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T. G. BRIGHT & CO.,
LIMITED

AND SUBSIDIARY COMPANIES



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*Financial Statements for year ended
March 31st, 1943*

Report of the Directors to the Shareholders of T. G. BRIGHT & CO., LIMITED for the year ended March 31st, 1943

The report that it is my privilege to present this year will, I am sure, be accepted by shareholders with a general feeling of satisfaction.

Despite the many difficulties encountered we have been able to maintain the distribution of Bright's Wines throughout Canada with reasonable success, although the full effect of the Order-in-Council which curtailed the sale of wine, is not fully reflected in the operating statement before you.

The order referred to limits future sales of wines to 80% of the quantity sold in the period November 1st, 1941 to October 31st, 1942 and was made effective as from November 1st, 1942 so that the operations of this fiscal year were affected only for the last five months.

However, one very pleasing feature of last year's business, and one which I believe will continue, was the greatly increased demand for the finer wines produced from new grape varieties commercially developed by ourselves. I can tell you too that even better wines are awaiting shall I say "their coming of age", in our cellars and will be released for sale when sufficient reserve stocks have been accumulated. Although I have not mentioned it before, we have for some time past produced and sold under our brand name St. Regis, approved Mass Wines for the Roman Catholic Church. This year sales of Mass Wine were in fair volume and while previously all Mass Wine was imported I feel sure we shall be able to retain quite a large share of this new business after the war. Very satisfactory reductions have been made in plant and branch operating expenses and this, combined with the new business referred to, has given a reasonable increase in profits over last year.

As the balance sheet shows, our financial position is also better. Bank liabilities have been entirely liquidated, working capital increased by \$178,000.00 after including in current liabilities a mortgage payable of \$42,500.00 which it is our intention to pay within the next twelve months. Provision for possible loss on inventories has been increased by some \$57,000.00 and we have also paid \$103,170.00 on account of Income and Excess Profits Taxes, so that although the combined taxes for the year are considerably greater, the net amount payable as of March 31st, this year is \$38,000.00 less than at March 31st, 1942. Total taxes paid last year were well in excess of \$1,200,000.00 the highest in our company history; this impressive sum is equal to forty per cent of our gross income.

As I mentioned previously, the full weight of the Dominion Government restricting order has not yet been felt and those responsible should remember that a very large proportion, I would say more than 65%, of the grape growers of Ontario are entirely dependent upon the wine producers of Ontario for a market for their produce. Obviously, if sales are restricted, the wineries cannot

crush the quantity of grapes previously handled because of the simple and obvious fact that storage capacity will not allow. There is no other steady and available market for the grape grower and since it is too much to expect growers to pull out vineyards which have cost, not including land, an average of at least \$175.00 per acre, we can be sure, if past experience is any guide, that there will be an increase in the illicit sale of wine at the expense of the legitimate licensed wineries and with consequent loss to the Dominion Treasury.

Indeed when we consider that the peak consumption of wine in Canada was less than 4/10 gallon per capita, it is difficult to understand the reason for curtailing sales. Wine is a temperate drink and is so regarded in other wine producing countries; for instance, in the United States the consumption per capita is 8/10 gallon, in Argentine 15 gallons, and in the great grape producing countries of Europe was as high as 40 gallons per capita. However, comparatively trivial as is the consumption of wine in Canada, the restrictions will impel grape growers to find other markets for approximately 4,000 tons of grapes.

Man-power is, of course, also one of the problems confronting our industry. Where before we employed women in office work only, now more than 50% of our staff are women. No one can deny that the Services and War Industry must have prior call, yet I think the habit of referring to other industries as non-essential is entirely misleading and particularly with this industry is it timely to once more emphasize that its raw material cannot be diverted largely to any other use and therefore, any regulation that too severely disrupts the producing capacity of the wineries must have an adverse effect on the grape growers of Ontario.

I am glad to once again thank the management and employees for their efforts during the year just closed. We now have thirty-eight members of our staff with the various branches of the services and those at home are also actuated by the same patriotic spirit. Subscriptions to War Loans and War Savings Certificates are particularly good, the Fourth Victory Employees Payroll subscriptions exceeded the objective by 42½% and total purchases of certificates and bonds now amount to more than \$90,000.00, an average of almost \$600.00 for each employee.

We continued our policy of absorbing part of the cost of the Group Life and Annuity Plan. The company's share this year amounted to \$11,440.95 which again included payments made on behalf of those serving in the armed forces.

No doubt many new problems will confront us in the days to come but you may be sure that, consistent with the national interest, your directors will continue to examine every possible sound method of maintaining the earning power and financial stability of your company, so that when peace does return we may play our part in the development that will follow.

All of which is respectfully submitted.

H. C. HATCH,
President.

Stamford Township,
June 9th, 1943.

