

**T. G. BRIGHT & CO.
LIMITED**
AND SUBSIDIARY COMPANIES



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*Financial Statements for year ended
March 31st, 1941*

Report of the Directors to the Shareholders of T. G. BRIGHT & CO. LIMITED for the year ended March 31st, 1941

The report now presented for your consideration covers the first full year of war time operation and indicates very clearly the effect of rising costs and taxes on our industry.

The rise in labour and raw material cost has to some extent been minimized by the more efficient methods of production attendant to our policy of analysis and research, but in respect of one of our main sources of supply there is very little we can do. Sugar, for instance, before the war could be purchased in the neighbourhood of \$4.20 per 100 lbs., duty paid, Montreal. To-day the price is \$6.45, of which increase \$2.00 per 100 lbs. is additional tax. However, despite increased cost of operation, we were able to increase the net profit before income taxes by some \$40,000.00; the decline in net income from last year is, therefore, entirely due to the increased rate of taxation on corporate income; Dominion and Provincial Income and Excess Profits Taxes, as shareholders will no doubt have observed, amount to about 50% of our earned income. Some relief may, perhaps, be expected as a result of negotiations now proceeding between the Dominion and Provincial Governments on this subject, but we know that while the war lasts taxation on the net income of corporations will not be less than 40%. We may not exactly rejoice at this prospect, but we do know that every cent is needed. Direct and indirect taxes for this period amount to \$644,000.00, approximately 30% of our gross income.

Turning to the Statement of Assets and Liabilities, shareholders will find a more cheerful condition of affairs. Bank advances are down by some \$211,000.00 and working capital increased by \$256,000.00. Inventories are in first class condition and some provision has been made to cover probable reduction in value after the war. We again spent considerable sums on fixed asset account, chiefly for plant and service equipment at Niagara Falls.

As you know, some years ago we began experimenting with varieties of vines not grown commercially to any extent in Canada and I have from time to time in previous reports given some indication of our progress. I am now very pleased to report that our hopes have been more than justified. This past year has seen a remarkable increase in the demand for our finer wines, so much so that we must now consider the addition of another aging cellar where these new blends may carefully mature. While it is true part of this demand arises from the cessation of imported supplies, it is very gratifying to know that these special wines are evoking wide spread and favourable comment even, perhaps, if some of it indicates surprise that Canadian wines should be of such splendid quality. I believe we shall retain this new business even when

European wines are again available. It is apparent that there still exists considerable misinformation regarding Canadian wines and every shareholder should do all that is possible to awaken Canadians to the fact that the wines of Canada from the cellars of established wineries, though different, are of good and sound repute.

During the year we developed some export business to the British West Indies where our wines have been very favourably received, but owing to import restrictions we have been unable to obtain any large volume. We feel, however, that we have made valuable connections which will be very useful after the war or when the present import restrictions are removed.

Once more, I welcome the opportunity to thank the management and employees for their efforts during the past year and to report that the pleasant relations between management and employees continue. Salaries and wages paid were in excess of \$290,000.00 and we now have 165 persons regularly employed, 110 of whom are covered by the group life and annuity plan, the same number as last year. Cost of the plan for this period exceeded \$16,000.00 toward which your Company contributed \$8,700.00. We are also continuing insurance and annuity payments for employees who have enlisted in the armed forces of the Dominion. Shareholders will also be pleased to learn that our employees are co-operating 100% in the purchase of War Savings Certificates and that we are gold seal members of the Honour Roll.

Again it is my unhappy duty to advise of the death of another valued friend and director of your Company, Dr. John R. Eoff, Vice-President in charge of Production. Dr. Eoff had been with us since 1933 and his untimely passing was a very severe blow to his associates and to your Board. The Doctor brought to your Company the fruits of a rich experience and by his policy of research and analysis rendered invaluable service to this Company. We shall remember him by continuing and enlarging that policy.

I think it is impossible to forecast what the present year will hold for you and your Company. You already know that the Excise Tax on our product has been increased by 25c. per gallon, but I will say that we shall do our best to overcome all the difficulties that probably lie before us.

All of which is respectfully submitted,

H. C. HATCH,
President.

Stamford Township,
May 27, 1941.

T. G. BRIGHT &

AND SUBSIDIARY

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand and in banks.....	\$ 18,232.03
Marketable securities (quoted market value March 31, 1941—\$24,220.00).....	20,116.30
Accounts receivable—	
Trade..... \$318,653.44	
Sundry..... 34,431.14	
Advances for travelling expenses 2,807.16	
	355,891.74
Inventories of wine in storage, cased goods, raw materials and supplies at the lower of cost or market values—as determined and certified to by responsible officers of the company.....	
	940,519.96
	<u>\$1,354,760.05</u>

FIXED ASSETS:

At depreciated values as reported by the Canadian Appraisal
Company, Limited, under date of August 16, 1933, plus
subsequent additions at cost:

