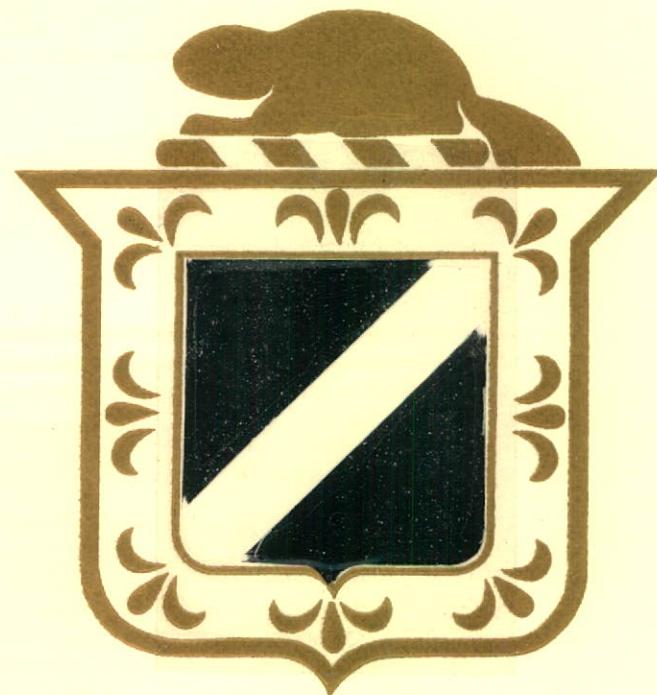


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T.G.Bright & Co., Limited

and Subsidiary Companies

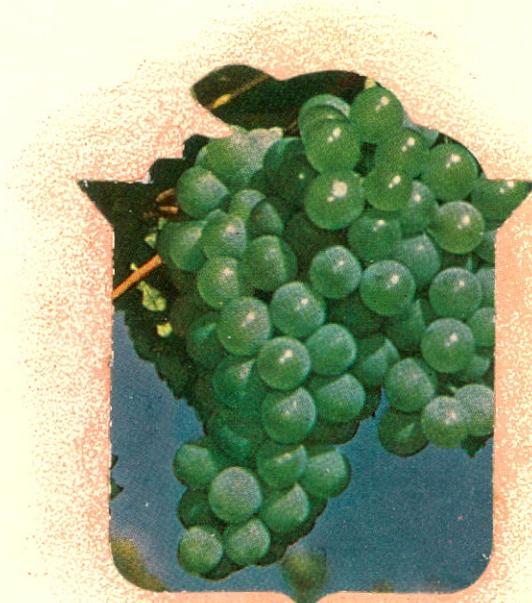
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ANNUAL REPORT YEAR ENDED MARCH THIRTY-FIRST 1951



SEVENTY-EIGHTH YEAR OF OPERATION

*ANNUAL REPORT
for the
YEAR ENDED MARCH 31
1951*



T.G. Bright & Co., Limited
and Subsidiary Companies

T.G. Bright & Co., Limited

AND SUBSIDIARY COMPANIES

DIRECTORS

EARL A. THOMAS	-	-	-	-	-	-	-	-	-	-	-	Niagara Falls, Canada
MEREDITH F. JONES	-	-	-	-	-	-	-	-	-	-	-	Niagara Falls, Canada
VICTOR MOLLISON	-	-	-	-	-	-	-	-	-	-	-	Niagara Falls, Canada
THOMAS H. GIBBONS	-	-	-	-	-	-	-	-	-	-	-	Walkerville, Ontario
LEIGH M. McCARTHY	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
HON. ELIE BEAUREGARD, K.C.	-	-	-	-	-	-	-	-	-	-	-	Montreal, P.Q.
H. CLIFFORD HATCH	-	-	-	-	-	-	-	-	-	-	-	Walkerville, Ontario

OFFICERS

LEGAL COUNSEL

McMILLAN, BINCH, WILKINSON, STUART, BERRY & WRIGHT
Toronto, Ontario

A U D I T O R S

PRICE, WATERHOUSE & CO.
Toronto, Ontario

STOCK TRANSFER AGENTS

CHARTERED TRUST COMPANY,
Toronto, Ontario

AGENTS

CZARNIKOW (CANADA) LIMITED,
Montreal, P.Q.

