONTARIO
A Weston Subsidiary



***McCORMICK'S LIMITED**

London, Ontario

In the year 1858, ninety years ago, McCormick's Limited was started in London, Ontario. From that time the Company has experienced an ever-increasing demand for its products. This demand has kept McCormick's busy, expanding facilities, improving equipment and enlarging plant space until today it has become the largest biscuit and candy manufacturing plant in Canada. Over 1000 employees are on its payroll and McCormick's Biscuits and Candies enjoy a national reputation for fine quality.

**Illustration on cover shows plant of McCormick's Limited
London, Ontario.*

Directors and Officers of

GEORGE WESTON LIMITED

DIRECTORS

H. J. COON	F. W. ST. LAWRENCE
H. B. MANNING	E. R. TAYLOR
R. A. ROBERTSON	R. E. WATSON

W. GARFIELD WESTON

OFFICERS

<i>Chairman</i>	W. GARFIELD WESTON
<i>President</i>	F. W. ST. LAWRENCE
<i>Vice-President and Secretary-Treasurer</i>	R. A. ROBERTSON
<i>Comptroller</i>	H. J. COON
<i>Assistant Secretary</i>	F. A. RIDDELL
<i>Assistant Treasurer</i>	J. A. BLAIR

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Charlottetown, Halifax, St. John, Regina, Vancouver
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Detroit, Mich., U.S.A.

General Administrative Offices

1410 CANADIAN BANK OF COMMERCE BUILDING
TORONTO

THE PRESIDENT'S REPORT

to the Shareholders of George Weston Limited



THE Twentieth Annual Report of the operations of the company and its subsidiaries for the year ending 31st December 1947, together with the Consolidated Balance Sheet and Statements of Income and Expenditure and Surplus Account, is submitted herewith. The accounts of the Southern Biscuit Company Inc., a wholly owned subsidiary of the company, have now been incorporated in the balance sheet and income and expenditure statement.

EARNINGS AND DIVIDENDS

The organization was faced throughout the past year with rising costs of materials and labor and although selling prices were necessarily advanced, these advances were not sufficient to overtake costs and the final result was a falling off in operating profits. The reduction in income and excess profits taxes applicable to the year was not sufficient to offset these adverse effects, and consequently consolidated net profit shows a moderate reduction. This profit, after taxes but before inventory reserves, amounted to \$1,690,284 which is a reduction of about \$260,000 from that of the previous year (including the earnings of Southern Biscuit Company Inc.). Out of the profits for the year a reserve of \$500,000 for decline in inventory values has been set up and the profit remaining was therefore \$1,190,284. After payment of dividends of \$160,006 on the preferred stock of the company and its subsidiary in the hands of the public there remained \$1,030,278 which is at the rate of \$2.55 per share on the 404,421 common shares outstanding. After the usual dividends of 80¢ per share on these shares and other small adjustments there remained \$706,711 to be added to consolidated earned surplus account.

TAXES

Income and Excess Profits Taxes estimated as applicable to the year's business were \$1,407,000.

In addition, Sales and Excise taxes of over \$4,000,000 were paid by the company on its sales and purchases in Canada. The imposition of such heavy direct taxes on the company's products is bound to have a harmful effect on sales, particularly in these times when it has been necessary to raise selling prices due to increased costs of raw materials and labor. Such taxes are hidden from the taxpayer in the selling price of the article and are therefore objectionable as a permanent method of raising revenues for the Government, particularly as for the most part they were adopted as wartime measures of Government finance.

Decisions made by the Board of Referees with respect to Standard Profit Claims of several of the company's subsidiaries in Canada have clarified our tax position; as a result we have been able to transfer to surplus \$1,000,000 of tax reserves set up in previous years pending settlement of these claims.

WORKING CAPITAL

The company's working capital at the end of the year was \$3,269,671. To do the ordinary tonnage of business at today's prices requires a larger investment by the company in materials for manufacture and in receivables than when prices were at a lower level, and this calls for a larger working capital. Moreover, plant improvements are greatly increased in cost and last year's program for our various plants involved expenditures aggregating \$4,000,000. To improve the company's treasury position an issue of \$3,000,000 4½% Preferred Stock was sold to underwriters early this year. This issue increased the amount of the 4½% Preferred Stock outstanding to \$6,500,000.

EXECUTIVES

It is with deep regret that we report the death during the year of Mr. G. A. Kopplin, General Sales Manager of the Toronto plant.

SUPPLIES FOR MANUFACTURE

The year saw an easing of many of the difficulties of supply that have been characteristic of recent years. Quotas of sugar available for manufacture were increased during the year, and finally in November rationing was discontinued entirely in Canada following similar action in the United States in July. There is still a price ceiling on sugar. In Canada the ceiling on the price of flour was withdrawn in September and the subsidy to millers was discontinued; as a result, flour prices advanced about 80% for hard flour and a somewhat lower percentage for winter wheat flour. The latter, however, is in short supply. Subsidies were reduced in February last on shortenings made of domestic materials with a resultant rise in cost to the company; indications are that the subsidy may be further reduced or discontinued entirely in which case a further increase in cost may be anticipated. There is still a world-wide shortage of edible fats, and this is our most serious deficiency today. The most spectacular increase has been in chocolate which, while not a major raw material with the company, is used in large quantities in both the biscuit and confectionery plants. The price of chocolate coating more than doubled during the year. All these changes have added materially to the cost of the raw materials used in our operations.

