

**CONSOLIDATED
FINANCIAL
STATEMENT**

DECEMBER 31st, 1938

GEORGE WESTON LIMITED
and its Subsidiaries

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Manufacturers of English Quality Biscuits

GEORGE WESTON LIMITED

TO THE SHAREHOLDERS:—

Your Directors submit their eleventh Annual Report for the year ended December 31st, 1938, consisting of a consolidated balance sheet, income and expenditure statement, and surplus accounts of your Company and its subsidiaries.

The operating profit was \$1,059,129.06 before providing for depreciation, interest, federal and provincial taxes, remuneration of executive officers and directors, and after including \$1,648.54, income from investments. The net amount available for all dividends, after making provision for these items was \$543,779.21. Payment of Preferred Dividends during the year, including Preferred Dividends on Subsidiary company shares in the hands of the public, amounted to \$90,223.00, leaving available for dividends on the 404,421 common shares outstanding, \$453,556.21, or equal to \$1.12 per share. This compares very favourably with the amount of \$413,241.98 for the year ended December 31, 1937, which was equivalent to \$1.02 per share on the Common Shares.

Your Company paid \$991,389.17 in taxes to Federal, Provincial, State and Municipal Governments during the year 1938.

During the year 1938, your company purchased the business of the Inter City Western Bakeries Limited consisting of Spiers Parnell Baking Co. Ltd., Winnipeg, Man.; Crown Bakery Limited, Regina, Sask., Clifton Bakery Limited, Moose Jaw, Sask., Golden West Bakery Limited, Calgary, Alta., Medicine Hat Bakery Limited, Medicine Hat, Alta., Cowan-Dodson Bakeries Limited, Vancouver, B.C., and Rennie & Taylor Limited, Victoria, B.C. This purchase was completed by an increase of only \$225,000.00 of funded indebtedness while still maintaining a strong liquid position. In the opinion of your Directors, this unit will prove to be a valuable addition to your Company's earning power.

The prospects for the year 1939 are very encouraging, production and sales comparing very favourably with that of a year ago.

Your Directors wish to express their appreciation and thanks to the Executive Officers of the entire organization and to all the staff for their loyal and effective efforts on behalf of your Company.

W. GARFIELD WESTON,
President.

Toronto, March 9th, 1939.

To the Shareholders,
GEORGE WESTON LIMITED,
Toronto, Ont.

We have audited the balance sheet of your Company and subsidiaries as at December 31st, 1938, and have obtained all the information and explanations we have required.

The annexed Balance Sheet is an accurate consolidation of the accounts of your Company and subsidiaries as at December 31st, 1938, and is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined position at that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

In accordance with Section 114 of the Companies' Act, we report that the balance sheet (as of December 31st, 1938) of the subsidiary not consolidated herein, shows a profit for the year and a resultant net deficit in that company, of which \$4,606.88 attaches to the interest of George Weston Limited. This amount has not been dealt with in the statements annexed.

EDWARDS, MORGAN & CO.,

Chartered Accountants.

March 7th, 1939.

GEORGE WESTON LIMITED

(Incorporated under the laws of the Dominion of Canada)

