

ANNUAL
REPORT

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*Walter M. Lowney
Company Limited*

*For the Year Ending December Thirty-First
Nineteen Hundred and Fifty-Three*

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Walter M. Lowney Company Limited

BOARD OF DIRECTORS

EDMUND LITTLER	T. R. HARRISON
ARNOLD WAINWRIGHT	KENNETH A. RODGERS
EDMUND LITTLER, JR.	A. C. PICARD
NORMAN HOLLAND	

OFFICERS

EDMUND LITTLER
Chairman of the Board

EDMUND LITTLER, JR.
President

KENNETH A. RODGERS
Vice-President

RICHARD E. EVANS
Secretary-Treasurer

Auditors
GEORGE A. TOUCHE & Co.

TRANSFER AGENT

CROWN TRUST COMPANY

MONTREAL

TORONTO

Walter M. Lowney Company Limited

To the Shareholders :

March 26th 1954.

In presenting the Annual Report on the operations of the Company for the fiscal year ended December 31st, 1953, your Directors are pleased to announce continued progress.

The sales volume of your Company's products reached a new peak in 1953. The Chocolate Division attained an increase of 4.28% and the Ice Cream Division 18.4%, averaging a consolidated increase of 6.6% over the previous year.

Operating profit for the year was \$1,574,527.00 compared with \$1,307,526.00 for the previous year. Full depreciation allowable for Dominion and Provincial income tax purposes has been applied against operations for this period and amounted to \$423,746.55 as compared with \$307,618.39 in 1952. Net profit was \$545,771.79 as against \$374,296.51, giving an earned share value of \$2.63 compared with \$1.80 for 1952.

Provision has been made in the accompanying Balance Sheet for the redemption of First Mortgage Serial Bonds in the amount of \$50,000.00, being the fifth repayment on this Issue and reducing same to \$250,000.00.

The construction of your new Ontario Warehouse and Office situated at 14 Carson St., Toronto, was commenced the latter part of April and was completed in late December. This will enable us to give better service to our Ontario customers which we feel sure will result in larger sales in that area.

At the Annual Meeting your Directors will ask you to confirm their decision that the fiscal year of your Company should end June 30th. With our present year end of December 31st, we find ourselves closed for inventory purposes at a time when our plant should be in full production on Valentine and Easter lines. The suggested year end date would enable us to close down for inventory at a time which would coincide with usual plant summer holidays.

Your Directors wish to acknowledge the loyal and efficient service of the Officers and Employees during the past year.

Submitted on behalf of the Board.

EDMUND LITTLER Jr.,

President

Walter M. Lowne

BALANCE SHEET AT

ASSETS

CURRENT ASSETS:

Cash in Banks and on Hand	\$ 54,933.74
Accounts Receivable, less Allowance for Doubtful Accounts	1,564,278.84
Due from Subsidiary Companies	3,005.70
Investments in Marketable Securities (Market Value — \$19,730.00)	6,644.75
Inventories as determined by the Management and valued at the lower of Cost or Market ..	1,555,644.15
TOTAL CURRENT ASSETS	\$3,184,507.18

OTHER ASSETS:

Investments in entirely owned subsidiaries — at cost	\$ 7,800.00	
Trade Marks and Copyrights, less written off to date	30,000.00	37,800.00

FIXED ASSETS — AT COST:

Land and Buildings	\$1,765,251.48	
Machinery and Equipment	3,723,509.44	
	\$5,488,760.92	
Less: Accumulated Depreciation	2,815,855.30	2,672,905.62

DEFERRED CHARGES:

Insurance Deposits and Prepaid Expenses	\$ 145,293.68	
Bond Discount, less written off to date	3,750.00	149,043.68

\$6,044,256.48

Approved on behalf of the Board:

EDMUND LITTLER, *Director*

A. C. PICARD, *Director*

Company Limited

1ST DECEMBER, 1953

LIABILITIES AND CAPITAL

CURRENT LIABILITIES :