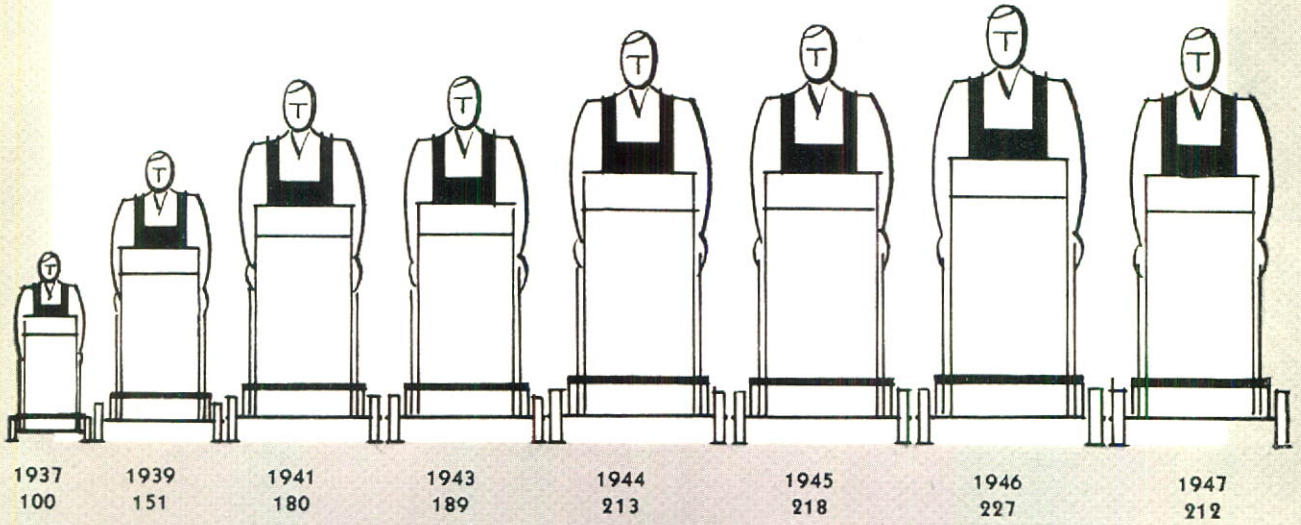
So far the movement of prices of raw materials used by us has been almost steadily upward but this movement cannot continue indefinitely. Indeed the last few days have brought about substantial declines in grain prices in the United States and some weakness in other commodities. The company and its subsidiaries cannot operate without a certain quantity of raw materials and finished goods on hand; every effort is made to keep these holdings at a minimum but in view of the uncertainty as to the future of prices the Directors have considered it advisable to increase the company's inventory reserves by a further \$500,000, bringing them up to a total of \$800,000 on which tax has been paid. There is, in addition, a further wartime inventory reserve of \$109,371.57.

DEVELOPMENTS

Early in the year the company acquired buildings in Longueuil (Montreal, Que.) and Burbank (Los Angeles, California) and work has proceeded on adapting the buildings to our use and installing ovens and machinery therein. Progress was greatly delayed due to slow deliveries of essential materials and equipment, but the plant at Longueuil is sufficiently advanced to permit partial production. Full production should be possible within the next few weeks. At Burbank the first oven is almost ready to operate and the plant should be completed and in full production within a few months hereafter.

