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### The Aims of John Labatt Limited

The aims of John Labatt Limited are: first, to produce malt beverages of the finest quality; second, to make a fair profit on operations; and, third, to meet all of our obligations to our shareholders, our employees, our customers and to the community at large, all of whom contribute to and are responsible for the success of the Company.

LIBRARY USE ONLY

*John Labatt Limited*

FOR THE YEAR ENDING SEPTEMBER 30. 1951



LONDON, CANADA



# ANNUAL REPORT

FOR THE YEAR ENDING SEPTEMBER 30

1951

Annual General Meeting of Shareholders

DECEMBER 14, 1951

## *The President's Report*

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### Directors

JOHN S. LABATT.....	London, Ontario
HUGH F. LABATT.....	London, Ontario
W. H. R. JARVIS.....	New York City, New York, U.S.A.
V. P. CRONYN.....	London, Ontario
R. G. IVEY, K.C.....	London, Ontario

### Officers

HUGH F. LABATT.....	Chairman of the Board and President
HUGH A. MACKENZIE....	Vice-President and Gen. Manager
M. W. BURNS.....	Treasurer
W. L. SHORTREED.....	Secretary

### Solicitors

Ivey, Livermore & Dowler, London

### Auditors

Clarkson, Gordon & Co., London

### Transfer Agents

The Canada Trust Company, Toronto, The Royal Trust Company, Montreal and Halifax, and The Bank of Montreal Trust Company, New York, U.S.A.

### Registrars

The Royal Trust Company, Toronto and Halifax, The Bankers' Trust Company, Montreal, and The Bank of Montreal Trust Company, New York, U.S.A.

### TO THE SHAREHOLDERS OF JOHN LABATT LIMITED:

Your Directors are pleased to present the Annual Report of the Company for the fiscal year ending September 30, 1951.

### Financial Position

Comparisons from the financial statements of the past three fiscal years are summarized below.

	1949	1950	1951
Net earnings per share	\$ 1.70	\$ 1.72	\$ 1.75
Dividends paid—per share	1.00	1.00	1.00
Earned surplus at end of year	6,713,117	7,409,113	8,035,274
Working capital	2,131,492	2,177,260	3,920,898
Fixed assets at cost	9,247,710	10,705,920	12,230,916
Depreciation and replacement reserves	5,572,319	5,937,108	6,341,230

### Conditions in the Industry

In the past year industry volume in Ontario and Canada increased slightly. Most of the increase was due to an improvement in the sale of draught beer, particularly in Ontario, where the retail price of draught beer was not increased.

In this same period industry costs increased substantially. Major increases were the higher costs of raw materials, particularly malt, labour and the additional tax levies of 31% on malt and 25% on sales tax. Furthermore, in common with all industry, higher corporate



income taxes were imposed on the brewing industry creating further difficulty in maintaining profits at the same level as in previous years

### **Your Company's Position**

Your Company enjoyed the highest sales in its history during the past year even though industry sales volume increased only slightly and competition was keen.

The increased volume of sales has been largely instrumental in maintaining and improving the Company's gross earnings in the face of increased costs.

### **Construction Programme**

The modernization programme referred to in last year's annual report progressed during the year. The full economies to be expected from this programme will not be realized until the Fall of 1952.

During the fiscal year, approximately \$1,600,000 was spent on the modernization programme, the acquisition of the Montreal branch warehouse and office, the purchase of trucks and automobiles and other capital assets.

This year, debentures were authorized in the amount of \$10,000,000 of which \$2,250,000 as described on the balance sheet were issued to reimburse the Company in part for capital expenditures made during the previous five years.

### **Earnings and Dividends**

With the continued reduction in operating costs resulting from the modernization programme and the encouraging sales prospects,

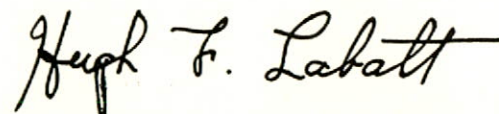
your Directors are confident that earnings can be maintained at a satisfactory level.

### **General**

Your Company had the opportunity to make a small investment and to assist in the formation of a new company known as Isotope Products Limited. Isotope Products Limited is developing and marketing for industry instruments and services which are practical applications of atomic energy. Included are developments of particular interest to the brewing industry. While the field is a completely new one, the developments and progress to date are encouraging.

The number of shareholders as at September 30, 1951, was 2,393. Your Directors wish to express their sincere appreciation of your interest and support and on your behalf and their own to acknowledge the part played by officers and employees in the success of the Company.

Submitted on behalf of the Directors,



*President*

*London, Ontario.  
November 16, 1951*

# Consolidated Balance Sheet

# JOHN LABATT LIMITED

AND ITS SUBSIDIARIES (Incorporated under the Companies Act, Canada)

AS AT SEPTEMBER 30, 1951

## ASSETS

### CURRENT:

Cash on hand and in banks.....	\$2,361,446		
Marketable securities and accrued interest—at cost (market value approximately \$303,000).....	342,805		
Accounts receivable less reserve for doubtful accounts.....	1,025,845		
Excess profits taxes refundable within one year.....	52,568		
Inventories as determined and certified by the management, valued at the lower of cost or market—			
Beer and ale.....	\$2,238,293		
Raw materials and supplies.....	431,266	2,669,559	\$6,452,223