T. G. BRIGHT & CO.

AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand and in banks.....	\$	16,077.55	
Marketable securities (quoted market value \$11,305.00).....		14,617.24	
Accounts receivable—			
Trade.....	\$270,714.26		
Sundry.....	36,550.90		
Advances for travelling expenses	712.93		
		307,978.09	
Inventories of wine in storage, cased goods, raw materials and supplies at the lower of cost or market values, less reserve—as determined and certified to by responsible officers of the company.....		1,145,558.31	
			\$1,484,231.19
REFUNDABLE PORTION OF EXCESS PROFITS TAX.....			16,000.00

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, 1942	Net additions during the year	As at March 31, 1943
Land.....	\$ 93,221.50		\$ 93,221.50
Buildings.....	325,120.29	\$ 1,679.02	326,799.31
Storage tanks.....	164,831.67		164,831.67
Machinery and equipment.....	323,689.81	5,143.13	328,832.94
Farm properties.....	296,831.52	11,621.95	308,453.47
Automobiles and trucks.....	63,659.38	* 13,249.21	50,410.17
	\$1,267,354.17	\$ 5,194.89	\$1,272,549.06
Less—Reserve for depreciation.....	422,624.75	78,368.80	500,993.55
	\$844,729.42	\$*73,173.91	771,555.51

GOODWILL, ETC..... 1.00

DEFERRED CHARGES:

Building improvements and alterations to store premises, less amounts written off.....	\$	21,588.22	
Prepaid vintage expense.....		33,171.78	
Prepaid insurance premiums.....		26,399.04	
Prepaid taxes.....		29,602.43	
Sundry deferred items.....		14,536.09	
			125,297.56
			<u>\$2,397,085.26</u>

*Deductions

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 on that date, and of the accounting records and other supporting evidence; we also made a general review of the detailed transactions. All our requirements as auditors have been complied with, and we indicate, by the attached consolidated balance sheet and related consolidated statement of profit and loss and earned surplus, that in our opinion the consolidated balance sheet and related consolidated statement of profit and loss and earned surplus exhibit a true and correct view of the state of the affairs of T. G. Bright & Co. for the year ended on that date, according to the best of our information and belief.

Toronto, June 9, 1943.

BRIGHT & CO., LIMITED

RY COMPANIES

March 31, 1943

LIABILITIES

CURRENT LIABILITIES:

Sales, excise and property taxes accrued.....	\$	56,043.56	
Accounts payable and accrued liabilities.....		83,358.67	
Reserve for income and excess profits taxes.....	\$232,335.00		
Less — Instalment payments on account.....	103,170.00		
		129,165.00	
Mortgage to be paid on due date, August 1, 1943.....		42,500.00	
			\$ 311,067.23

OTHER MORTGAGES PAYABLE..... 11,704.80

RESERVE FOR CONTINGENCIES..... 185,336.66

CAPITAL STOCK AND SURPLUS:

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

Authorized—

27,409 shares of \$100.00 each..... \$2,740,900.00

Issued—

7,409 shares of \$100.00 each..... \$ 740,900.00

Common shares without nominal or par value:

Authorized—

300,000 shares.

Issued—

100,000 shares..... 500,000.00

Refundable portion of excess profits tax, per contra.....

16,000.00

Earned surplus, per statement attached 632,076.57

1,888,976.57

\$2,397,085.26

Bright & Co., Limited and its subsidiary companies as at March 31, 1943, 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 tement of profit and loss and earned surplus are properly drawn up so as to ., Limited and subsidiary companies as at March 31, 1943, and the results of mation and the explanations given to us and as shown by the books of the

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 31, 1943

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.....	\$511,319.09
DEDUCT:	
Provision for depreciation.....	\$ 83,419.11
Add—Farm depreciation deferred as at March 31, 1942	8,020.49
	\$91,439.60
Deduct—Farm depreciation deferred as at March 31, 1943.....	8,166.31
	\$ 83,273.29
Provision against future depreciation in inventory values.....	57,927.16
Provision for income and excess profits taxes.....	232,062.06
	373,262.51
Net profit for the year.....	\$138,056.58
Earned surplus as at April 1, 1942.....	538,473.99
	\$676,530.57
DEDUCT—Dividends on cumulative preference shares at the rate of 6 per cent. per annum.....	44,454.00
Earned Surplus as at March 31, 1943	\$632,076.57

DIRECTORS

H. C. HATCH, Toronto
President

E. A. THOMAS, Niagara Falls
Vice-President

T. H. GIBBONS, Walkerville

LEIGH MCCARTHY, Toronto

HON. ELIE BEAUREGARD, K.C., Montreal

V. MOLLISON, Niagara Falls
Secretary

M. F. JONES, Niagara Falls
Treasurer