OFFICES

HEAD OFFICE AND WINE CELLARS	-	-	-	-	-	-	-	Dorchester Road, Niagara Falls, Canada
BRANCH PLANT	-	-	-	-	-	-	-	Lachine, Quebec
RETAIL BRANCHES	-	-	-	-	-	-	-	Toronto (4) Hamilton London Ottawa Windsor Sudbury

Stock Listed: TORONTO STOCK EXCHANGE AND MONTREAL CURR

HIGHLIGHTS OF THE REPORT

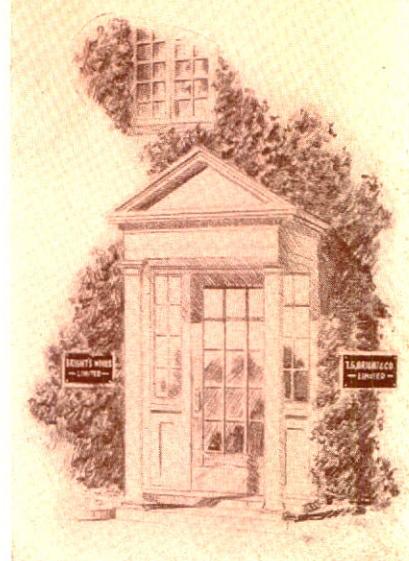
	This Year	Last Year	Annual Average For Last Ten Years
Sales.....	\$2,963,904	\$2,931,819	\$2,545,818
Profit.....	289,188	308,301	290,007
Profit per Dollar of Sales.....	9.8%	10.5%	11.4%
Profit per Share of Common Stock.....	\$ 2.89	\$ 3.08	\$ 2.90
Cash Dividends Paid per Share of Common Stock.....	2.50	1.00	—
Average Annual Earnings and Benefits per Employee.....	\$2,559	\$2,278	\$1,753
Current Assets.....	\$2,789,051	\$2,656,681	\$2,428,225
Current Liabilities.....	1,207,517	503,168	792,955
Working Capital.....	1,581,534	2,153,513	1,635,269
Ratio of Current Assets to Current Liabilities.....	2.3 to 1	5.3 to 1	3.1 to 1
Shareholder's Investment.....	\$2,969,084	\$3,353,386	\$2,582,298

REPORT OF DIRECTORS

to the shareholders, employees and friends of

T. G. BRIGHT & CO., LIMITED

for the fiscal year ended March 31, 1951



OPERATIONS

Our operations last year resulted in a net profit after taxes of \$289,188. This compares with \$308,301 earned in the previous year, a decrease of 6.2%.

The decline in profits was primarily due to increases in material costs, wages and salaries, and income taxes.

The downward trend in sales discussed in our last report continued during the first six months of the year, but was reversed during the last half of the year, when encouraging gains were recorded. These were sufficient to give an overall increase in gallons sold of 2.5% during the period. After the outbreak of war in Korea in the summer of 1950, costs and expenses advanced so rapidly that the price reductions announced in last

year's report could not be maintained, and it was necessary to make price increases later in the year.

However, despite these increases, the advance in sales prices since 1939 is much less than the increase that has taken place in that time in costs and taxes. For instance, direct product taxes have increased by more than 560%, employee earnings and benefits by more than 150%, and grape costs by at least 100%. On the other hand, prices of Bright's wines to the consumer have only increased by approximately 50%.

Selling, general and administrative expenses this year include \$15,000 for research and development costs which were included in cost of goods sold in previous years. After making allowance for this, the total of these expenses is \$34,000 lower than last

year. The provision for depreciation has been reduced by \$48,000 this year. The company's properties have been maintained at the usual high standard of efficiency.

FINANCIAL POSITION

In December 1950, it was decided to take advantage of a recently-enacted provision in the Income Tax Act whereby on payment by the company of a tax of 15% on undistributed income, such tax-paid income could be capitalized and distributed as stock dividends to the shareholders in the form of redeemable preference shares.

