

**CONSOLIDATED
FINANCIAL
STATEMENT**

DECEMBER 31st, 1941

GEORGE WESTON LIMITED

and Subsidiaries

Manufacturers of English Quality Biscuits

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GEORGE WESTON LIMITED

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

TAKE NOTICE that the FOURTEENTH Annual General Meeting of the Shareholders of the Company will be held at Hall D, Convention Mezzanine Floor, Royal York Hotel, North East Corner of York and Front Streets, Toronto, on the 18th DAY OF APRIL, 1942, AT THE HOUR OF 10:30 O'CLOCK IN THE FORENOON, for the purpose of receiving and considering the Report of the Directors of the Company, the Balance Sheet, Statement of Income and Expenditure, and Auditor's Report for the year ending 31st December, 1941 (confirming all actions of the Directors and Officers of the Company during the past year), electing Directors for the ensuing year, the appointment of Auditors, and the transaction of such other business as may properly come before the meeting.

By Order of the Board.

Dated at Toronto, this 26th day of March, 1942.

W. H. KEMP,
Assistant Secretary.

If you do not expect to be able to be present, kindly sign and return the enclosed proxy.

GEORGE WESTON LIMITED

TO THE SHAREHOLDERS:—

Your Directors submit their Fourteenth Annual Report for the year ended December 31, 1941, consisting of a Consolidated Balance Sheet, Income and Expenditure, and Surplus Accounts of your Company and Subsidiaries.

The operating profit for the year was \$1,550,304.59 before providing for depreciation, interest on funded and other indebtedness not maturing within one year, Federal taxes, remuneration to executive officers and legal advisers, and after including \$1,177.65 income from investments. This compares very favourably with the operating profit for 1940 of \$1,374,174.95.

The net amount transferred to earned surplus after providing for the items referred to above was \$616,010.13. Payment of preferred dividends during the year, including preferred dividends on subsidiary company shares in the hands of the public, amounted to \$90,121.50, leaving available for dividends on the 404,421 common shares outstanding \$525,888.63 or equal to \$1.30 per share. The amount reserved for taxes is greatly in excess of the provision for similar taxes in the previous year but every Canadian, both individuals and corporations, must be willing to make even greater sacrifices and give freely of time, energies and resources that the Cause of Freedom may not fail.

Taxes paid by your Company during the year 1941 to Federal, Provincial, State and Municipal governments amounted to \$1,963,360.99 as compared with \$1,354,991.16 in the previous year.

Operations to date in 1942 have been satisfactory both from the standpoint of volume and profit and while the present year will undoubtedly bring up many new operating problems, we feel that with capable management we can face the year with confidence.

In view of the increasing need for the curtailment of the consumption of many kinds of raw materials, your company is putting forth every effort to conserve materials essential to the war effort. Your Company has already curtailed delivery to conserve truck equipment, including gasoline and tires with full confidence that the Canadian and American public will cooperate with us in our efforts.

Your Directors wish to express their appreciation and thanks to the executive officers of the entire organization and to every employee for their loyal and effective efforts on behalf of your Company.

J. A. GAIRDNER,
Chairman of the Board.

Toronto, March 18, 1942.

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

We have audited the Balance Sheet of your Company and subsidiaries as at December 31, 1941 and have obtained all the information and explanations we have required.

In the case of your subsidiary McCormick's Limited provision for Excess Profits Tax has been made on the basis of a standard profits claim. The adequacy of the reserve depends therefore upon the final decision of the Taxing Authorities in this matter.

The annexed Balance Sheet is an accurate consolidation of the accounts of your Company and subsidiaries as at December 31, 1941 and subject to the foregoing 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.

EDWARDS, MORGAN & CO.,

Chartered Accountants.

March 12, 1942.

GEORGE WESTON

(Incorporated under the laws of the State of New York)
and Subsidiaries

CONSOLIDATED BALANCE SHEET
December 31, 1937

ASSETS

CURRENT ASSETS:

Cash on hand and in banks	\$ 170,221.15	
Accounts Receivable,—		
Trade, less Reserve for Doubtful Accounts	1,846,300.38	
Sundry	26,042.07	
Inventories (a)	<u>1,888,321.58</u>	\$3,930,885.18

LIFE INSURANCE (CASH SURRENDER VALUE)

58,323.49

PREPAID AND DEFERRED ITEMS

74,546.97

SUNDRY INVESTMENTS, AT COST

20,712.22

FIXED ASSETS:

Land, Buildings, Plant and Equipment (b)	8,414,298.70	
Deduct: Reserve for Depreciation	<u>2,380,251.50</u>	6,034,047.20

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:—

1. George Weston Biscuit Co. (Battle Creek)—appraisal of Dominion Appraisal Company dated December 31, 1936, plus subsequent additions at cost;
2. McCormick's Limited—appraisal of Canadian Appraisal Company Limited dated November 12, 1932 plus subsequent additions at cost less amounts written off;
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;
4. Independent Biscuit Company Limited—cost less depreciation accrued to the date of the capital reorganization, as per Supplementary Letters Patent dated December 31, 1937, plus subsequent additions at cost.