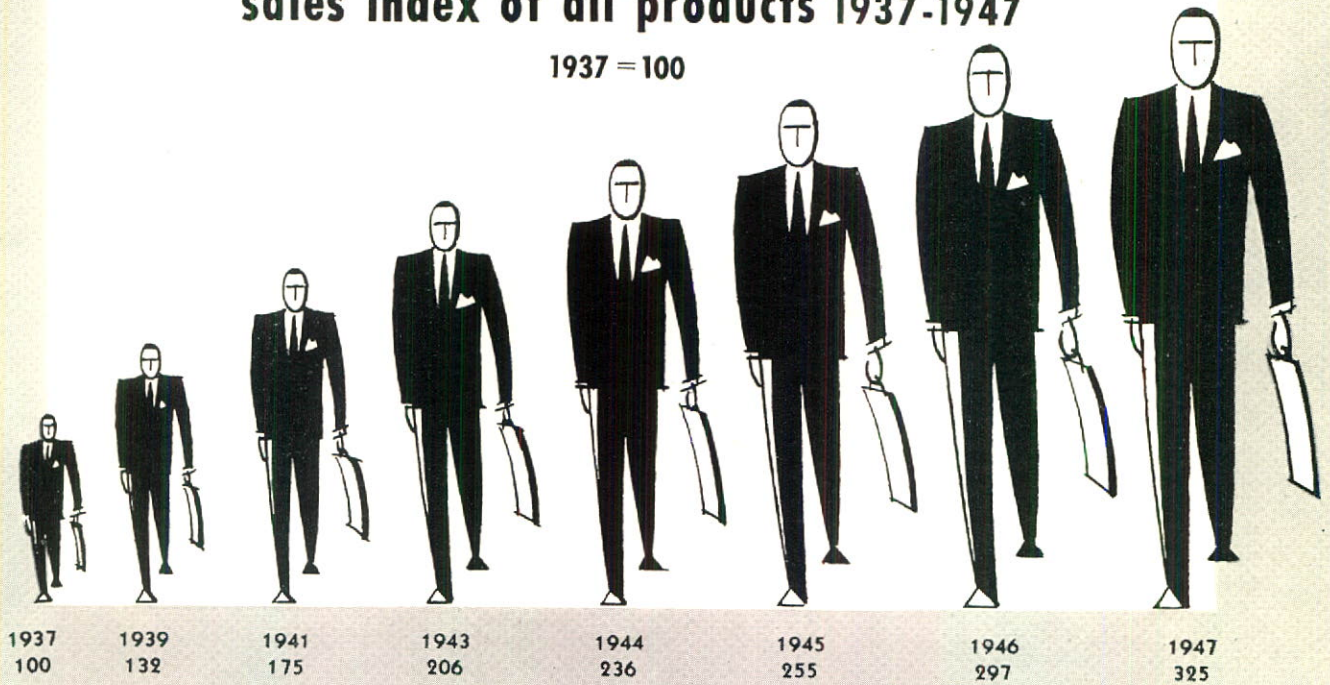
index of total production 1937-1947

1937 = 100


















sales index of all products 1937-1947

1937 = 100








WHERE YOUR COMPANY'S PLANTS ARE LOCATED

IN CANADA

 <p>TORONTO, ONT. Bread, Cakes and Biscuits</p>	 <p>LONGUEUIL, P.Q. Biscuits and other Food Products</p>	 <p>LONDON, ONT. Biscuits, Confectionery, Ice Cream Cones and Sipping Straws</p>
 <p>KITCHENER, ONT. Bread and Cakes</p>	 <p>BRANTFORD, ONT. Confectionery and Popcorn</p>	 <p>KINGSTON, ONT. Bread and Cakes</p>
 <p>WINNIPEG, MAN. Bread, Cakes, Biscuits and Confectionery</p>	 <p>SUDBURY, ONT. Bread and Sweet Goods</p>	 <p>VANCOUVER, B.C. Bread, Cakes, Biscuits and Confectionery</p>
 <p>REGINA, SASK. Bread and Cakes</p>	 <p>KIRKLAND LAKE, ONT. Bread and Sweet Goods</p>	 <p>MEDICINE HAT, ALTA. Bread and Cakes</p>
 <p>EDMONTON, ALTA. Bread and Cakes</p>	 <p>CALGARY, ALTA. Bread, Cakes and Biscuits</p>	 <p>VICTORIA, B.C. Bread and Cakes</p>
	 <p>MOOSE JAW, SASK. Bread and Cakes</p>	

IN THE UNITED STATES

 <p>SALAMANCA, N.Y. Biscuits</p>	 <p>PASSAIC, N.J. Biscuits</p>	 <p>RICHMOND, VA. Biscuits</p>
	 <p>BATTLE CREEK, MICH. Biscuits</p>	 <p>BURBANK, CALIF. Biscuits</p>

*The products of your plants are distributed through
45 Sales Branches and Agencies.*

Due to advancing prices and the difficulty of obtaining quotations beforehand, the cost of these establishments has been greater than had been contemplated at the outset. However, the two plants are equipped with most modern machinery and should be able to produce high quality goods at low competitive cost levels.

The new bread and cake bakery constructed for Geo. Weston Bread & Cakes Limited at Kitchener, Ontario, is practically completed.

Every effort has been made to improve the company's equipment and make good the improvements that had to be postponed during the war years. In line with this policy a new baking room and ovens are being added to the plant of McCormick's Limited at London, Ontario. These new facilities will place that company in a better competitive position.

Our motor truck fleets are becoming modernized as rapidly as new units are obtainable. The program of replacement is about two-thirds completed and should be finished by the middle of the year.

OUTLOOK

As to the future it is impossible to speak with any certainty.

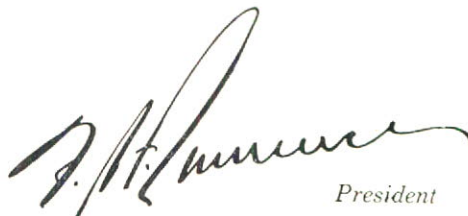
Demand for the organization's products continues at a high level throughout Canada although in certain areas some slowing up has been noticed. This situation may correct itself now that the importation of biscuits from the United States is no longer permitted. During 1947 substantial quantities of United States biscuits were brought into the Canadian market until banned by the government's exchange conservation measures in November last.

The declines in commodity prices in the United States during the past few days will, we hope, finally establish a lower level of cost for our essential raw materials and so enable us to reduce our selling prices in that country and thereby obtain a wider distribution of our products.

The improved productive facilities which we expect to have fully available to us during the next few months will, we believe, greatly improve our competitive position and be of lasting benefit in our operations.

APPRECIATION

We had in the organization 6,500 employees at the end of the year and to each and every one of them your Directors express their sincere appreciation and thanks for their loyal and effective efforts during the past year.

