

Walter M. Lowney Company
LIMITED

ANNUAL REPORT



for the year ended

DECEMBER THIRTY-FIRST

1945

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WALTER M. LOWNEY COMPANY LIMITED

BOARD OF DIRECTORS

EDMUND LITTLER	ARNOLD WAINWRIGHT, K.C.
WILLIAM C. LEPETRIE	GEORGE HOGG
E. J. ROBERTS	EDMUND LITTLER Jr.
T. R. HARRISON	

OFFICERS

EDMUND LITTLER
President and Chairman of the Board

WILLIAM C. LEPETRIE
Vice-President

E. J. ROBERTS
Vice-President in Charge of Sales

R. E. EVANS
Secretary-Treasurer

WALTER M. LOWNEY COMPANY, LIMITED

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of the Shareholders of Walter M. Lowney Company, Limited, will be held at the head office of the Company, 350 Inspector Street, Montreal, on Friday, April 12th, 1946, at 11 o'clock A.M., for the following purposes, namely:

- (a) To receive the Annual Report of the Directors, Balance Sheet and Auditors' Report for the year ended 31st December, 1945.
- (b) To elect Directors for the ensuing year.
- (c) To appoint an Auditor for the ensuing year.
- (d) To transact such other business as may properly be brought before the Meeting.

By order of the Board,
R. E. EVANS,
Sec.-Treas.

Montreal, P.Q.,
March 12th 1946.

If unable to attend the Meeting kindly sign and return the proxy attached hereto.

WALTER M. LOWNEY COMPANY LIMITED

Montreal, March 12, 1946.

To the Shareholders:

Your Directors take pleasure in presenting herewith the Balance Sheet and Profit & Loss Account of the Company, for the fiscal year ended December 31st, 1945. This is the first Financial Statement issued since the stock was listed on the Montreal Curb Market, June 18th, 1945.

Although production was somewhat restricted due to several reductions in sugar allocation during the year, your Directors are able to report that economy of operation has resulted in profits being maintained. Net Profit, after provision for Depreciation, Income Tax and other taxes, totalled \$161,110.25, equal to 77.7 cents per share, on the outstanding 207,190 shares on the Common Stock of the Company. Since listing the stock, dividends have been paid at the rate of 50 cents per share.

During the war years "LOWNEY'S" Chocolates helped in no small way to keep up the morale of the Armed Forces — not only Canada's fighting men and women, but our Allies also, and your Directors feel proud of Lowney's war record.

With thousands of Canadian men and women returning to civil life, after service with the Forces, the demand in Canada for chocolates has increased considerably, but the stringent sugar allotment has prevented your Company from increasing its production to meet this demand. However, we are pleased to report that the Sugar Administrator has to-day announced an increase of 10% in the sugar allocation for the second quarter of 1946 based on 1941 consumption, and your Directors look hopefully for a further increase in the sugar quota for the third quarter of this year.

Enquiries have been received from Commercial houses in many Countries throughout the World for agencies to be established for the marketing of LOWNEY'S chocolates. Excellent co-operation has been received from the Department of Trade & Commerce, whose Minister is doing his utmost to encourage the expansion of Canada's export markets, but the Federal Government appears to be reluctant to allot additional sugar for civilian export.

Mr. T. W. Dodds, who had been Secretary-Treasurer of the Company for forty years, retired on July 1st, of last year, and has been succeeded by Mr. R. E. Evans, formerly Assistant Secretary-Treasurer. Mr. Dodds also retired as a Director of the Company, and has been replaced by Mr. T. R. Harrison, Toronto, Ont.

Your Directors wish to record their appreciation of the loyal and efficient services rendered by the Officers and employees of your Company during the past year.

Submitted on behalf of the Board of Directors.

EDMUND LITTLER,

President and Chairman of the Board.

