

CONSOLIDATED
FINANCIAL
STATEMENT

DECEMBER 31st, 1940

GEORGE WESTON LIMITED

and Subsidiaries

Manufacturers of English Quality Biscuits

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GEORGE WESTON LIMITED

TO THE SHAREHOLDERS:—

Your Directors submit their thirteenth Annual Report for the year ended December 31, 1940, consisting of a Consolidated Balance Sheet, Income and Expenditure, and Surplus Accounts of your Company and Subsidiaries.

The operating profit was \$1,374,174.95 before providing for depreciation, interest on funded and other indebtedness not maturing within one year, Federal and Provincial taxes, remuneration of executive officers and legal advisers, and after including \$1,924.32 income from investments. This compares favourably with the operating profit for 1939 of \$1,382,174.93.

The net amount available for dividends after providing for the items referred to above was \$579,455.00. Payment of preferred dividends during the year, including preferred dividends on subsidiary company shares in the hands of the public, amounting to \$90,132.00, leaves available for dividends on the 404,421 Common Shares outstanding \$489,323.00 or equal to \$1.21 per share. This compares with the amount available for common share dividends in the previous financial year of \$608,924.35 or \$1.50 per share. You will understand from the above that the drop in earnings available for dividends is accounted for by the increased burden industry must bear in the form of income and excess profits taxes which we, as a Company, are proud to bear in these times along with our Shareholders.

Taxes paid by your Company during the year 1940 to Federal, Provincial, State, and Municipal Governments, amounted to \$1,354,991.16 as compared with \$1,089,174.87 for the previous year.

Production, sales, and profits for 1941 to date compare favourably with that of a year ago, and from present indications, the year ahead should prove a satisfactory one.

We regret very much that our President, Mr. W. Garfield Weston, M.P., of England is unable to be with us owing to his numerous war activities.

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.

J. A. GAIRDNER,
Chairman of the Board.

Toronto, March 19, 1941.

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

We have audited the Balance Sheet of your Company and subsidiaries as at December 31, 1940, 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 31, 1940, 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 at December 31, 1940) of the subsidiary not consolidated herein shows a profit for the year and a surplus in that company. This profit and surplus have not been dealt with in the statements annexed.

EDWARDS, MORGAN & CO.,

Chartered Accountants.

March 12, 1941.

GEORGE WESTON LIMITED

(Incorporated under the laws of the Dominion of Canada)

and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 1940

ASSETS

CURRENT ASSETS:

Cash on hand and in banks	\$ 109,716.36	
Accounts Receivable,—		
Trade, less Reserve for Doubtful Accounts	1,552,188.42	
Sundry	29,051.30	
Inventories (a)	1,329,351.81	\$3,020,307.89

LIFE INSURANCE (CASH SURRENDER VALUE)

50,556.05

PREPAID AND DEFERRED ITEMS

99,676.73

INVESTMENTS, AT COST:

Shares in Subsidiary Company	70,382.14	
Sundry	27,024.78	97,406.92

FIXED ASSETS:

Land, Buildings, Plant and Equipment (b)	8,123,350.54	
Deduct: Reserve for Depreciation	2,137,384.28	5,985,966.26

GOODWILL

1.00

(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.

(b) Basis of Valuation:—

Appraisal of Dominion Appraisal Company Limited dated November 30, 1934 plus subsequent additions at cost, except as follows:—

- George Weston Biscuit Co. (Battle Creek)—appraisal of Dominion Appraisal Company Limited dated December 31, 1936 plus subsequent additions at cost;
- McCormick's Limited—appraisal of Canadian Appraisal Company Limited dated November 12, 1932 with subsequent additions at cost, less amounts written off;
- 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.

\$9,253,914.85

LIABILITIES

CURRENT LIABILITIES:

Bankers' Advances (secured)	\$ 95,000.00	
Interest Accrued on Funded Indebtedness	35,487.50	
Accounts Payable and Accrued Items	1,082,085.30	
Taxes	410,660.85	
Dividend, George Weston Limited, payable January 2, 1941	79,318.02	\$1,702,551.67

SALESMEN'S GUARANTEE DEPOSITS

22,803.90

FUNDED LIABILITIES:

McCormick's Limited,—		
Guaranteed Prior Lien Sinking Fund Bonds, 4½% due 1 July, 1952:		
Authorized and Issued	263,000.00	
Deduct: Redeemed	31,000.00	232,000.00
Guaranteed Sinking Fund Mortgage Bonds, 4% due 1 July, 1952:		
Authorized	\$1,429,575.00	
Issued	1,373,950.00	
Deduct: Redeemed	106,850.00	1,267,100.00
Weston's Bread and Cake (Canada) Limited,—		
4½% Ten Year First Mortgage Bonds, due 12 October, 1939-48:		
Authorized	\$ 500,000.00	
Issued	202,500.00	1,701,600.00

SHARES OF SUBSIDIARIES IN HANDS OF PUBLIC:

Preferred Shares	37,600.00	
Common Shares	2,079.88	
Interest in Surplus Accounts	949.61	3,029.49
		40,629.49

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, 600,000 shares.		
Issued and fully paid, 404,421 shares	2,574,556.88	

SURPLUS ACCOUNTS:

Capital Surplus	38,679.78	
Earned Surplus	1,424,042.74	
Deduct: Provision for Common Shares of Subsidiaries in hands of Public as shown above	949.61	1,423,093.13
		5,786,329.79

CONTINGENT LIABILITIES:

Guarantee on behalf of Subsidiary Company	\$ 60,000.00	
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\$9,253,914.85

Signed on behalf of the Board,

F. W. ST. LAWRENCE,
Director.

R. A. ROBERTSON,
Director.

GEORGE WESTON LIMITED

and Subsidiaries

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT

For the year ending December 31, 1940

Remuneration of Executive Officers and Legal Advisors.....	\$ 145,956.18	Net Operating Profit before deducting Remuneration of Executive Officers, etc., Depreciation, Interest and Income Taxes	\$1,372,250.63
Directors' Fees.....	700.00	Income from Investments.....	1,924.32
Reserved for Depreciation.....	276,265.75		
Interest on funded and other indebtedness not maturing within one year.....	72,895.31		
Reserved for Income Taxes.....	298,902.71		
Consolidated Net Profit for the year carried to Earned Surplus Account	579,455.00		
	<u>\$1,374,174.95</u>		<u>\$1,374,174.95</u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

For the year ending December 31, 1940

Life Insurance Premiums paid less increase in cash surrender value....	\$ 1,434.22	Balance Net Consolidated Earned Surplus, January 1, 1940.....	\$1,259,690.76
Dividends on shares held by the Public,—		Consolidated Net Profit for the year as per Statement of Income and Expenditure.....	579,455.00
George Weston Limited:—			
Preferred.....	\$ 87,500.00		
Common.....	323,536.80		
	<u>\$ 411,036.80</u>		
William Paterson Limited,—			
Preferred.....	2,632.00		
	<u>413,668.80</u>		
Balance Net Consolidated Earned Surplus, December 31, 1940.....	1,424,042.74		
	<u>\$1,839,145.76</u>		<u>\$1,839,145.76</u>

GEORGE WESTON LIMITED

and Subsidiaries

CONSOLIDATED CAPITAL SURPLUS ACCOUNT

For the year ending December 31, 1940

Balance Net Consolidated Capital Surplus, December 31, 1940.....	\$ 38,679.78	Balance Net Consolidated Capital Surplus, January 1, 1940.....	\$ 38,679.78
	<u>\$ 38,679.78</u>		<u>\$ 38,679.78</u>