\$10,118,516.06

WESTON LIMITED

(Incorporated in the Dominion of Canada)

Subsidiaries

BALANCE SHEET

As at December 31, 1941

		LIABILITIES	
CURRENT LIABILITIES:			
Bankers' Advances (secured).....		\$ 93,000.00	
Interest Accrued on Funded Indebtedness.....		35,168.06	
Accounts Payable and Accrued Items.....		1,681,269.05	
Taxes.....	\$ 574,092.08		
<i>Deduct:</i> Payments on account of 1941 Income and Excess Profits Taxes.....	66,239.65	507,852.43	
Dividend, George Weston Limited, payable January 2, 1941 (less National Defence and withholding taxes).....		76,794.30	\$2,394,083.84
SALESMEN'S GUARANTEE DEPOSITS.....			17,980.01
FUNDED LIABILITIES:			
McCormick's Limited,—			
Guaranteed Prior Lien Sinking Fund Bonds, 4½% due 1 July, 1952:			
Authorized and Issued.....	\$ 263,000.00		
<i>Deduct:</i> Redeemed.....	42,000.00	221,000.00	
Guaranteed Sinking Fund Mortgage Bonds, 4% due 1 July, 1952:			
Authorized.....	\$1,429,575.00		
Issued.....	1,373,950.00		
<i>Deduct:</i> Redeemed.....	148,225.00	1,225,725.00	1,446,725.00
Weston's Bread and Cake (Canada) Limited,—			
4½% Ten Year First Mortgage Bonds due 12 October, 1939-48:			
Authorized.....	\$ 500,000.00		
Issued.....		191,250.00	
Sundry Mortgages.....		43,000.00	1,680,975.00
SHARES OF SUBSIDIARIES IN HANDS OF PUBLIC:			
Preferred Shares.....			42,025.00
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	
Earned Surplus Account.....		1,658,895.33	5,983,452.21
			<u>\$10,118,516.06</u>

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, 1941.

Remuneration of Executive Officers and Legal Advisers	\$ 132,272.58	Net Operating Profit before deducting Remuneration of Executive Officers etc., Depreciation, Interest, Income and Excess Profits Taxes	\$1,549,126.94
Directors' Fees	700.00	Income from Investments	1,177.65
Reserved for Depreciation	304,075.77		
Interest on Funded and other Indebtedness not maturing within one year	71,170.97		
Reserved for Income and Excess Profits Taxes	426,075.14		
Consolidated Net Profit for the year carried to Earned Surplus Account	616,010.13		
	<u>\$1,550,304.59</u>		<u>\$1,550,304.59</u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

For the year ending December 31, 1941

Dividends on shares held by the Public,—		Balance Net Consolidated Earned Surplus January 1, 1941	\$1,424,042.74
George Weston Limited,—		Add: Balance Earned Surplus January 1, 1941 of Subsidiary not previously consolidated	32,348.27
Preferred	\$ 87,500.00		\$1,456,391.01
Common	323,536.80	Increase in Cash Surrender Value of Life Insurance in excess of premiums paid	152.49
	<u>\$ 411,036.80</u>	Consolidated Net Profit for the year as per Statement of Income and Expenditure	616,010.13
William Paterson Limited,—			
Preferred	2,621.50		
	<u>\$ 413,658.30</u>		
Balance Net Consolidated Earned Surplus, December 31, 1941	1,658,895.33		
	<u>\$2,072,553.63</u>		<u>\$2,072,553.63</u>

GEORGE WESTON LIMITED

and Subsidiaries

CONSOLIDATED CAPITAL SURPLUS ACCOUNT

For the year ending December 31, 1941

Transferred to excess cost of book value over issue amount of shares upon consolidation of Independent Biscuit Company Limited	<u>\$38,679.78</u>	Balance Net Consolidated Capital Surplus, January 1, 1941	<u>\$ 38,679.78</u>
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