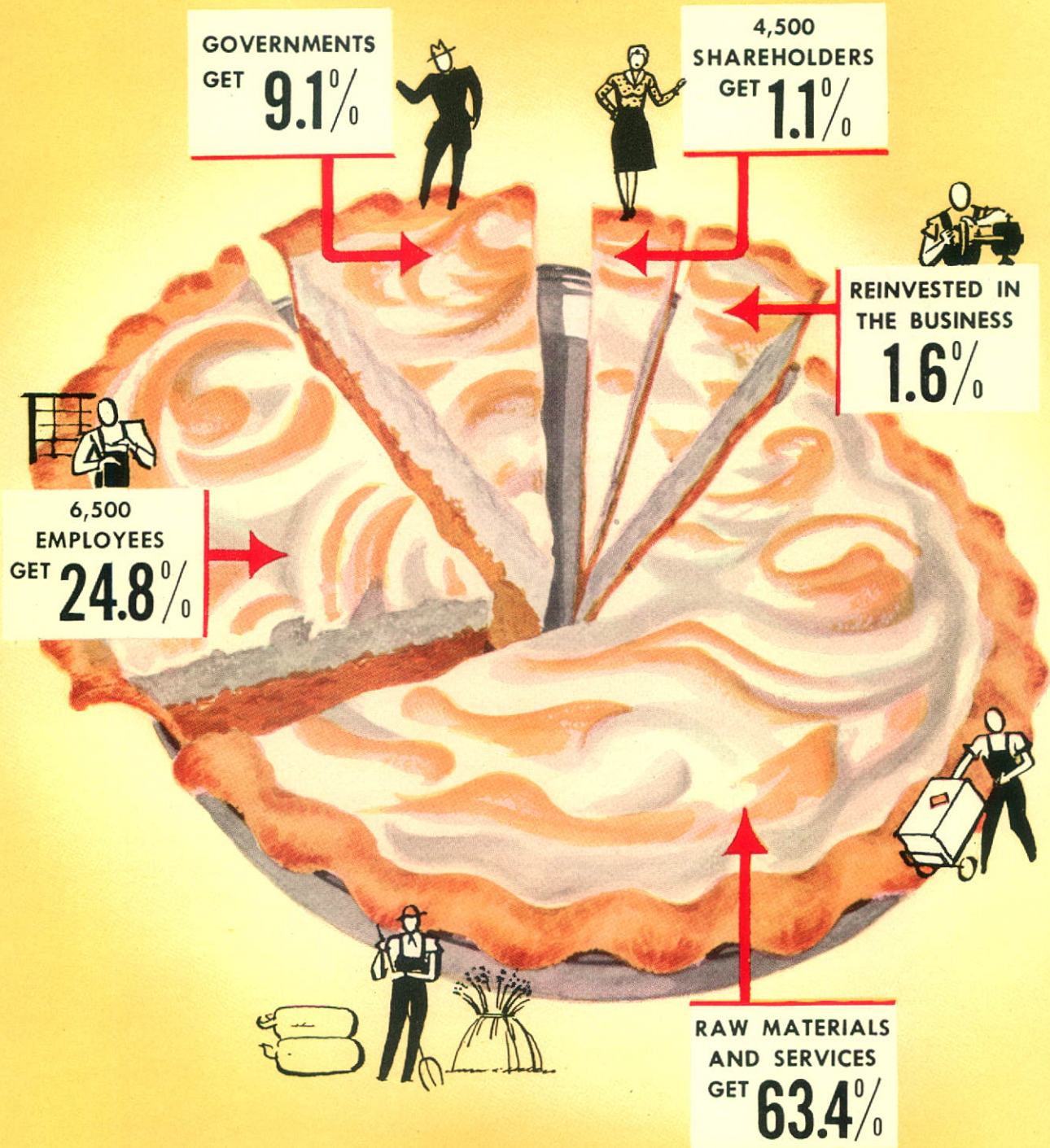


J. H. Munroe
President

Feb. 12, 1948.

HOW THE WESTON SALES DOLLAR IS DISTRIBUTED

(Sales Dollar means the average dollar of sales of all products)



GEORGE WESTON
AND SUBSIDIARIES
CONSOLIDATED

DECEMBER 31, 1948

ASSETS		
CURRENT ASSETS:		
Cash on hand and in banks	\$ 1,178,933.84	
Government Bonds, Canada and United States	14,100.00	
Accounts Receivable, less Reserve for Doubtful Accounts	2,613,267.72	
Inventories, as determined and certified by the management, Raw Materials and Supplies at cost, Finished Goods at less than market	4,002,975.18	\$ 7,809,276.74
LIFE INSURANCE (CASH SURRENDER VALUE)		107,131.36
REFUNDABLE PORTION OF EXCESS PROFITS TAX		772,312.85
PREPAID AND DEFERRED ITEMS		63,022.19
INVESTMENTS, at cost:		
Shares in Subsidiary not consolidated herein	819,771.50	
Sundry	156,100.08	975,871.58
FIXED ASSETS:		
Land, Buildings, Plant and Equipment,— For certain companies valued as appraised by Dominion Appraisal Company Limited, November 30, 1934, and December 31, 1936, Canadian Appraisal Company Limited, November 12, 1932, and General Appraisal Company Limited, May 5, 1930, plus subsequent addi- tions at cost; other companies at cost or reduced book values of predecessor companies	15,376,981.51	
<i>deduct:</i> Reserve for Depreciation	5,422,204.56	9,954,776.95
GOODWILL		1.00

Note,—

The following items are not reflected in the foregoing Balance Sheet,—

- (a) Contract to purchase a substantial share interest in another company for \$3,623,750.00 within the next five years. None of these shares has been taken up at the date hereof.
- (b) Contracts for construction and new equipment amounting to approximately \$1,200,000.00.

