

George Weston Limited

and Subsidiaries

Toronto, Canada

Annual
Report
1944

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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

REGISTRAR

NATIONAL TRUST CO. LTD.
Toronto and Montreal

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 17th Annual Report of the operations of the Company and its subsidiaries for the year ended December 31, 1944, together with a consolidated Balance Sheet, Statements of Income and Expenditure and Surplus account.

The amount transferred to Earned Surplus as a result of the year's business was \$777,310.71. After payment of dividends of \$107,542.75 on the preferred stock of the Company in the hands of the public, there remained \$669,767.96 available for dividends on the 404,421 shares of the common stock outstanding. This is at the rate of \$1.66 per share. The usual dividends, aggregating 80c. per share, were paid on the common stock, and after providing for these and other charges, there remained from the year's profits \$115,604.42 to be added to Earned Surplus.

Your Directors have carefully considered the possibilities of increasing the amount of dividend paid on the Common shares of the Company. They feel, to carry out the Post War plan, renewals of plant and equipment and other activities that such an increase would not be in the interest of the Common shareholders at the present time.

Income and Excess Profits taxes estimated as applicable to the year's earnings were largely increased at \$2,911,000. Part of these taxes is refundable by the Dominion and United States Governments after the war, and the estimated total of such refunds now shows in the balance sheet at \$814,894.56 under the heading of Deferred Earned Surplus.

The total tax payments made by the Company and its subsidiaries during 1944 to Federal, Provincial, State, and Municipal Governments amounted to \$4,409,489.45 as against \$3,490,528.56 in the previous year. Your Company and its subsidiaries again collected and remitted to the Governments, further very substantial amounts by way of Excise and Sales Taxes on its products sold to the public.

The volume of products of the Company produced for war purposes again increased during 1944. These products were widely distributed in all theatres of war and consisted of many forms of army rations, of candy and biscuits for canteen supplies, and of biscuits for Red Cross prisoners-of-war boxes. Due to shortages of material and labour, production for civilian use was not sufficient to meet the full requirements of the Company's customers; however, every effort was made to distribute the available goods in a fair and equitable manner.

In November last the Army-Navy "E" award for high achievement in the production of materials needed by the Armed Forces was conferred upon the employees of the Salamanca, N.Y., plant of the Company by the Army and Navy Departments of the United States Government. Your Directors take great pride in this signal honour to the employees of the Salamanca plant.

During the year the Company purchased a controlling interest in the capital stock of Western Grocers, Limited of Winnipeg, Man., and the entire capital stock of Southern Biscuit Company, Inc., of Richmond, Va., U.S.A. The purchases were made partly in cash and partly by deferred annual payments extending up to and including 1949. Western Grocers, Limited has been for many years an important medium for the distribution of the Company's products in Western Canada. The plant of the Southern Biscuit Company, Inc., is modern and well-equipped and the company has built up a fine reputation for quality. Its acquisition rounds out your Company's manufacturing and distributing facilities in the eastern portion of the United States.

At a special general meeting of shareholders held on November 20th last, a new issue of 75,000 shares 4½% Cumulative Redeemable Preferred stock of a par value of \$100 per share was authorized; 35,000 shares of the issue were offered for public subscription in December and promptly over-subscribed. Out of the proceeds of the offering the Directors redeemed at the call price 17,500 shares of the old 5% preference stock; the balance of the proceeds went to reimburse the treasury of the Company for funds invested in the shares of Western Grocers, Limited and Southern Biscuit Company, Inc. The Consolidated Balance Sheet attached gives effect to the new issue and to the retirement of the old 5% preference stock. The expenses of the new issue and of the retirement of the 5% preference stock have been charged to Consolidated Earned Surplus Account.

Demand for the Company's products continues strong but the outlook for 1945 is for a somewhat lower volume due to a reduction of over 10% made by the Sugar Administrator in the 1945 sugar quota of the biscuit and confectionery industry in Canada, and to a comparable reduction in the United States.

At the end of the year 883 members of the staff of the Company and its subsidiaries were serving in the various branches of the Armed Forces. In addition 42 have been honourably discharged and resumed their work with us. It is our sad duty to report that 30 of our young men have been killed or died in action. Our sincerest sympathy goes out to their sorrowing relatives.

The Board is proud of the war service record of the staff of the Company and its subsidiaries, and hopes for a speedy and safe return. The Company's plan for reinstatement of these young men and women on their discharge from the service has recently been outlined to all plant managers. A copy of the booklet in which the plan is described is enclosed for the information of the shareholders.

Your Directors express their sincere appreciation and thanks to the Executive Officers and Staff of the entire organization for their loyal and effective efforts on behalf of the Company during the past year.

F. W. ST. LAWRENCE,
President.

Toronto, March 26th, 1945.

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

We have audited the Balance Sheet of your Company and subsidiaries as at December 31, 1944, and have obtained all the information and explanations we have required.

In accordance with Section 114 of The Companies Act, 1934, we report that the profits of the Western Grocers, Limited and Southern Biscuit Company, Inc. have not been included in the accounts of your Company or in the annexed statements.