In carrying out this plan, it was necessary to pay out all undistributed income of T. G. Bright & Co., Limited not so capitalized on which the special tax had not been paid. This was accomplished by payment of extra cash dividends of \$150,000, which brought total cash dividends for the year up to \$250,000. A total of \$2,300,000 was then capitalized in the form of 100,000 5% cumulative redeemable preferred shares with a par value of \$23, each shareholder receiving

one new preference share for each common share held. It is the opinion of our legal counsel that this stock dividend will not be subject to income tax in the hands of the shareholders.

The payment of such large sums for the special tax and extra cash dividends largely accounted for the decrease in our working capital of \$571,979. In spite of this, the relation of current assets to current liabilities stands at the satisfactory ratio of 2.3 to 1.



TRANSPLANTING TO NURSERY

EMPLOYEES

Our policy has always been to maintain good relations with our employees. In cooperation with our employees' A. F. of L.

union, working conditions have been made progressively safer and more congenial. Employee compensation and supplementary benefits are among the highest in the community. During the last year, we instituted a procedure of adjusting wage and salary rates to the cost of living. The supplementary benefits including bonuses, vacations with pay, pensions and insurance benefits cost the company approximately 34 cents per hour per employee.

We believe that this policy has been well justified. During the four years in which the union has represented our Niagara Falls plant employees, there has not been a single difference requiring settlement under the

grievance procedure established for this purpose. Our rates of employee turnover and absenteeism have been very low. More important, plant employees are cooperating with valuable suggestions for more efficient operation.

INVENTORIES

The 1950 grape crop was the largest in the history of the Niagara district. Because of this and in view of unsettled world conditions, we decided to increase our wine inventories substantially. We purchased over 7,000 tons of grapes from independent growers—by far the largest purchase for wine-making by any Canadian winery. The crop from our own vineyards was also large but as our grape-growing efforts are mainly devoted to the extension of new hybrid varieties, the independent grower will always be our chief source of supply. The grape price in 1950 was \$6 per ton lower than in 1949, but this was largely offset by increased sugar costs as the grapes were below average in sugar content.



LAYING TILE DRAINS

Following the vintage, storage facilities

were filled to capacity, and as a consequence grape purchases in the coming year will be on a basis of sales replacement only.

DEVELOPMENT

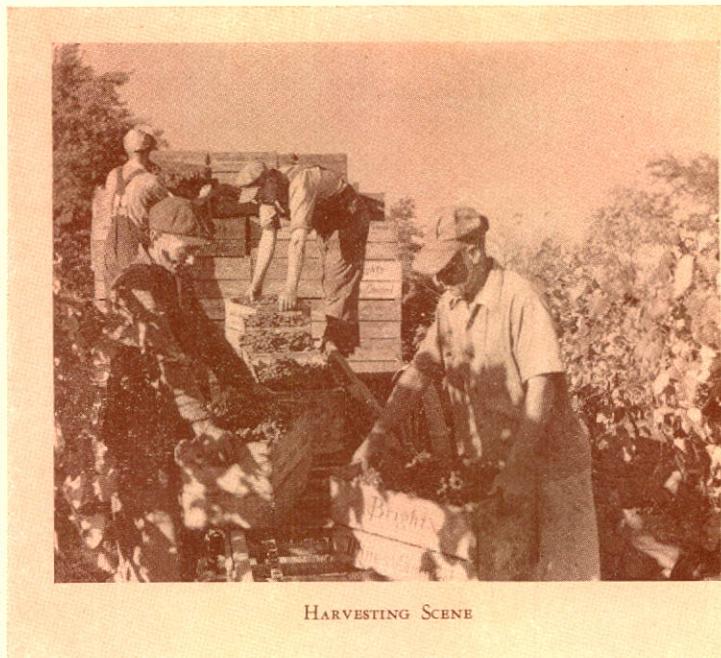
Recognition of our long efforts to develop better Canadian wines came during the year. At the International Wine Competition held in California, our President Aperitif was awarded a silver medal, and our President Champagne a bronze medal for excellence. Later in the year at the Empire Wine Competition held in London, England, our President Champagne was awarded a silver medal. It is noteworthy that these were the first times that Canadian wines received awards in such widely-recognized international competitions.