\$19,682,392.67

To the Shareholders, GEORGE WESTON LIMITED:

We have audited the foregoing Balance Sheet of your Company and subsidiaries as at required.

In accordance with Section 114 of the Companies Act, 1934, we report that the profits in the foregoing statement.

The foregoing Balance Sheet is an accurate consolidation of the accounts of your Company exhibit a true and correct view of the combined position at that date, according to the best of our knowledge and belief as at February 12, 1948

WESTON LIMITED SUBSIDIARIES BALANCE SHEET

December 31, 1947

		LIABILITIES	
CURRENT LIABILITIES:			
Accounts Payable and Accrued Items.....	\$	3,065,744.20	
Interest on Funded and Other Indebtedness, accrued and payable.....		49,175.58	
Taxes.....		1,305,361.67	
Dividend Payable, January 2, 1948, Common Stock....		80,884.20	
Salesmen's Guarantee Deposits.....		38,440.00	\$ 4,539,605.65
INVENTORY RESERVES:			
Wartime and for decline in values.....			909,371.57
FUNDED AND OTHER LIABILITIES:			
McCormick's Limited,— Guaranteed Sinking Fund Mortgage Bonds, 4% due 1 July, 1952,— Authorized.....	\$	1,429,575.00	
Issued.....	\$	1,373,950.00	
deduct: Redeemed.....		338,450.00	
		1,035,500.00	
George Weston Limited,— Mortgage Payable, annual payments to 1957.....		600,000.00	
Weston Biscuit Company Inc.,— Note Payable, annual payments to 1950.....		750,000.00	2,385,500.00
PREFERRED SHARES OF SUBSIDIARY HEREIN CONSOLIDATED HELD BY THE PUBLIC.....			
			35,800.00
SHAREHOLDERS:			
George Weston Limited,— Preferred, 4½% Cumulative Redeemable, Par Value, \$100.00. Authorized, 75,000 shares, Issued and Fully Paid, 35,000 shares.....		3,500,000.00	
Common, no par value, Authorized, 600,000 shares, Issued and Fully Paid, 404,421 shares.....		2,574,556.88	
Earned Surplus Account.....		4,965,245.72	
Deferred Earned Surplus, Refundable Portion of Excess Profits Tax.....		772,312.85	11,812,115.45
<i>Signed on behalf of the Board:</i>			
	R. E. WATSON		\$ 19,682,392.67
	R. A. ROBERTSON		
	<i>Directors</i>		

December 31st, 1947, and have obtained all the information and explanations we have
of Western Grocers, Limited have not been included in the accounts of your Company or
and subsidiaries as at December 31, 1947, and is, in our opinion, properly drawn up so as to
our information and the explanations given to us and as shown by the books of the Companies.
EDWARDS, MORGAN & CO., Chartered Accountants.

GEORGE WESTON LIMITED AND SUBSIDIARIES

Consolidated Income and Expenditure Statement

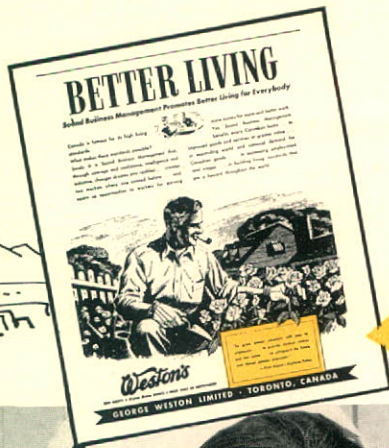
FOR THE YEAR ENDING DECEMBER 31, 1947

Net Operating Profit before deducting Remuneration of Executive Officers, etc., Depreciation, Interest, Income and Excess Profits Taxes.....	\$ 3,956,464.84	
Income from Investments.....	292.50	
	<hr/>	\$ 3,956,757.34
<i>deduct:</i>		
Remuneration of Executive Officers and Legal Advisers.....	235,026.56	
Directors' Fees.....	700.00	
Reserved for Depreciation.....	543,479.92	
Interest on Funded and Other Indebtedness not maturing within one year,—		
Bonds.....	\$ 41,758.30	
Other.....	38,442.96	
	<hr/>	80,201.26
Reserved for Income and Excess Profits Taxes...	1,407,065.36	
	<hr/>	2,266,473.10
Net profit before providing inventory reserve.....		1,690,284.24
<i>deduct:</i>		
Reserved for decline in inventory values.....		500,000.00
Consolidated Net Profit carried to Earned Surplus...		<hr/> <hr/> \$ 1,190,284.24

