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# CANADIAN FOOD PRODUCTS

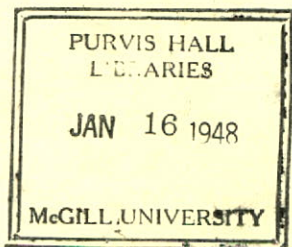
L I M I T E D



## *Nineteenth Annual Report*

Year ended November First

# 1947





# *A Message from the President*

**T**O YOU, who have seen fit to invest your capital in Canadian Food Products Limited, I would like to express appreciation of your confidence in our ability and integrity. It has been our sincere purpose to build a sound organization composed of various branches of the food industry, based on the principle that food is one of the basic things in life for which there will always be a ready demand.

We believe that each Division of our Organization has potentialities which we have only begun to tap. With sound financial backing, which you are providing, and strong business leadership, which we believe we are giving, the future of our Organization appears extremely bright.

The year through which we have just passed has presented many difficulties. Removal of price controls, rocketing prices of construction and material, shortage of supplies, along with unsettled labour conditions have taxed the ability of our executives considerably. The Annual Report shows, however, that we have been able to navigate a successful course. Too much credit cannot be given to my assistants at Head Office, Division Managers, and indeed, all key personnel, for the grand job which they have done in the past year.

Where it has been necessary to raise our prices, such have been generally accepted as fair and justifiable. Our construction programme, despite uncontrollable increases in material and labour costs, has been maintained and completed within reasonable limits. Our employment problems, while not solved by any means, have shown very definite improvement, and we are confident that our employee-management relations are quite sound.

As we enter on the new year with optimism and confidence, I feel sure that the objectives which have been set will be reached and your faith in our Company fully justified.

H. L. WALKER,  
*President.*

# *Report of the Board of Directors*

## TO THE SHAREHOLDERS:

Your Directors present herewith a statement of the affairs and financial position of your Company for the fiscal year ended November 1, 1947.

The expansion of your Company up to the end of the 1946 fiscal year was accomplished mainly by acquiring ownership of companies engaged in similar or related types of businesses. During the year under review the expansion has been confined largely to the development of these businesses into more profitable enterprises. New retail outlets have been obtained for the various divisions, and several of the older shops have been modernized. A substantial quantity of new equipment has been installed in the bakeries, commissaries and candy factories, and those units which have been completed are now producing high quality merchandise in a very modern and efficient manner. Throughout this development there have been many changes in production and merchandising methods; these changes, together with the maintenance of quality of product, have resulted in increasingly greater profits for the Company. This situation was most evident during the past year, and it is expected to continue as the benefits from these new policies are more fully realized.

Operating conditions varied considerably during the year. Your Company entered the fiscal year with its costs and selling prices subject to governmental control. Throughout the year continual increases were experienced in the costs of ingredients, wages and all operating expenses. These were partially compensated for by increases in selling prices as price ceilings were progressively raised and eventually removed. Realizing that food costs constitute a very important item in the cost of living, your Directors have endeavoured to maintain the selling prices of all the Company's products at the lowest possible level consistent with good management.

## COFFEE SHOPS, CAFETERIAS AND RESTAURANTS

At the present time the Honey Dew Division has 36 coffee shops and 2 restaurants open in various cities in Canada from Montreal to Vancouver. In addition there are 4 other shops which operate only in the summer months. During this last year another very successful operation was carried on at the Canadian National Exhibition in Toronto. Muirheads Cafeterias, Limited operates two cafeterias and a Drive-In restaurant in Toronto, a cafeteria in Hamilton and a restaurant in London, Ontario. Restaurant operations are also carried on in most of the 16 shops of Picardy Limited and its subsidiaries in Winnipeg, Regina, Saskatoon, Calgary and Edmonton.

The industrial and institutional catering operations as carried on by Industrial Food Services Limited are expanding very satisfactorily and during the past year a number

of important contracts have been made with organizations in British Columbia. Other contracts are being negotiated for this type of service in other Provinces of the Dominion.

### THE BAKERY DIVISIONS

Woman's Bakery Limited, with its 38 retail bake shops in Toronto and vicinity, obtained the full advantage for the entire year of its recently acquired bakery which was re-equipped and modernized during the previous year. This company opened four new modern outlets this year in Toronto and one in Oakville, Ontario.