The annexed Balance Sheet is an accurate consolidation of the accounts of your Company and subsidiaries as at December 31, 1944, 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 26, 1945.

George Weston Limited

and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 1944

ASSETS

CURRENT ASSETS:

Cash on hand and in banks.....	\$2,819,640.75	
Government Bonds, Canada and United States.....	411,571.16	
Accounts Receivable, less Reserve for Doubtful Accounts.....	1,627,487.28	
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.....	1,594,780.31	\$6,453,479.50

LIFE INSURANCE (CASH SURRENDER VALUE).....		76,590.76
REFUNDABLE PORTION OF EXCESS PROFITS TAX.....		814,894.56
PREPAID AND DEFERRED ITEMS.....		54,450.90

INVESTMENTS at cost:

Shares in Subsidiaries not consolidated herein.....	\$4,887,520.00	
Deduct Deferred Balances Payable thereon..	<u>3,279,450.00</u>	1,608,070.00
Sundry.....	45,263.69	1,653,333.69

FIXED ASSETS:

Land, Buildings, Plant and Equipment (a).....	9,321,740.09	
Deduct: Reserve for Depreciation.....	<u>3,614,257.87</u>	5,707,482.22

GOODWILL.....		1.00
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(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 Limited 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.

\$14,760,232.63

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable and Accrued Items.....	\$1,781,446.17	
Interest on Funded Indebtedness, accrued and payable....	32,516.00	
Taxes.....	2,425,051.39	
Common Dividend, payable January 2, 1945.....	80,884.20	\$4,319,897.76

SALESMEN'S GUARANTEE DEPOSITS.....		24,613.92
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FUNDED LIABILITIES:

McCormick's Limited,—			
Guaranteed Prior Lien Sinking Fund Bonds, 4½% due 1 July, 1952,—			
Authorized and Issued.....	\$263,000.00		
Deduct: Redeemed.....	<u>162,000.00</u>	\$101,000.00	
Guaranteed Sinking Fund Mortgage Bonds, 4% due 1 July, 1952,—			
Authorized <u>\$1,429,575.00</u>			
Issued.....	1,373,950.00		
Deduct: Redeemed.....	<u>230,375.00</u>	1,143,575.00	1,244,575.00

PREFERRED SHARES OF SUBSIDIARIES HEREIN CONSOLIDATED HELD BY THE PUBLIC.....			39,610.00
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SHAREHOLDERS:

George Weston Limited,—			
Preferred, 4½% Cumulative, Redeemable, Par value, \$100.00.			
Authorized, 75,000 Shares			
Issued and Fully Paid, 35,000 Shares.....		3,500,000.00	
Common, no par value, Authorized, 600,000 Shares,			
Issued and Fully Paid, 404,421 Shares.....		2,574,556.88	
Earned Surplus Account.....		2,242,084.51	
Deferred Earned Surplus, Refundable Portion of Excess Profits Tax, per contra.....		<u>814,894.56</u>	9,131,535.95

Signed on behalf of the Board,

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

\$14,760,232.63

George Weston Limited

and Subsidiaries

CONSOLIDATED EARNED

For the year ending

Dividends on Shares held by the Public,—		
George Weston Limited,—		
5% Preference, up to and including date of Redemption	\$105,000.00	
Common, four quarterly dividends, of 20c. per share	<u>323,536.80</u>	\$428,536.80
William Paterson Limited,—		
Preferred	<u>2,542.75</u>	\$431,079.55
Life Insurance Premiums paid, less increase in Cash Surrender Value		2,603.91
Cost of Redemption of 5% Preference and Issue of 4½% Preferred Stock		228,022.83
Balance, Earned Surplus, December 31, 1944		2,242,084.51
		<u><u>\$2,903,790.80</u></u>

SURPLUS ACCOUNT

December 31, 1944

Balance, Earned Surplus, January 1, 1944	\$2,126,480.09
Consolidated Net Profit for the year, as per Statement of Income and Expenditure	\$1,152,310.71
<i>Deduct: Refundable Portion of Excess Profits Tax, transferred to Deferred Earned Surplus</i>	<u>375,000.00</u>
	<u>777,310.71</u>
	<u><u>\$2,903,790.80</u></u>

CONSOLIDATED STATEMENT OF

For the year ending

Remuneration of Executive Officers and Legal Advisers	\$135,233.68
Directors' Fees	700.00
Reserved for Depreciation	386,190.27
Interest on Funded and Other Indebtedness not maturing within one year	54,364.16
Reserved for Income and Excess Profits Taxes	\$2,911,000.00
<i>Deduct: Refundable Portion</i>	<u>375,000.00</u>
	2,536,000.00
Consolidated Net Profit for the year carried to Earned Surplus	1,152,310.71
	<u><u>\$4,264,798.82</u></u>

INCOME AND EXPENDITURE

December 31, 1944

Net Operating Profit before deducting Remuneration of Executive Officers, etc., Depreciation, Interest, Income and Excess Profits Taxes	\$4,252,424.31
Income from Investments	12,374.51
	<u><u>\$4,264,798.82</u></u>