Consolidated Earned Surplus

FOR THE YEAR ENDING DECEMBER 31, 1947

Balance Earned Surplus, January 1, 1947.....	\$ 3,461,587.76	
Provision for taxes in the years 1940 to 1946 no longer required.....	1,000,000.00	
Consolidated Net Profit for the year as per Income and Expenditure Statement.....	1,190,284.24	
	<hr/>	\$ 5,651,872.00
<i>deduct:</i>		
Dividends on Shares held by the Public,—		
George Weston Limited,—		
Preferred.....	\$ 157,500.00	
Common.....	323,536.80	
	<hr/>	\$ 481,036.80
William Paterson Limited,—		
Preferred.....	2,506.00	
	<hr/>	\$ 483,542.80
Balance of Excess Cost re Southern Biscuit Company Inc., after applying surplus subsequent to acquisition to December 31, 1946.....	195,498.15	
Adjustment re Life Insurance.....	7,585.33	
	<hr/>	686,626.28
Balance Earned Surplus, December 31, 1947.....		<hr/> <hr/> \$ 4,965,245.72



"To grant annual vacations with pay to employees . . . to provide medical centres and rest rooms . . . to safeguard the future with liberal pension provisions."

—From Weston's Employee Policy

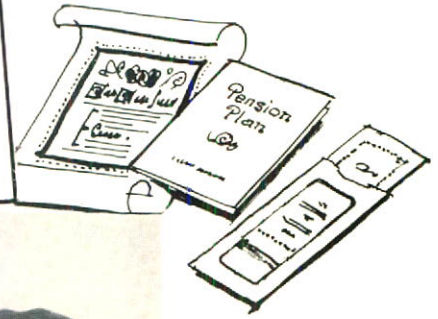
During 1947 and 1948, your Company published a series of institutional advertisements dealing with Sound Business Management and its contribution to progress in creating employment, building security and providing opportunity for advancement to Canadians. This and the following pages show how your Company observes these beneficial principles.



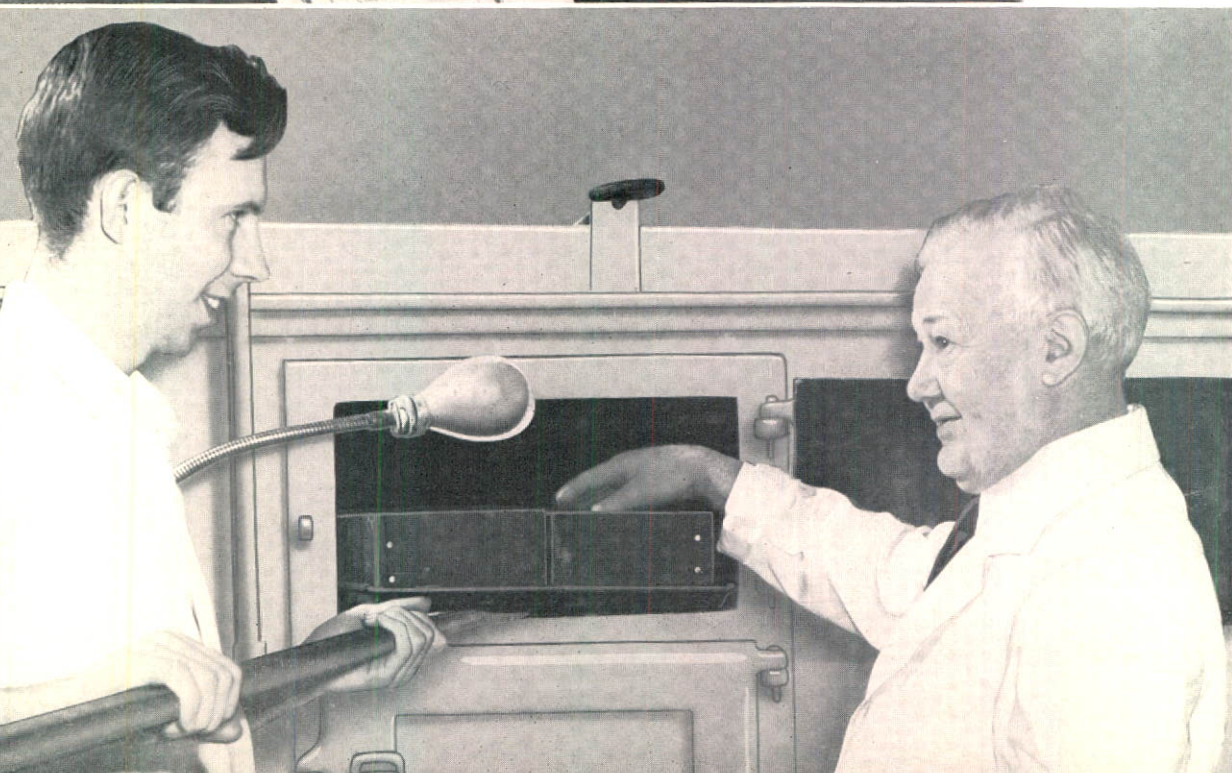
Medical Centres in your Company's plants safeguard the health of employees.

"To provide every employee with a steady job . . . to pay fair wages to all employees."

—From Weston's Employee Policy



Presentation of Scroll to E. C. S. Rolfe, member of Weston's 25 Year Club, and a Weston employee for 36 years.



