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Annual Report

for the

Year Ended December 31

1938

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ASSOCIATED BREWERIES OF CANADA LIMITED

Report of the Directors

For the Year ended 31st December, 1938

To the Shareholders:

The Directors have pleasure in presenting the Eleventh Annual Report of the operations and affairs of Associated Breweries of Canada Limited, and Subsidiary Companies for the year ended 31st December, 1938.

It is gratifying to report that, despite adverse conditions during the year, the net profits for 1938 were \$416,175.63 after charging all expenses including taxes and depreciation. Although the Western Provincial Liquor Boards continue to derive a revenue from profits on the sale of beer rather than from taxes, nevertheless income and excise taxes to Federal and Provincial authorities again showed a marked increase and amounted to \$776,569.97. The Company's plants and equipment have been adequately maintained and depreciation of \$140,675.83 has been written off, and charged against the operating profits for the year.

The Balance Sheet indicates Current Assets of \$1,165,158.40 against Current Liabilities of \$212,478.70, leaving a net working capital of \$952,679.70. Four quarterly dividends were paid on the 7% Preference Shares and the Common stockholders received a special dividend of 45 cents in addition to the four regular quarterly dividends of 20 cents each.

The Company has held a substantial interest in Capilano Brewing Company, Limited, at Vancouver, B. C., since its inception and in October last acquired the remainder of the outstanding shares so that that Company

is now a wholly-owned subsidiary and its absorption is reflected in the Annual Statement presented herewith.

We cannot speak too highly of the splendid spirit of co-operation, loyalty and effort that we have had from all those in our organization during the past year.

On behalf of the Board,

E. G. SICK,
President.

Calgary, Alberta,
February 28th, 1939.

AUDITOR'S REPORT

To the Shareholders of

ASSOCIATED BREWERIES OF CANADA LIMITED

We have examined the books and accounts of Associated Breweries of Canada Limited, for the year ending December 31st, 1938, and have verified the securities representing the investments of the Company. We have received all the information and explanations that we have required, and have accepted as correct the audited statements of the constituent Companies.

We report that, subject to the values at which the fixed assets of the Company are stated, the attached consolidated balance sheet presents, in our opinion, a true and correct statement of the affairs of Associated Breweries of Canada Limited, and its constituent Companies at December 31st, 1938, according to the best of our information, the explanations given to us, and as shown by the books of the Company and the audited statements of the constituent Companies.

The dividend on the preferred shares, payable January 2nd, 1939, has been provided for in these accounts.

In accordance with Section 114 of the Dominion Companies' Act, we report that dividends of \$5,353.36 were received from non-brewing subsidiary Companies out of their accumulated surpluses, and that the payment of these dividends does not involve an impairment of capital; and that the operations of the non-brewing subsidiary Companies resulted in an aggregate net profit, which has not been brought into the accounts of this Company.

Redemption of a further \$50,100.00 of cumulative redeemable preferred shares was effected during the year, in accordance with the Letters Patent of the Company, the reduction of capital thereby resulting being subject to confirmation by Supplementary Letters Patent.

NASH & NASH,
Chartered Accountants.

February 20th, 1939.

ASSOCIATED BREWERIES OF CANADA LIMITED

AND WHOLLY OWNED SUBSIDIARY BREWING COMPANIES

Consolidated Profit and Loss Account

For the Year ending December 31st, 1938

Net Operating Profits, before charging depreciation.....	634,300.89
<i>(A total of \$51,535.71, which includes salaries paid to brewery managers, was paid as salaries and remuneration, to the executive officers and legal advisers of the Company.)</i>	
Revenue from Investments	97,097.34
Other Revenue	20,916.56
	752,314.79
<i>Less:</i>	
Directors' Fees	4,800.00
Depreciation	140,675.83
Federal and Provincial Income Taxes	160,663.53
	306,139.16
<i>Net Profits for the year, carried to Earned Surplus Account</i>	\$ 446,175.63

Consolidated Earned Surplus Account

December 31st, 1938

Balance at January 1st, 1938	800,342.24
Net Profit for the year, from Profit and Loss Account	446,175.63
	1,246,517.87
<i>Less:</i>	
Four quarterly dividends, each of 1¼ per cent, on the Cumulative Preferred Shares	57,272.52
Four dividends of 20 cents per share, and one dividend of 45 cents per share, on the issued Common Shares of no par value	289,460.00
	346,732.52
<i>Balance, carried to Balance Sheet</i>	\$ 899,785.35

Government Taxes Charged Against Operations
for the Year 1938

Federal Excise and Sales Taxes	\$615,906.64
Federal and Provincial Income Taxes	160,663.33
	\$776,569.97

Directors

R. J. CHISWICK, Lethbridge, Alberta.
 LT.-COL. E. G. HANSON, D.S.O., Montreal, Quebec.
 WM. HUTTON, Regina, Saskatchewan.
 R. H. B. KER, Victoria, British Columbia.
 J. C. MALONE, K.C., Regina, Saskatchewan.
 C. E. MORRIS, Calgary, Alberta.
 W. H. SHEPPARD, Edmonton, Alberta.
 EMIL G. SICK, Seattle, Washington.
 FRITZ SICK, Vancouver, British Columbia.
 J. A. SWALWELL, Seattle, Washington.
 J. G. WALFORD, Calgary, Alberta.
 RT. HON. WM. DUDLEY-WARD, Calgary, Alberta.
 GEORGE R. WHITMORE, Regina, Saskatchewan.

Officers

E. G. SICK *President*
 FRITZ SICK *Chairman of the Board*
 R. H. B. KER *Vice-President and Secretary*
 W. H. SHEPPARD *Vice-President*
 J. G. WALFORD *General Manager*
 I. N. WILSON *Treasurer and Assistant-Secretary*

Plants and Locations

WHOLLY OWNED SUBSIDIARIES

EDMONTON BREWERIES LIMITED.....*Edmonton, Alta.*
 LETHBRIDGE BREWERIES LIMITED.....*Lethbridge, Alta.*
 PRINCE ALBERT BREWERIES LIMITED..... *Prince Albert, Sask.*
 THE REGINA BREWING COMPANY, LIMITED.....*Regina, Sask.*
 CAPILANO BREWING COMPANY, LIMITED.....*Vancouver, B.C.*

TRANSFER AGENT:
THE ROYAL TRUST CO., MONTREAL, CALGARY
AND CHARLOTTETOWN