### FIXED:

	<i>Asset at cost</i>	<i>Reserve for Depreciation</i>	<i>Net Book Value</i>	
Land.....	\$ 448,500		\$ 448,500	
Buildings.....	6,386,620	\$1,291,629	5,094,991	
Machinery and equipment.....	4,230,955	2,327,189	1,903,766	
Trucks and automobiles.....	1,164,841	722,412	442,429	
	<u>\$12,230,916</u>	<u>\$4,341,230</u>		7,889,686

### OTHER:

Advances to Brewers' Warehousing Co. Limited.....		\$ 460,200		
Prepaid expenses, deferred charges and sundry assets.....		282,025		
Bottles—valued at redemption price.....	\$ 301,739			
Kegs at cost less amounts written off.....	170,726	472,465	1,214,690	
			<u>\$15,556,599</u>	

## LIABILITIES

### CURRENT:

Accounts payable and accrued charges.....	\$1,000,609	
Dividend payable October 1, 1951.....	225,000	
Estimated taxes payable and accrued less payments on account.....	1,305,716	\$ 2,531,325

### DEBENTURES:

Authorized—\$10,000,000		
Issued—		
3¼ % serial debentures series "A" to mature in equal annual instalments of \$125,000 each on February 1, 1954 to 1961 inclusive.....	\$1,000,000	
3¼ % serial debentures series "A" to mature in equal annual instalments of \$125,000 each on February 1, 1962 to 1971 inclusive.....	1,250,000	2,250,000

### RESERVES:

Reserve for replacement of plant and equipment.....	\$2,000,000	
Reserve for redemption of containers in hands of public.....	400,000	2,400,000

### CAPITAL AND SURPLUS:

Capital—		
Authorized—1,000,000 common shares without par value		
Issued—900,000 common shares.....	\$ 340,000	
Earned surplus.....	8,035,274	8,375,274

NOTE: The cost of completing the current modernization programme is estimated at \$2,000,000, the liability for which is not included in the above balance sheet.

On behalf of the Board

HUGH F. LABATT, Director  
JOHN S. LABATT, Director

\$15,556,599

## AUDITOR'S REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of John Labatt Limited and its subsidiaries as at September 30, 1951, and the consolidated statements of profit and loss and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and consolidated statements of profit and loss and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at September 30, 1951, and the results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

London, Canada, November 15, 1951.

CLARKSON, GORDON & CO.  
Chartered Accountants.



## Statement of Consolidated Profit and Loss

FOR THE YEAR ENDED SEPTEMBER 30, 1951

Operating profit before deducting the charges set out below .....		\$3,862,506
Deduct:		
Directors' fees.....	\$ 6,000	
Executives' remuneration.....	119,159	
Legal fees.....	33,037	
Provision for depreciation.....	540,976	699,172
		<u>\$3,163,334</u>
Add miscellaneous income less expenses.....	60,492	
Profit before provision for taxes on income.....		\$3,223,826
Provision for taxes on income.....		1,645,000
Consolidated net profit for the year.....		<u>\$1,578,826</u>

## Statement of Consolidated Earned Surplus

FOR THE YEAR ENDED SEPTEMBER 30, 1951

Balance at September 30, 1950.....		\$7,409,113
Add consolidated net profit for the year.....		1,578,826
		<u>\$8,987,939</u>
Deduct:		
Dividends paid or declared.....	\$900,000	
Discount and expenses in respect of debenture issue.....	52,665	952,665
Balance at September 30, 1951.....		<u>\$8,035,274</u>

## The General Manager's Report

TO THE PRESIDENT AND DIRECTORS OF  
JOHN LABATT LIMITED:

The following report amplifies the financial statements and refers to some of the developments of interest which have affected your Company's operations during the past fiscal year.

### Balance Sheet

*Working Capital.* The working capital of the Company increased \$1,743,638. This increase includes proceeds from the sale of debentures, earnings for the year less capital expenditure and dividends.

*Inventories.* The increase in the dollar value of inventories reflects higher malt excise tax and other costs as well as increased quantities.

*Liability for Taxes.* The increased liability for taxes is due to the higher base on which taxes are levied, the higher rates of income and sales taxes and the higher volume of business. Total taxes amounted to .48 on each sales dollar, an increase from .44 last year.

### Income and Costs

Profit before provision for income taxes improved by \$643,900 or 25% over the previous year. Most of this increase was absorbed by the higher income taxes, leaving only a small increase in net profit.

The increased operating profit was achieved in the face of substantially higher costs.

### Sales

Sales volume reached an all-time high in 1951. This achieve-

ment was made possible by the continued popularity of all Company brands and the introduction of a new brand, Labatt's Pilsener.

Of interest to all shareholders is the fact that your Company contributed a total of three carloads of Anniversary Ale to the Canadian troops in Korea. This gift was greatly appreciated and your management is grateful to the Ontario Provincial Command, Canadian Legion B.E.S.L., for their co-operation.

### **Toronto Plant**

The Toronto Plant operated at full capacity in 1951 and contributed to the improvement of your Company's position.

### **Employee Relations**

Union negotiations are being conducted in the usual amicable manner. The pension fund amounts to \$1,852,000; Company contributions \$1,087,000 and employee contributions \$765,000. The number of permanent employees as at September 30, 1951 was 894.

### **General**

The favourable results of the past year which augur well for the future, could not have been obtained without the loyal and able support of all employees. It is a pleasure to express management's appreciation of this co-operation.

*Respectfully submitted,*

*Nugh Mackenzie*

*General Manager*

*London, Ontario.  
November 15, 1951*