

George Weston Limited
and Subsidiaries
Toronto, Canada

Annual
Report
1945

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Roll of Honour

The following members of the staffs of the various units of the Weston organization in Canada and the United States gave their lives in the service of their countries in World War II.

CANADA

| | |
|-----------------|------------------|
| Ronald Carr | Joseph Shack |
| Douglas Smith | Lawson Taylor |
| Sydney Smith | Fern Stewort |
| Roy Haycock | Frank Bardgett |
| Gurney Barrett | George Clark |
| Paul Salmon | Alex Thomson |
| Miles Howlett | Gordon Parson |
| Murray Hicks | Edward Maughan |
| Bevan McNeil | Phillip Grindley |
| Danald Wise | Murray Read |
| Eric Sellars | George Marr |
| Jack Gillespie | Norman Browett |
| Edward McCaskey | Merven Matson |

UNITED STATES

| | |
|---------------------|-----------------|
| Robert Cole | Edward Puzio |
| Roy Van Dorstine | Eugene Broaddus |
| Robert Lee | Edward Hawkins |
| Narbert Mackowiak | Lowell Smith |
| William Cozine, Jr. | Richard Stone |
| Jahn Kaufman | Jack Strange |
| Durward Mahalick | Leo Stratton |

Fray West

George Weston Limited

DIRECTORS

H. C. BEACH
H. J. COON
R. A. ROBERTSON

F. W. ST. LAWRENCE
E. R. TAYLOR
R. E. WATSON

W. GARFIELD WESTON

OFFICERS

Chairman W. GARFIELD WESTON
President F. W. ST. LAWRENCE
Vice-President and Secretary-Treasurer R. A. ROBERTSON
Comptroller H. J. COON
Assistant Secretary F. A. RIDDELL
Assistant Treasurer J. A. BLAIR

TRANSFER AGENTS

NATIONAL TRUST Co. LTD.

Toronto, Montreal, Winnipeg, Edmonton,
and their Agents

The Canadian Bank of Commerce

Charlottetown, Halifax, St. John, Regina, Vancouver

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 herewith the 18th Annual Report of the operations of the company and its subsidiaries for the year ended 31st December 1945, together with the consolidated balance sheet and statements of income and expenditure and surplus account.

1945 will long be remembered as the year that brought an end to active hostilities in Europe and the Far East. The easing of operating conditions that all expected after the two V-Days, did not materialize; indeed in the latter part of the year supplies of certain essential materials were more difficult to obtain than in any of the war years. As a result, there was a moderate decline in production of certain of the lines of the company and its subsidiaries.

The consolidated net profit transferred to earned surplus account from the year's business was \$850,349. as compared with \$777,310. in 1944, the improvement being due principally to a moderate reduction in income and excess profits taxes. After payment of dividends of \$161,767. on the preferred stock of the company, and its subsidiaries in the hands of the public, there remained \$688,582. available for dividends on the 404,421 shares of the common stock. This is at the rate of \$1.70 per share. The usual dividends of 80c per share were paid on the common stock and after providing for this and other charges, there remained from the year's operations \$361,918. to be added to consolidated earned surplus account. In addition, there was transferred to this account \$132,743. refundable taxes received from the United States Government so that the increase in surplus for the year is \$494,661.

Income and excess profits taxes estimated as applicable to the year's business were \$2,427,500. of which it is estimated that \$174,000. will be refundable by the government. The total of such refunds stands in deferred earned surplus account at \$856,151. It is encouraging that in 1946 there will be a reduction in the rate of Excess Profits Tax in Canada and that such taxes have been eliminated in the United States.

The total tax payments made by the company and its subsidiaries during 1945 to federal, provincial, state and municipal governments amounted to \$4,060,225. dollars as against \$4,409,489. in the previous year. Your company and its subsidiaries again collected and remitted to the Dominion Government further substantial amounts by way of excise and sales taxes on products sold to the public.

The company's working capital is \$1,936,209. about \$200,000. lower than a year ago. This reduction was due principally to debt retirement—the outstanding bonds of the company's subsidiary, McCormick's Limited, were reduced by \$194,575. and \$450,000. was paid on account of the purchase of Western Grocers Limited stock.

During the year the company's war contracts with the United States Government and with the Red Cross and Canteen agencies were terminated. The 1945 contract with the United States Government still is subject to renegotiation with government authorities, but what is believed to be ample provision has been made in the company's accounts for any possible recapture of profits.