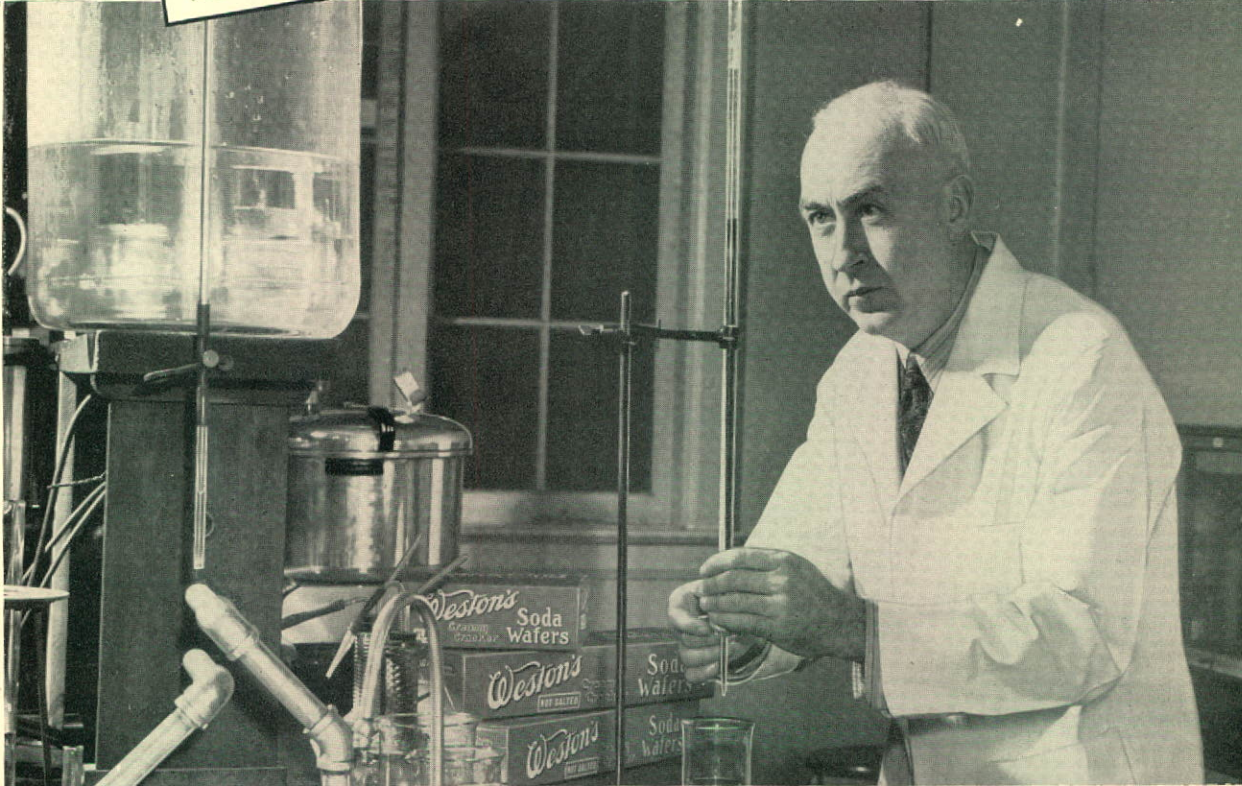
Sharing his knowledge, Mr. Rolfe trains a prospective successor in the art of baking.



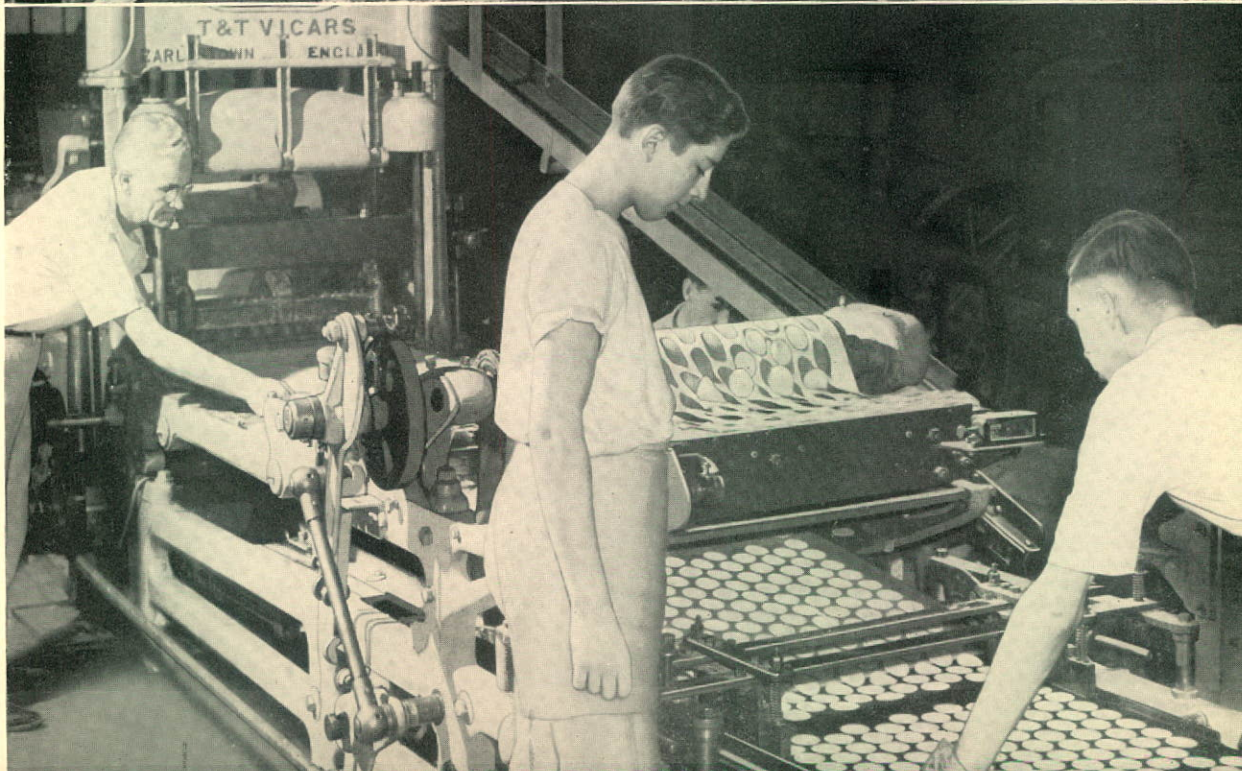
"To constantly strive to make better products, through science and research to create new ones . . . and to so conduct its business that the best interests of its customers, its employees and society as a whole shall be served."