THE OUTLOOK

Results of the first four months of this calendar year are encouraging. Sales are higher, and we believe that this is mainly due to our moderate pricing and vigorous merchandising policy.

We have held prices down except when

the pressure of rising costs and taxes has compelled an adjustment. We believe this policy is appreciated by the consumer, and that in the long run it will provide an expanded market for our wine.



HARVESTING SCENE

APPRECIATION

We should like to express our sincere thanks for the loyalty and cooperation of the men and women of Bright's who were responsible for our successful operation in the past year.

On behalf of the Board of Directors.

President

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31 1951 AND MARCH 31 1950

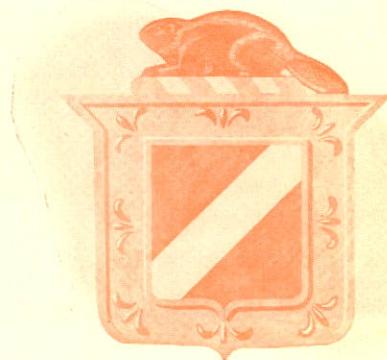
	1951	1950
Cash.....	\$ 25,700	\$ 82,213
Accounts receivable.....	412,741	312,323
Inventories of wine in storage, cased goods and raw materials, valued at the lower of cost or market.....	2,350,610	2,262,145
Total Current Assets.....	\$2,789,051	\$ 2,656,681
<i>Less:</i>		
Bank loan.....	\$ 710,872	\$
Accounts payable and accrued liabilities.....	84,044	79,346
Accrued federal, provincial and local taxes.....	212,601	198,822
Dividend payable.....	25,000	
Serial debenture maturing within one year.....	200,000	200,000
Total Current Liabilities.....	\$1,207,517	\$ 503,168
Working Capital.....	\$1,581,534	\$2,153,513
Refundable portion of excess profits tax.....	24,669	41,764
Deferred charges.....	134,581	129,021
Fixed assets, less reserve for depreciation 1951—\$1,142,297; 1950—\$1,090,982 (Note I).....	1,228,300	1,229,088
<i>Deduct: Serial debentures maturing after one year bearing interest at 3%.....</i>	<i>\$2,969,084</i>	<i>\$3,553,386</i>
Excess of Assets over Liabilities.....	\$2,969,084	\$3,353,386
Derived from:		
Capital stock—		
5% Cumulative redeemable preference shares of a par value of \$23 each:		
100,000 shares (authorized and issued) (Note II).....	\$2,300,000	
Common stock without nominal or par value		
100,000 shares (authorized 500,000 shares).....	500,000	500,000
Reserve for contingencies.....	420,000	
Earnings retained for use in the business—per statement attached.....	169,084	2,433,386
\$2,969,084	\$3,353,386	

NOTE I—The Fixed Assets are stated at depreciated values as reported by Canadian Appraisal Company Limited as of August 16 1933 plus subsequent additions at cost.

NOTE II—Dividends on the 5% cumulative redeemable preference shares accrue from January 1 1952.

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND EARNINGS RETAINED FOR USE IN THE BUSINESS
FOR THE YEARS ENDED MARCH 31 1951 AND MARCH 31 1950**

	1951	1950
Net sales.....	\$2,963,904	\$2,931,819
<i>Deduct:</i>		
Cost of goods sold.....	\$1,615,619	\$1,493,289
Selling, general and administrative expenses.....	653,526	672,621
Salaries of executive officers and directors' fees.....	65,440	52,880
Interest on serial debentures.....	11,671	17,170
Other interest.....	8,259	8,708
Provision for depreciation.....	109,001	157,219
Provision for taxes on income.....	211,200	221,631
	<hr/>	<hr/>
	\$2,674,716	\$2,623,518
<i>Net profit for the year.....</i>	<hr/>	<hr/>
Earnings retained for use in the business at beginning of year.....	\$ 289,188	\$ 308,301
	<hr/>	<hr/>
	2,433,386	2,186,777
<i>Add:</i>		
Amount transferred from contingency reserve.....	420,000	
Profit on sale of investments.....		38,308
	<hr/>	<hr/>
	\$3,142,574	\$2,533,386
<i>Deduct:</i>		
Tax paid on undistributed income under provisions of Section 95A of the Income Tax Act.....	\$ 423,490	
Stock dividend of 100,000 shares of 5% cumulative redeemable preference shares of a par value of \$23 each.....	2,300,000	
Cash dividends—1951—\$2.50 per share; 1950—\$1.00 per share.....	250,000	100,000
	<hr/>	<hr/>
	\$2,973,490	\$ 100,000
<i>Earnings retained for use in the business at end of year.....</i>	<hr/>	<hr/>
	\$ 169,084	\$2,433,386
	<hr/>	<hr/>