It is permissible now that hostilities have ceased, to give an indication of the company's participation in the war efforts of the Allied Governments. Some 300 million individual packages of food and confectionery were provided during

the war years by the company and its subsidiaries to the Armed Forces of the Allied Nations. In June last the second Army-Navy "E" Flag with White Star for continued excellence in war production was conferred upon the employees of the Salamanca 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 the business of the Edmonton City Bakery Limited and operations are now being conducted in that important centre through a wholly owned company by our subsidiary, Weston's Bread and Cake (Canada) Limited.

The plans for erection of the company's new plant in Weston, Ontario, are well in hand and it is hoped that the plant will be practically completed before the next Annual Meeting of the shareholders is held.

At the end of last year the branches of this company at Passaic, N.J., Salamanca, N.Y., and Clifton, N.J., together with the company's holdings of the shares of subsidiaries in the United States were transferred to the Weston Biscuit Company, Inc., a wholly owned subsidiary of this company. This transfer was made to simplify the company's operations in that large and important market to the south.

The outlook for 1946 is dependent upon the availability of essential raw materials. In the latter half of 1945, world supplies of sugar had become so reduced that quotas in all departments of our operations were sharply cut by the governments concerned. In Canada our bread plants were reduced from 75% of 1941 usage to 60%, our biscuit plants from 70% to 55% and our confectionery plants from 65% to 50%. In the United States the quota of our biscuit factories was cut from 80% of 1941 usage to 60%. Further, there has developed during the past few months an acute shortage of edible oils, and this continues to be a serious problem throughout the baking industry. Indications are that there may be soon a slight improvement in the sugar situation, but the outlook for shortening is not too good. In these circumstances, it is difficult to forecast the company's operations for 1946 but your Directors will make every effort to continue to supply the company's customers with its products to the full extent permitted by the materials available.

We have been delighted to welcome back to the various plants of the company and its subsidiaries some 346 members of the staff who have been serving in the Armed Forces. These employees have resumed their duties in a manner that gives us great satisfaction. It is with deep regret that we report that 41 members of our staffs, whose names are listed in the Honor Roll at the commencement of this report, have made the supreme sacrifice. Our sincerest sympathy goes out to their sorrowing relatives.

The company's plant, machinery and equipment has been well maintained, having in mind the great difficulty which has been experienced by all industry in obtaining new machinery and replacement parts. Our plans provide for installation of new machines and new delivery equipment at certain of our plants which will improve our ability to serve our customers when conditions become normal.

Your Directors express their sincere appreciation and thanks to the staff of the entire organization of the company and its subsidiaries for their loyal and effective efforts during the past year.

F. W. ST. LAWRENCE,
President.

March 8, 1946.

GEORGE WESTON LIMITED

and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 1945

ASSETS

| | | | |
|--|---------------------|------------------|------------------------|
| CURRENT ASSETS: | | | |
| Cash on hand and in banks | \$2,396,793.94 | | |
| Government Bonds, Canada and United States | 235,262.50 | | |
| Accounts Receivable, less Reserve for Doubtful Accounts | 1,376,860.62 | | |
| Inventories, as determined and certified by the management, Raw Materials and Supplies at cost, Finished Goods at less than market, less Wartime Reserve | <u>1,727,967.57</u> | \$5,736,884.63 | |
| LIFE INSURANCE (CASH SURRENDER VALUE) | | 87,236.66 | |
| REFUNDABLE PORTION OF EXCESS PROFITS TAX | | 856,151.20 | |
| PREPAID AND DEFERRED ITEMS | | 72,749.88 | |
| INVESTMENTS, AT COST: | | | |
| Shares in Subsidiaries not consolidated herein | \$4,920,552.00 | | |
| Deduct: Deferred Balances Payable thereon | <u>2,829,450.00</u> | 2,091,102.00 | |
| Sundry | | <u>49,214.65</u> | 2,140,316.65 |
| FIXED ASSETS: | | | |
| Land, Buildings, Plant and Equipment, For certain companies, valued as appraised by Dominion Appraisal Company Limited November 30, 1934 and December 31, 1936, Canadian Appraisal Company Limited November 12, 1932 and General Appraisal Company Limited May 5, 1930; other companies at cost or reduced book values of predecessor company | 9,604,910.53 | | |
| Deduct: Reserve for Depreciation | <u>3,914,600.61</u> | 5,690,309.92 | |
| GOODWILL | | | 1.00 |
| | | | <u>\$14,583,649.94</u> |

