

George Weston Limited

and Subsidiaries

Toronto, Canada

Annual
Report
1943

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George Weston Limited

DIRECTORS

H. C. BEACH	F. W. ST. LAWRENCE
H. J. COON	E. R. TAYLOR
R. A. ROBERTSON	R. E. WATSON

W. GARFIELD WESTON

OFFICERS

<i>Chairman</i>	W. GARFIELD WESTON
<i>President</i>	F. W. ST. LAWRENCE
<i>Vice-President and Secretary-Treasurer</i> . .	R. A. ROBERTSON
<i>Vice-President at Passaic, N.J.</i>	R. E. WATSON
<i>Comptroller</i>	H. J. COON
<i>Assistant Secretary</i>	F. A. RIDDELL
<i>Assistant Treasurer</i>	J. A. BLAIR

TRANSFER AGENT

NATIONAL TRUST CO. LTD.
Toronto and Montreal

REGISTRAR

TORONTO GENERAL TRUSTS CORPN. LTD.
Toronto and Montreal

TRANSFER AGENT AND REGISTRAR

DETROIT TRUST CO., Detroit, Mich., U.S.A.

GENERAL ADMINISTRATIVE OFFICES

1410 CANADIAN BANK OF COMMERCE BUILDING
TORONTO

George Weston Limited



TO THE SHAREHOLDERS:

Your Directors submit the 16th Annual Report of the operations of the Company and its subsidiaries for the year ended December 31, 1943, together with a consolidated Balance Sheet, Statements of Income and Expenditure and Surplus accounts.

The amount transferred to Earned Surplus as a result of the year's business was \$740,946.37. After payment of dividends of \$90,086.50 on the preferred stock of the Company and its subsidiary in the hands of the public, there remained \$650,859.87 available for dividends on the 404,421 shares of the common stock outstanding. This is at the rate of \$1.61 per share. The usual dividends, aggregating 80c. per share, were paid on the common stock, and after providing for these and for wartime inventory reserve and other charges, there remained from the year's profits \$196,346.30 which increased the balance in Earned Surplus account to \$2,126,480.09. Considering the difficulties with which the Company had to contend, arising from shortage of essential materials and labour throughout the year, the Directors believe that the showing made is a satisfactory one.

Income and Excess Profits taxes estimated as applicable to the year's earnings were largely increased at \$2,480,000, or roundly \$1,400,000 more than in the previous year. Of the Excess Profits taxes \$360,000 is estimated as refundable by the Dominion and United States Governments after the war, and such refunds now stand in the balance sheet at a total of \$439,894.56 under the heading of Deferred Earned Surplus.

The total tax payments made by the Company and its subsidiaries during 1943 to Federal, Provincial, State, and Municipal Governments amounted to \$3,490,528.56 as against \$2,212,301.29 in the previous year. In addition, the Excise and Sales Taxes on the products of the Company and its subsidiaries collected and remitted to the Governments concerned were substantially increased over 1942 due to the application of a 30% Excise Tax on candy sales.

The Company and its subsidiaries in 1943 provided an increased volume of their products for war purposes in the form of army rations, canteen supplies and for Red Cross prisoners-of-war boxes. It is a

matter of satisfaction to your Directors that the Company has been able in this way to share directly in the war effort of the United Nations. Unfortunately it has not been possible because of this, and shortages of material and labour, to supply fully the needs of our civilian customers. Every effort has been made, however, to distribute to the Company's customers such goods as were available in a fair and equitable manner.

During the year the Company purchased the National Biscuit & Confection Co., Ltd. of Vancouver, thereby acquiring manufacturing and distributing facilities on the Pacific Coast. Operations of this subsidiary since its acquisition have been of such a nature as amply to justify the judgment of the Directors in its purchase.

The Company also acquired during the year a desirable building site in the Town of Weston, Ontario, on which it is planned to erect after the war a new factory to replace the present Toronto plant.

Business so far in 1944 has been at least as good as a year ago and from present indications the results of the year should be reasonably satisfactory.

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 the Company.

F. W. ST. LAWRENCE,
President.

Toronto, April 5, 1944.

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

We have audited the Balance Sheet of your Company and subsidiaries as at December 31, 1943, 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, 1943, 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.

EDWARDS, MORGAN & CO.,
Chartered Accountants

March 21, 1944.