WALTER M. LOWNEY



Balance Sheet as of

A S S E T S

CURRENT ASSETS:

Cash in Bank and on Hand	\$	\$ 229,424.88
Accounts Receivable	320,060.23	
Less: Reserve for Doubtful Accounts	15,655.33	304,404.90
Investments — Dominion of Canada Bonds		
at cost (Market Value \$616,616.48)		602,540.00
Other Marketable Investments — at book value (Market Value \$18,090.)		12,304.75
Merchandise Inventories — as determined and certified and valued by the Management at cost or market — whichever is lower		780,687.88
TOTAL CURRENT ASSETS		1,929,362.41
Investments in entirely owned subsidiaries — at cost		7,800.00
Fixed Assets: Valued at cost		
Land and Buildings	508,908.99	
Machinery and Equipment	1,133,320.07	
	1,642,229.06	
Less: Reserves for Depreciation	1,274,263.62	367,965.44
Deferred Assets and Expenses:		
Refundable portion of Excess Profits Tax	121,447.87	
Insurance Deposits and Prepaid Expenses	59,650.90	181,098.77
Trade Marks and Copyrights		70,000.00
TOTAL ASSETS		<u><u>\$2,556,226.62</u></u>

Signed on behalf of the Board:

COMPANY LIMITED

December 31st, 1945

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Bank Loans	\$ 200,000.00	
Accounts Payable	190,831.65	
Dividend Payable	25,898.75	
Provision for Income and Excess Profits Taxes	156,023.14	
Sales and Excise taxes accrued	73,137.07	
		<hr/>
TOTAL CURRENT LIABILITIES		645,890.61

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, as per Statement attached ..	765,888.34	1,910,336.01
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TOTAL LIABILITIES AND CAPITAL	<u><u>\$2,556,226.62</u></u>
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EDMUND LITTLER, *Director*

GEORGE HOGG, *Director*

WALTER M. LOWNEY COMPANY LIMITED

STATEMENT OF INCOME AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1945

Net Profit for the Year ended December 31, 1945, before taking into account the charges shown below		\$ 473,712.30
ADD:		
Income from Investments	\$ 12,983.25	
Gain from sale of Securities	2,825.00	15,808.25
		<hr/> 489,520.55
DEDUCT:		
Provision for Depreciation	51,298.72	
Directors' Fees	180.00	
Remuneration to Executive Officers	72,937.35	124,416.07
		<hr/>
Net Profit for the Year before providing for Income Taxes thereon		365,104.48
DEDUCT:		
Provision for Income and Excess Profit Taxes, after deducting the Refundable portion of Excess Profits Tax amounting to \$28,528.91		203,994.23
		<hr/>
Net Profit for the Year carried to Earned Surplus Account		<u><u>\$ 161,110.25</u></u>

EARNED SURPLUS

Earned Surplus as at 1st January, 1945		\$ 674,507.37
ADD: Net Adjustment of Income for prior years		28,685.97
ADD: Net Profit for the Year, as above		161,110.25
		<hr/> 864,303.59
DEDUCT: Dividends declared and paid	72,516.50	
Dividend declared payable January 2, 1946	25,898.75	98,415.25
		<hr/>
Earned Surplus as at 31st December, 1945		<u><u>\$ 765,888.34</u></u>

WALTER M. LOWNEY COMPANY LIMITED

REPORT OF THE AUDITOR TO THE SHAREHOLDERS

I have examined the Balance Sheet of Walter M. Lowney Company, Limited, as of December 31st, 1945, and the related Statements of Profit and Loss and Earned Surplus for the year then ended. My examination was made in accordance with generally accepted accounting standards applicable in the circumstances and included such tests of the accounting records and other supporting evidence, and such other procedures as I considered necessary.

On the above basis and according to the best of my information and the explanations given to me, I report that in my opinion, the attached Balance Sheet of Walter M. Lowney Company, Limited, and the related Statements of Profit and Loss and Earned Surplus have been drawn up, so as to show a true and correct view of the financial position of the Company, as at December 31st, 1945, and the results of its operations for the year.

Provision has been made for Income and Excess Profits Taxes in respect to the current year's operations and this provision, while considered to be sufficient, is subject to final determination by the Department of National Revenue. The final liability for these taxes in respect to the years subsequent to 1943 has not yet been determined.

FREDERIC STEWART,

Auditor

Montreal, P.Q.
February 7th, 1946.