PRICE WATERHOUSE & CO.

ROYAL BANK BUILDING

TORONTO

May 17 1951.

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

We have examined the consolidated statement of financial position of T. G. Bright & Co., Limited and subsidiary companies as at March 31 1951 and the related consolidated statement of profit and loss and earnings retained for use in the business for the year ended on that date, and all our requirements as auditors have been complied with. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

In our opinion, the accompanying consolidated statement of financial position and related consolidated statement of profit and loss and earnings retained for use in the business are properly drawn up so as to exhibit a true and correct view of the state of the affairs of T. G. Bright & Co., Limited and subsidiary companies as at March 31 1951 and the results of operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

Price Waterhouse Co.

Auditors.

SUPPLEMENT TO THE ANNUAL REPORT, 1951

Silver medal awarded to President Champagne, British Empire Wine Competition at London, England, April 1950.



Silver medal awarded to President Vin Aperitif, International Wine Show, California State Fair, September 1950.



Bronze medal awarded to President Champagne, International Wine Show, California State Fair, September 1950.



SUPPLEMENT TO THE ANNUAL REPORT



Twenty years ago the main grape varieties grown in commercial quantities in Ontario were the Concord and Niagara—both of which produce a sound distinctive wine. But for the Canadian wine industry to continue to make progress, we felt that new varieties of grapes were needed and that such grapes could be developed in the Niagara Peninsula.

In 1934 we embarked on that task—the most far-reaching program of viticulture research ever undertaken on this continent by a private vintner.

Three years ago in the Supplement to our 1948 Annual Report we told you the story of those fourteen years. Of how we had invested over half a million dollars in this research and development program, and of the new wines we were able to place on the market as a result of that investment.

Acceptance by the Canadian public of these new wines fully justified our efforts. The question that remained to be answered was: Were these wines equal to the wines of other countries? The only way to find out

was to submit them to impartial international judgment.

THE TEST

In the summer of 1950 we were notified that an International Wine Show would be held at the California State Fair in August. Bright's entries included President Aperitif and President Champagne. One case of each wine was selected at random from our mature stock and submitted for judgment in competition with 800 other entries.

In a wine competition, all labels are

removed from the bottles and replaced by numbers. The judges test each wine for colour, bouquet and taste and ultimately narrow the field to five or six finalists. After a lapse of twenty-four hours the finalists are again submitted for judging, but this time bearing different numbers so that previous judgment will not influence the final result. The best wines are then awarded gold, silver and bronze medals.

From among the 800 entries, 134 were considered of sufficient quality to be medal award winners. Of these awards two came

DISTRIBUTION OF THE GROSS INCOME

	1941	1951
WINE AND CONTAINERS	\$ 790,000	\$ 1,754,000
EXPENSES	\$ 512,000	\$ 700,000
TAXES	\$ 566,000	\$ 1,265,000
NET PROFIT	\$ 221,000	\$ 289,000
TOTAL SALES	\$ 2,089,000	\$ 4,008,000

to Canada—both to T. G. Bright and Company. A silver medal was awarded for President Vin Aperitif and a bronze medal for President Champagne. It should be emphasized that many awards were made for wines produced only in small quantities and not intended primarily for a broad consumer market. But both of our medal-winning entries were taken from large open stocks, in fact from the identical stocks of wine that are available to the Canadian consumer.

One month later Bright's entered another

international wine competition which was held in London, England as part of the Brewers' and Allied Traders' Exhibition. Five countries submitted entries—Great Britain, South Africa, Australia, Cyprus—and for the first time, Canada.

