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T. G. BRIGHT & CO.

LIMITED

AND SUBSIDIARY COMPANIES



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Financial Statements
for year ended March 31st
1945

Report of the Directors to the Shareholders of T. G. BRIGHT & CO., LIMITED for the year ended March 31st, 1945

At our last Annual Shareholders Meeting my predecessor expressed the hope that before our next meeting our enemies might be defeated. That hope has been in part fulfilled and I feel particularly privileged to present my first annual report in the month and year of Victory.

I will comment briefly on the financial results of the past year's operations. Working capital has increased by \$76,000 and fixed assets by approximately the same amount. The main expenditure on this account was for a new cellar and storage at Niagara Falls for our finer wines. We have closed our western plant at Regina. This was in a rented property in Regina and as the owners had opportunity to negotiate a lease with another concern on terms which we felt would not allow our profitable operation we had no option but to withdraw and shipments to Saskatchewan will now be made from Niagara Falls.

This past year we again reduced our acreage of Concord and Niagara grapes in readiness for re-planting with special wine type varieties. This programme will be continued until all vineyards of the two mentioned varieties have been eliminated and replaced. I think perhaps it is opportune to mention that we are of the opinion that the successful future of the Wine Industry in Canada is dependent on the gradual replacement of the Concord and Niagara grapes with varieties of proven wine making qualities. Indeed it seems to me that the time is now opportune for the Provincial Department of Agriculture, the grape growers and the Wine Industry to get together on a steady and continuous replanting programme.

Turning to profit and loss account. I am glad to report that profits are up over last year. This was achieved despite a very considerable increase in expenditures for repairs and maintenance. Much of our equipment is now three or four years past the replacement period and maintenance costs are greater than normal. We have also been compelled to make temporary alterations in accommodation layout by reason of the larger percentage of female employment. However, taken altogether the result of the year's trading is, I think, generally satisfactory.

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand and in banks.....	\$ 73,212.61	
Accounts receivable.....	377,742.91	
Inventories of wine in storage, cased goods, raw materials and supplies at lower of cost or market values, less reserves—as deter- mined and certified to by responsible officers of the company.....	1,261,482.17	\$1,712,437.69

REFUNDABLE PORTION OF EXCESS PROFITS TAX	79,200.00
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FIXED ASSETS:

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

Land.....	\$ 93,221.50	
Buildings.....	376,837.23	
Storage tanks.....	180,052.92	
Machinery and equipment.....	353,594.11	
Farm properties.....	332,963.44	
Automobiles and trucks.....	51,114.41	
	\$1,387,783.61	
<i>Less</i> —Reserve for depreciation.....	629,050.32	758,733.29

GOODWILL, ETC.....	1.00
DEFERRED CHARGES.....	127,546.17

\$2,677,918.15

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

We have made an examination of the consolidated balance sheet of T. G. Bright & Co., Limited, and of the statement of profit and loss and earned surplus for the year ending on that date. In connection with this examination we also made a general review of the operating and income accounts for the year and a comparison of the same with the statement of profit and loss and earned surplus, and we report that, in our opinion, based upon the examination indicated, the statement of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the operations for the year ended on that date, according to the best of our knowledge and belief.

Toronto, May 15, 1945.

Although the war in Europe is over your Directors do not anticipate any early easement of the restriction on production. Sugar is still in short supply and allocation to industry will be less this year than last. Curtailment acts more adversely upon the wine growing industry than upon others as we can replace sales only at the time of the grape harvest. Because wines must be aged for a considerable and varying lengths of time the maintenance of inventories is important and we cannot look for any sales expansion until some time after the restriction on production is removed.

Taxation is also a matter that largely effects plans for future expansion. Direct wine taxes plus income and excess profit taxes now take rather more than 40% of our gross (not our net) income and we must of necessity carefully consider the effect of taxation before embarking on any programme of expansion.

Your directors have considered it desirable and in the interest of the Company to take advantage of the prevailing low interest rate for the purpose of redeeming the outstanding preference shares of the Company and financing part of the redemption price by sale of serial notes. Since the close of the financial year the Company has therefore called for redemption on June 15, 1945, all preference shares that may be outstanding as of that date.

No report would be complete without mention of the work of the management and employees and I am happy to extend on your behalf our thanks for loyal and efficient service. I am pleased to say that many of our employees now serving with the Armed Services "expect to be back at Bright's" in the near future. We intend to give them a hearty welcome and all the help possible for a successful settling down to civilian life.

In conclusion, I think we can be heartily thankful that our Company has emerged from the difficulties of the past five and a half years in much better condition than we one time thought possible. The experienced gained will be invaluable in the days to come.

All of which is respectfully submitted.

E. A. THOMAS,
President

Stamford Township,
May 15th, 1945.

T. G. BRIGHT & CO., LIMITED

TRADING COMPANIES

March 31, 1945

LIABILITIES

CURRENT LIABILITIES:

Sales, excise and property taxes accrued.....	\$ 81,481.12	
Accounts payable and accrued liabilities.....	101,941.29	
Reserve for income and excess profits taxes, less instalment payments on account.....	186,594.99	
		\$ 370,017.40

RESERVE FOR CONTINGENCIES.....	183,013.17
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CAPITAL STOCK AND SURPLUS:

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

Authorized—

27,339 shares of \$100.00 each.....	<u>\$2,733,900.00</u>
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Issued—

As at April 1, 1944 7,409 shares

Less—Redeemed

during the year 70 shares

As at March 31,

1945..... 7,339 shares \$ 733,900.00

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.....

79,200.00

Earned surplus, per statement attached

811,787.58

2,124,887.58

\$2,677,918.15

T. G. Bright & Co., Limited and its subsidiary companies as at March 31, 1945, and of the consolidated statement therewith we examined or tested accounting records and other supporting evidence; a comprehensive test of the detailed transactions. All our requirements as auditors have been met, the above consolidated balance sheet and related consolidated statement of profit and loss statement of the affairs of T. G. Bright & Co., Limited and subsidiary companies as at March 31, 1945, are correct 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 31, 1945

PARTICULARS	AMOUNT
Combined profit from operations, after charging all manufacturing, selling and administrative expenses, but before providing for depreciation, inventory reserve, and income and excess profits taxes.....	\$581,614.26
<i>Deduct:</i>	
Provision for depreciation.....	\$72,212.74
<i>Add</i> —Farm depreciation deferred as at March 31, 1944	10,121.33
	<u>\$82,334.07</u>
<i>Deduct</i> —Farm depreciation deferred as at March 31, 1945.....	8,945.88
	<u>\$ 73,388.19</u>
Provision against future depreciation in inventory values.....	67,500.00
Provision for income and excess profits taxes, including refundable portion of excess profits tax amounting to \$31,400.00.....	302,508.07
	<u>443,396.26</u>
<i>Net Profit for the year</i>	\$138,218.00
Earned surplus as at April 1, 1944.....	717,918.58
	<u>\$856,136.58</u>
<i>Deduct</i> —Dividends on cumulative preference shares at the rate of 6 per cent. per annum.....	44,349.00
<i>Earned Surplus as at March 31, 1945</i>	<u>\$811,787.58</u>

DIRECTORS

E. A. THOMAS, Niagara Falls
President

M. F. JONES, Niagara Falls
Vice-President & Treasurer

V. MOLLISON, Niagara Falls
Vice-President & Secretary

H. C. HATCH, Toronto

T. H. GIBBONS, Walkerville

LEIGH MCCARTHY, Toronto

HON. ELIE BEAUREGARD, K.C., Montreal