—From Weston's Management Policy

Constant research and supervision safeguard the quality of existing products and assist in the development of others.



Purity and quality are constantly maintained through every process in your Company's plants.

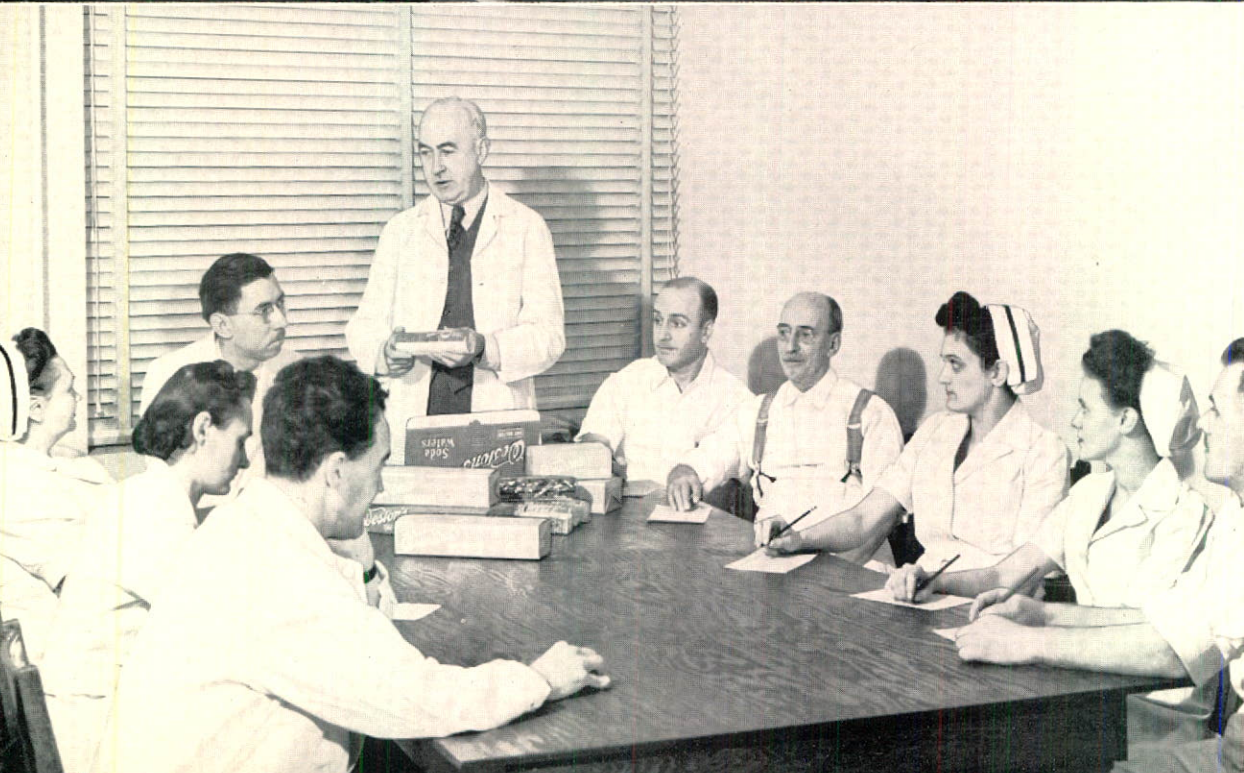


"To assist all employees in their efforts to qualify themselves for advancement and to provide a fair opportunity to get ahead."

—From Weston's Employee Policy



Sales and Foremanship Training Classes and frequent Discussion Meetings enable employees to broaden their knowledge of the business and qualify for advancement.





The products of your Company
are sold from coast to coast
in Canada, United States and
in many other countries

George Weston
Limited
TORONTO, CANADA