LIABILITIES

| | | | |
|--|-------------------|----------------|------------------------|
| CURRENT LIABILITIES: | | | |
| Accounts Payable and Accrued Items | \$1,342,326.83 | | |
| Interest on Funded and Other Indebtedness, accrued and payable | 41,600.32 | | |
| Taxes | 2,335,864.54 | | |
| Dividend Payable, January 2, 1946, common stock | <u>80,884.20</u> | \$3,800,675.89 | |
| SALESMEN'S GUARANTEE DEPOSITS | | | 29,421.55 |
| FUNDED LIABILITIES: | | | |
| McCormick's Limited,— 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>323,950.00</u> | 1,050,000.00 | |
| PREFERRED SHARES OF SUBSIDIARIES HEREIN CONSOLIDATED HELD BY THE PUBLIC | | | 36,100.00 |
| 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 | 2,736,744.42 | | |
| Deferred Earned Surplus, Refundable Portion of Excess Profits Tax, per contra | <u>856,151.20</u> | 9,667,452.50 | |
| | | | <u>\$14,583,649.94</u> |

Signed on behalf of the Board.

R. E. WATSON,
Director.

R. A. ROBERTSON,
Director.

To the Shareholders,
GEORGE WESTON LIMITED.

We have audited the foregoing Balance Sheet of your Company and subsidiaries as at December 31, 1945 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 foregoing statement, except as to dividends actually received.

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

February 26, 1946.

GEORGE WESTON LIMITED

and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

For the year ending December 31, 1945

| | | | |
|--|----|-------------------|-----------------------|
| Net Operating Profit before deducting Remuneration of Executive Officers etc., Depreciation, Interest, Income and Excess Profits Taxes | | | \$3,838,008.05 |
| Income from Investments | | <u>33,610.85</u> | \$3,871,618.90 |
| <i>Deduct:</i> | | | |
| Remuneration of Executive Officers and Legal Advisors | | 137,896.00 | |
| Directors' Fees | | 700.00 | |
| Reserved for Depreciation | | 366,453.36 | |
| Interest on Funded and Other Indebtedness not maturing within one year,— | | | |
| Bonds | \$ | 49,686.71 | |
| Other | | <u>39,033.32</u> | 88,720.03 |
| Reserved for Income and Excess Profits Taxes | | 2,427,500.00 | |
| <i>Deduct:</i> Refundable Portion | | <u>174,000.00</u> | <u>2,253,500.00</u> |
| | | | 2,847,269.39 |
| Consolidated Net Profit for the year carried to Earned Surplus | | | <u>\$1,024,349.51</u> |

GEORGE WESTON LIMITED

and Subsidiaries

CONSOLIDATED EARNED SURPLUS ACCOUNT

For the year ending December 31, 1945

| | | |
|--|-------------------|-----------------------|
| Balance, Earned Surplus, January 1, 1945 | | \$2,242,084.51 |
| Consolidated Net Profit for the year, as per Statement of Income and Expenditure | \$1,024,349.51 | |
| <i>Deduct:</i> Refundable Portion of Excess Profits Tax transferred to Deferred Earned Surplus | <u>174,000.00</u> | 850,349.51 |
| Amount Transferred from Deferred Earned Surplus, Post War Refunds, United States | | <u>132,743.36</u> |
| | | 3,225,177.38 |
| <i>Deduct:</i> | | |
| Dividends on shares held by the public,— | | |
| George Weston Limited,— | | |
| Preferred | \$ 157,500.00 | |
| Common, four quarterly dividends of 20 cents per share | <u>323,536.80</u> | |
| | 481,036.80 | |
| William Paterson Limited,— | | |
| Preferred | 2,527.00 | |
| Independent Biscuit Company Limited,— | | |
| Preferred | <u>1,740.40</u> | 485,304.20 |
| Life Insurance Premiums paid, less increase in Cash Surrender Value | <u>3,128.76</u> | 488,432.96 |
| Balance, Earned Surplus, December 31, 1945 | | <u>\$2,736,744.42</u> |