and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 1938

ASSETS			LIABILITIES		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash on hand and in banks	\$ 143,233.91		Bankers' Advances (secured)	\$ 402,158.21	
Accounts Receivable,—			Interest Accrued on Funded Indebtedness	36,110.60	
Trade, less Reserve for Doubtful Accounts	1,295,141.86		Accounts Payable and Accrued Items	732,996.17	
Sundry	13,437.98		Taxes	142,549.15	
Inventories (a)	<u>1,134,966.96</u>	\$2,586,780.71	Dividend, George Weston Limited, payable January 2, 1939	<u>80,884.20</u>	\$1,394,698.33
LIFE INSURANCE (CASH SURRENDER VALUE)		43,069.72	SALESMEN'S GUARANTEE DEPOSITS		21,468.62
PREPAID AND DEFERRED ITEMS		52,561.13	FUNDED LIABILITIES:		
INVESTMENTS, at cost:			McCormick's Limited,—		
Shares in subsidiary company	69,782.14		Guaranteed Prior Lien Sinking Fund Bonds, 4½% due 1 July, 1952:		
Sundry Mortgages, Bonds and Stocks	<u>29,953.03</u>	99,735.17	Authorized and Issued	\$ 263,000.00	
FIXED ASSETS:			Deduct: Redeemed	<u>17,000.00</u>	246,000.00
Land, Buildings, Plant and Equipment (b)	7,550,572.24		Guaranteed Sinking Fund Mortgage Bonds, 4% due 1 July, 1952:		
Deduct: Reserve for Depreciation	<u>1,674,635.61</u>	5,875,936.63	Authorized	<u>\$1,429,575.00</u>	
Goodwill		1.00	Issued		1,373,950.00
(a) Certified by responsible officers of the Companies; Raw Material and Supplies at not over purchase cost; Finished Goods at less than market as determined on the Companies' usual basis.			Weston's Bread and Cake (Canada) Limited,—		
(b) Basis of Valuation:—			4½% Ten Year First Mortgage Bonds, due 12 October, 1939-48—		
Appraisal of Dominion Appraisal Company Limited dated November 30, 1934 plus subsequent additions at cost, except as follows:—			Authorized	<u>\$ 500,000.00</u>	
1. George Weston Biscuit Co. (Battle Creek)—appraisal of Dominion Appraisal Company Limited dated December 31, 1936 plus subsequent additions at cost;			Issued		225,000.00
2. McCormick's Limited—appraisal of Canadian Appraisal Company Limited dated November 12, 1932 with subsequent additions at cost, less amounts written off;			Sundry Mortgages	<u>15,979.81</u>	1,860,929.81
3. Weston's Bread and Cake (Canada) Limited—net book value as carried by predecessor company less revaluation adjustment of \$788,402.64 plus subsequent additions at cost.			SHARES OF SUBSIDIARIES IN HANDS OF PUBLIC:		
			Preferred Shares		38,400.00
			Common Shares	\$ 2,084.88	
			Interest in Surplus Accounts	<u>802.09</u>	2,886.97
			SHAREHOLDERS:		
			George Weston Limited,—		
			Preference 5% Cumulative		
			Redeemable Convertible, par value \$100.00,—		
			Authorized, issued and fully paid 17,500 shares		1,750,000.00
			Common, no par value,—		
			Authorized, 500,000 shares.		
			Issued and fully paid, 404,421 shares		2,574,556.88
			SURPLUS ACCOUNTS:		
			Capital Surplus		38,679.78
			Earned Surplus	977,266.06	
			Deduct: Provision for common shares of Subsidiaries in hands of Public as shown above	<u>802.09</u>	976,463.97
			CONTINGENT LIABILITIES:		
			Accommodation to and guarantee on behalf of subsidiary company	\$129,730.00	
					<u>\$8,658,084.36</u>

Signed on behalf of the Board,

J. A. GAIRDNER,
Director.
F. W. ST. LAWRENCE,
Director.

GEORGE WESTON LIMITED

and Subsidiaries

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT

For the year ending December 31, 1938

Remuneration of Executive Officers and Legal Advisers	\$ 121,053.00	Net Operating Profit before deducting remuneration of Executive Officers, etc., depreciation, interest and income taxes	\$1,057,480.52
Directors' Fees	700.00	Income from investments	1,648.54
Reserved for Depreciation	211,932.84		
Interest on funded and other indebtedness not maturing within one year	72,489.25		
Reserved for income taxes	109,174.76		
Consolidated Net Profit for the year carried to Earned Surplus Account	543,779.21		
	<u>\$1,059,129.06</u>		<u>\$1,059,129.06</u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

For the year ending December 31, 1938

Income tax adjustments	\$ 1,131.66	Balance Net Consolidated Earned Surplus January 1, 1938	\$ 851,503.34
Life Insurance Premiums paid less increase in cash surrender value	3,125.03	Consolidated Net Profit for the year as per Statement of Income and Expenditure	543,779.21
Dividends on shares held by the Public,—			
George Weston Limited:—			
Preferred	\$ 87,500.00		
Common	323,536.80		
	<u>\$ 411,036.80</u>		
William Paterson Limited:—			
Preferred	2,723.00		
	<u>413,759.80</u>		
Balance Net Consolidated Earned Surplus, December 31, 1938	977,266.06		
	<u>\$1,395,282.55</u>		

GEORGE WESTON LIMITED

and Subsidiaries

CONSOLIDATED CAPITAL SURPLUS ACCOUNT

For the year ending December 31, 1938

Amount transferred to write-off balance of Excess Cost, (consideration for shares and properties of subsidiaries in excess of their book values, adjusted for purposes of consolidation)	\$286,746.04	Capital Surplus arising from Weston's Bread and Cake (Canada) Limited	\$325,425.82
Balance Net Consolidated Capital Surplus, December 31, 1938	38,679.78		
	<u>\$325,425.82</u>		<u>\$325,425.82</u>