Accounts Payable	\$ 651,642.15
Bank Loan	929,624.32
Dividend Payable	51,797.50
Sales and Excise Taxes Accrued	156,119.17
Income Taxes — Estimated	258,586.83
First Mortgage Serial Bonds maturing 16th April, 1954	50,000.00

TOTAL CURRENT LIABILITIES .. \$2,097,769.97

FIRST MORTGAGE BONDS :

Authorized	\$2,000,000.00
Issued	\$ 500,000.00
Outstanding :	
Series "A" Serial Bonds 3½% maturing in instalments of \$50,000.00 annually to 16th April, 1959	\$ 300,000.00
Less :	
Portion maturing within one year, as above	50,000.00 250,000.00

CAPITAL STOCK AND SURPLUS :

Authorized :	
250,000 Shares of No Par Value.	
Issued :	
207,190 Shares of No Par Value	\$ 260,036.00
Capital Surplus	884,411.67
Earned Surplus — per Statement attached	2,552,038.84
	3,696,486.51
	<u>\$6,044,256.48</u>

*The above is the Balance Sheet referred to in our
Report to the Shareholders dated 25th March, 1954.*

Dated at Montreal,
25th March, 1954.

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

Walter M. Lowney Company Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEARS ENDED 31ST DECEMBER 1953 AND 1952

	1953	1952
*Earnings for year before undernoted items	\$1,574,527.00	\$1,307,526.00
<i>Add :</i>		
Income from Investments	827.00	827.00
Profit on disposal of Land	23,408.68	
	<u>\$1,598,762.68</u>	<u>\$1,308,353.00</u>
<i>Deduct :</i>		
Provision for Depreciation	\$ 423,746.55	\$ 307,618.39
Remuneration to Executive Officers	92,240.20	94,698.58
Bond Interest	11,077.34	12,937.49
Payment to Pension Fund	81,266.21	73,360.48
Directors' Fees	2,100.00	2,100.00
Legal Fees	5,475.01	2,519.67
	<u>\$ 615,905.31</u>	<u>\$ 493,234.61</u>
Profit for year before provision for Income Taxes \$	982,857.37	\$ 815,118.39
<i>Deduct :</i>		
Provision for Federal and Provincial		
Income Taxes	437,085.58	440,821.88
Net Profit for year carried to Earned Surplus		
Account	<u>\$ 545,771.79</u>	<u>\$ 374,296.51</u>
 *After charging Amortization of:—		
Trademarks & Copyrights	\$5,000.00	\$5,000.00
Bond Discount	<u>750.00</u>	<u>750.00</u>

STATEMENT OF EARNED SURPLUS AT 31ST DECEMBER, 1953 AND 1952

	1953	1952
Earned Surplus at 1st January	\$2,213,457.05	\$2,046,350.54
<i>Add :</i>		
Net Profit for the year ended		
31st December as above	545,771.79	374,296.51
	<u>\$2,759,228.84</u>	<u>\$2,420,647.05</u>
<i>Deduct :</i>		
Dividends Paid	\$ 155,392.50	\$ 155,392.50
Dividend declared payable 15th January, 1954	51,797.50	51,797.50
	<u>\$ 207,190.00</u>	<u>\$ 207,190.00</u>
Earned Surplus at 31st December	<u>\$2,552,038.84</u>	<u>\$2,213,457.05</u>

Walter M. Lowney Company Limited

25th March, 1954.

To the Shareholders of

Walter M. Lowney Company Limited.

We have examined the Balance Sheet of Walter M. Lowney Company Limited at 31st December, 1953, and the related statements of Profit and Loss and Earned Surplus for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have obtained all the information and explanations we have required.

The profits of the Subsidiary Companies have not been included in the attached accounts, but have been carried forward on the books of those companies.

In our opinion, the accompanying Balance Sheet and related Statements of Profit and Loss and Earned Surplus are properly drawn up in conformity with generally accepted accounting principles so as to exhibit a true and correct view of the state of the Company's affairs at 31st December, 1953, and the results of its operations for the fiscal year then ended according to the best of our information and the explanations given to us and as shown by the books of the Company.

GEORGE A. TOUCHE & CO.,

Chartered Accountants,

Auditors.