George Weston Limited

and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 1943

ASSETS

CURRENT ASSETS:		
Cash on hand and in banks.....	\$1,512,376.41	
Government Bonds, Canada and United States.....	1,753,110.60	
Accounts Receivable, less Reserve for Doubtful Accounts..	1,513,859.61	
Inventories, as certified by responsible officers of the Companies, and valued at not over purchase cost of raw material and supplies and at less than market price of finished goods as determined on the Companies' usual basis, less Wartime Reserve.....	1,630,718.20	\$6,410,064.82
LIFE INSURANCE (CASH SURRENDER VALUE).....		67,792.18
REFUNDABLE PORTION OF EXCESS PROFITS TAX.....		439,894.56
PREPAID AND DEFERRED ITEMS.....		44,048.96
SUNDRY INVESTMENTS, at cost.....		48,776.19
FIXED ASSETS:		
Land, Buildings, Plant and Equipment, (a).....	9,257,303.35	
Deduct: Reserve for Depreciation.....	3,377,608.17	5,879,695.18
GOODWILL.....		1.00

(a) 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 dated December 31, 1936, plus subsequent additions at cost;
- McCormick's Limited—appraisal of Canadian Appraisal Company Limited dated November 12, 1932, plus 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;
- 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;
- Dr. Jackson Foods Limited at cost;
- National Biscuit and Confection Company Limited—appraisal of General Appraisal Company Limited dated May 5, 1930 plus subsequent additions at cost.

\$12,890,272.89

LIABILITIES

CURRENT LIABILITIES:		
Banker's Advances (balance due on Fifth Victory Loan Subscription).....	\$ 930,000.00	
Interest on Funded Indebtedness, accrued and payable....	33,988.00	
Accounts Payable and Accrued Items.....	1,334,220.83	
Taxes.....	\$2,787,473.15	
Deduct: Payments on account of 1943 Income and Excess Profits Taxes.....	596,857.38	2,190,615.77
Common Dividend, payable January 3, 1944..	80,884.20	\$4,569,708.80
SALESMEN'S GUARANTEE DEPOSITS.....		15,667.56
FUNDED LIABILITIES:		
McCormick's Limited,—		
Guaranteed Prior Lien Sinking Fund Bonds, 4½% due 1 July 1952,—		
Authorized and Issued... \$ 263,000.00		
Deduct: Redeemed....	107,000.00	156,000.00
Guaranteed Sinking Fund Mortgage Bonds, 4% due 1 July 1952,—		
Authorized. \$1,429,575.00		
Issued.....	1,373,950.00	
Deduct: Redeemed....	201,700.00	1,172,250.00
Weston's Bread and Cake (Canada) Limited,—		
4½% Ten Year First Mortgage Bonds, due 12 October 1939-48,—		
Authorized... \$500,000.00		
Outstanding.....	45,000.00	1,373,250.00
PREFERRED SHARES OF SUBSIDIARIES IN HANDS OF PUBLIC...		40,715.00
SHAREHOLDERS:		
George Weston, Limited,—		
Preference, 5% Cumulative, Redeemable, 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.....	2,126,480.09	
Deferred Earned Surplus, Refundable Portion of Excess Profits Tax, per contra.....	439,894.56	6,890,931.53

Signed on behalf of the Board,

R. E. WATSON,
Director.
R. A. ROBERTSON,
Director.

\$12,890,272.89

George Weston

and

Limited

Subsidiaries

CONSOLIDATED EARNED

For the year ending

Dividends on Shares held by the Public,—		
George Weston Limited,—		
Preferred	\$ 87,500.00	
Common, four quarterly dividends, of 20c. per share	<u>323,536.80</u>	\$411,036.80
William Paterson Limited,—		
Preferred	<u>2,586.50</u>	\$413,623.30
Life Insurance Premiums paid, less increase in Cash Surrender Value		7,106.66
Provided for Wartime Inventory Reserve		86,381.29
Balance of Excess Cost of Shares of Subsidiary written off		37,488.82
Balance, Earned Surplus, December 31, 1943		2,126,480.09
		<u>\$2,671,080.16</u>

SURPLUS ACCOUNT

December 31, 1943

Balance, Earned Surplus, January 1, 1943		\$1,930,133.79
Consolidated Net Profit for the year, as per Statement of Income and Expenditure		\$1,100,946.37
<i>Deduct:</i> Refundable Portion Excess Profits Tax, transferred to Deferred Earned Surplus	<u>360,000.00</u>	740,946.37

CONSOLIDATED CAPITAL

For the year ending

Applied on Excess Cost of Shares of Subsidiary	<u>\$71,466.80</u>
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SURPLUS ACCOUNT

December 31, 1943

Balance, Capital Surplus, January 1, 1943	<u>\$71,466.80</u>
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CONSOLIDATED INCOME

For the year ending

Remuneration of Executive Officers and Legal Advisers	\$128,019.96
Directors' Fees	700.00
Reserved for Depreciation	389,146.83
Interest on Funded and Other Indebtedness not maturing within one year	63,756.95
Reserved for Income and Excess Profits Taxes	\$2,480,000.00
<i>Deduct:</i> Refundable Portion	<u>360,000.00</u>
Consolidated Net Profit for the year carried to Earned Surplus	1,100,946.37
	<u>\$3,802,570.11</u>

AND EXPENDITURE STATEMENT

December 31, 1943

Net Operating Profit before deducting Remuneration of Executive Officers, etc., Depreciation, Interest, Income and Excess Profits Taxes	\$3,795,951.53
Income from Investments	6,618.58