Particulars	As at March 31, 1940	Net additions during the year	As at March 31, 1941
Land.....	\$ 96,571.50	850.00	97,421.50
Buildings.....	293,583.38	13,635.50	307,018.88
Storage tanks.....	160,626.00	3,998.27	164,624.27
Machinery and equipment, etc.....	267,199.49	43,487.38	310,686.87
Farm properties	261,473.27	21,126.56	282,599.83
Automobiles and trucks.....	24,124.26	23,497.57	47,621.83
	<u>\$1,103,377.90</u>	<u>\$106,595.28</u>	<u>\$1,209,973.18</u>
<i>Less</i> —Reserve for depreciation.....	284,271.36	62,863.67	347,135.03
	<u>\$ 819,106.54</u>	<u>\$ 43,731.61</u>	<u>862,838.15</u>

GOODWILL, ETC.....	1.00
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DEFERRED CHARGES:

Building improvements and alterations to store premises, less amounts written off.....	\$ 35,445.28
Prepaid vintage expense.....	30,128.38
Prepaid insurance premiums.....	19,680.04
Prepaid taxes.....	13,761.54
Sundry deferred items.....	9,984.59
	<u>108,999.83</u>
	<u>\$2,306,599.01</u>

To the Shareholders of T. G. BRIGHT & CO. LIMITED:

We have made an examination of the consolidated balance sheet of T. G. Bright & Co. and of the consolidated statement of profit and loss and earned surplus for the year ended March 31, 1941, and of the supporting evidence; we also made a general review of the detailed transactions. All our requirements as auditors have been indicated, the above consolidated balance sheet and related consolidated statement exhibit a true and correct view of the state of the affairs of T. G. Bright & Co. operations for the year ended on that date, according to the best of our information.

Toronto, May 27, 1941.

CO. LIMITED

RY COMPANIES

March 31st, 1941

LIABILITIES

CURRENT LIABILITIES:

Bank advances.....	\$ 156,110.06
Sales, excise and property taxes accrued.....	37,264.38
Accounts payable and accrued liabilities.....	43,537.98
Reserve for Dominion and Provincial income and excess profits and capital taxes.....	130,850.00

MORTGAGES PAYABLE.....	\$ 367,762.42
	67,562.99

RESERVE FOR CONTINGENCIES.....	133,122.52
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CAPITAL STOCK AND SURPLUS:

Six per cent. cumulative redeemable preference shares (redeemable at par on any dividend date on 15 days' notice):

Authorized—	
27,553 shares of \$100.00 each.....	<u>\$2,755,300.00</u>

Issued—	
7,553 shares as at April 1, 1940.....	\$ 755,300.00

Less—	
99 shares redeemed during the year.....	9,900.00

<u>7,454</u>	\$ 745,400.00
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Common shares without nominal or par value:

Authorized—	
300,000 shares.	

Issued—	
100,000 shares.....	500,000.00
Earned surplus, per statement attached.....	492,751.08

1,738,151.08

\$2,306,599.01

G. Bright & Co. Limited and its subsidiary companies as at March 31, 1941, the year ending on that date. In connection therewith we examined or tested view of the operating and income accounts for the year and a comprehensive complied with, and we report that, in our opinion, based upon the examination statement of profit and loss and earned surplus are properly drawn up so as to G. Bright & Co. Limited and subsidiary companies as at March 31, 1941, and the results of on and the explanations given to us and as shown by the books of the companies.

PRICE, WATERHOUSE & CO., Auditors.

T. G. BRIGHT & CO. LIMITED
 AND SUBSIDIARY COMPANIES

**Consolidated Statement of
 Profit and Loss and Earned Surplus for the
 year ending March 31st, 1941**

PARTICULARS	AMOUNT
Combined profit from operations, after charging all manufacturing, selling and administrative expenses, but before providing for depreciation and income and excess profits taxes.....	\$335,224.03
DEDUCT:	
Provision for depreciation.....	\$74,264.93
Add—Farm depreciation deferred as at March 31, 1940	7,052.76
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	\$81,317.69
Deduct—Farm depreciation deferred as at March 31, 1941.....	8,640.17
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	\$ 72,677.52
Provision for income and excess profits taxes.....	128,700.00
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	201,377.52
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<i>Net operating profit for the year.....</i>	\$133,846.51
Earned surplus as at April 1, 1940.....	384,417.26
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	\$518,263.77
DEDUCT:	
Dividends on cumulative preference shares at the rate of 6 per cent. per annum.....	\$ 44,995.50
Dividends on no par value common shares, being 30 cents per share for the period.....	30,000.00
Excess profits tax applicable to the period ended March 31, 1940.....	9,398.77
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	84,394.27
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ADD:	
Profit from sale of investments.....	\$ 58,881.58
Proceeds from life insurance.....	\$150,000.00
Less—Cash surrender value as at March 31, 1940.....	42,241.00
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	\$107,759.00
Less—Transferred to Reserve for Contingencies.....	107,759.00
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	nil
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	58,881.58
<i>Earned Surplus as at March 31, 1941.....</i>	<hr/>
	\$492,751.08

DIRECTORS

H. C. HATCH, Toronto
President

E. A. THOMAS, Niagara Falls
Vice-President

T. H. GIBBONS, Walkerville
LEIGH McCARTHY, Toronto
V. MOLLISON, Niagara Falls
Secretary

M. F. JONES, Niagara Falls
Treasurer