In October we received a cable from London—President Champagne had been awarded a silver medal. This was deemed noteworthy enough to merit special mention in the Jurors' Report which was issued with the list of Awards.

The foregoing account is proof that from

EMPLOYEE EARNINGS AND BENEFITS

1941

1946

1951



the new varieties of grapes we have introduced in the Niagara Peninsula we can produce wines that will hold their own in international competition.

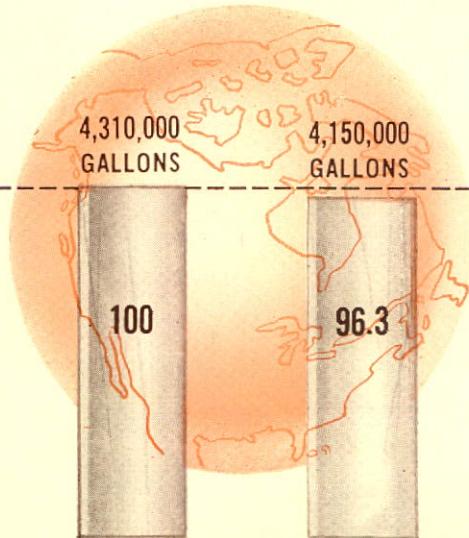
THE FUTURE

Although we have developed wines which are demonstrably the equal of wines produced elsewhere, we are still faced with the extraordinary situation mentioned in our last Annual Report, that on the wines developed by the Canadian industry the Canadian wine producer pays a higher tax

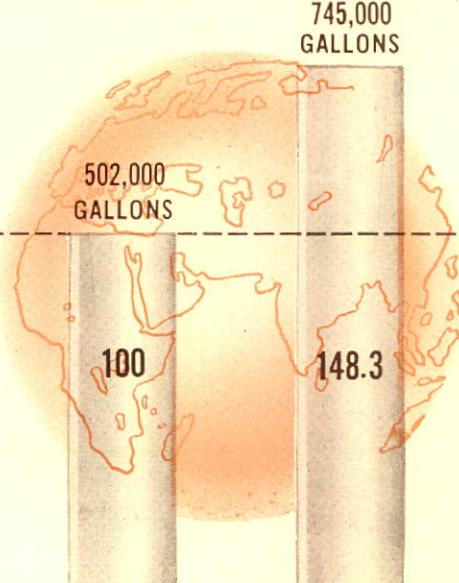
than his import competitor. The sales chart on this page clearly illustrates the results of this anomaly. It is our hope that in the near future this tax discrimination will be removed. Granted equal treatment, we at Bright's have no fear of our ability to obtain a fair share of this market. In any case, we intend to persevere with our research and market development program to improve the standards of all our wines, and to produce new and better wines for the Canadian consumer.

INDEX OF WINE SALES IN CANADA 1941 = 100

SALES OF CANADIAN WINES IN CANADA

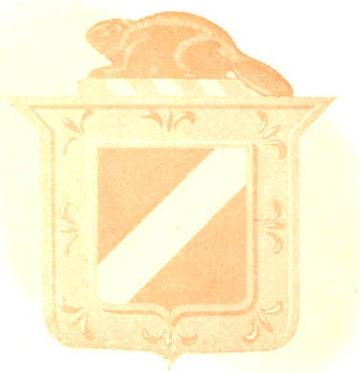


SALES OF IMPORTED WINES IN CANADA



EST'D

1874



Bright's Wines

P R E S I D E N T

Port

Table Wines

Aperitif

Champagne

(*Bottle Fermented*)

Sparkling Burgundy

(*Bottle Fermented*)

M A N O R S T. D A V I D S

** 74 **

Red and White
Table Wines

Sherry
Port

Dry Vermouth

Angelica

Sweet Vermouth

Dry Sherry

Wine Cocktail

H E R M I T

Sherry
Port

N A P O L E O N

Sherry
Port

St. Regis Mass Wine

Sacramental Wine

Catawba Sherry

Concord Port

St. Georges Vin Rouge

St. Georges Vin Blanc