The new automatic equipment in the plant of Barker's Biscuits Limited, together with an increase in the supply of formerly rationed commodities, has made it possible for this company to greatly expand its operations. At the present time several lines of high quality biscuits are being distributed from coast to coast.

The Window Bakeries plant in Vancouver has been re-equipped, and the volume of business in the 25 shops of this division in Vancouver and New Westminster is continuing at a very satisfactory level. The bakery operations of Picardy in Calgary have been expanded by the erection of a new bakery and the opening of two new additional outlets.

### THE CANDY DIVISIONS

The operations for a complete year of Willards Chocolates, Limited are included in the results for the first time. Considerable modernization is in progress in this company's plant, but in view of the slow deliveries on new equipment it is not expected this work will be finished until the latter part of 1948.

In June, 1947, a new wholly owned subsidiary company, Suchard Canada Limited, was incorporated. This company entered into an agreement with Suchard Holding Societe Anonyme of Lausanne, Switzerland, for the purpose of manufacturing and selling the world famous line of Suchard products in Canada. This line of candy will be available as soon as production facilities are completed.

Plans for the expansion of Picardy Limited in Eastern Canada are well advanced. A shop has been opened recently at a very excellent location on Yonge Street in Toronto, and the results to date have exceeded all expectations. The sales and profits of the Picardy divisions in Western Canada continued at satisfactory levels throughout the year and, with the recent improvement in the supply of sugar and certain other basic commodities, the prospects for a greater supply of these celebrated Picardy products are quite promising. During the year arrangements were made for supplying Picardy candies to the Cunard White Star liners R.M.S. "Queen Elizabeth," R.M.S. "Queen Mary" and R.M.S. "Mauretania," and these candies have received an excellent reception by the passengers of these ships.

### CONSOLIDATED SALES AND PROFITS

The sales in every division of the Company are higher than in the previous year. This is due to both increased volume and higher selling prices of the various products. The amount of \$15,329,132.97 shown below included the sales of certain subsidiary companies not owned last year.

The net profits for the year amounted to \$610,090.41 in comparison with \$499,192.82 in the previous year. The following summary shows the comparative results for the past two fiscal years:

	1947	1946
Sales.....	\$15,329,132.97	\$11,986,136.29
Operating Profits.....	\$ 1,603,531.33	\$ 1,297,950.60
ADD:		
Profit on sale of securities.....	17,207.13	35,680.52
	\$ 1,620,738.46	\$ 1,333,631.12
DEDUCT:		
Depreciation.....	\$410,971.78	\$243,815.57
Interest on Bonds.....	32,608.84	35,036.99
	443,580.62	278,852.56
Profits before taxes.....	\$ 1,177,157.84	\$ 1,054,778.56
Provision for Income and Excess Profits Taxes.....	565,000.00	549,318.01
	\$ 612,157.84	\$ 505,460.55
Minority Interests.....	2,067.43	6,267.73
Net Profits.....	<u>\$ 610,090.41</u>	<u>\$ 499,192.82</u>

The Companies' investments in Dominion of Canada bonds were sold during the year and a profit of \$17,207.13 was realized. The provision for depreciation increased by approximately \$167,000.00 over the previous year due to the extensive additions to capital assets and also the provision of double depreciation on certain items of construction and equipment in the plants. The reduction in the rates of Dominion Income and Excess Profits Taxes has been partially offset by the re-instatement this year of Provincial Income Taxes with the result that Income Taxes remained at a relatively high level.

#### BALANCE SHEET

During the year the Company received payment for \$2,500,000 par value of 4½% Preference shares. These funds together with operating earnings in excess of dividend requirements resulted in the substantial improvement in the Company's working capital from \$523,215.68 a year ago to \$2,016,161.24 at November 1, 1947 even after providing for very heavy expenditures on fixed assets during the year and the redemption of \$100,000 of the 3½% serial bonds. The costs of the Preferred share issue account for the reduction during the year of the Capital Surplus.

#### DIVIDENDS

The first dividend on the 4½% Preference shares payable January 1, 1947 amounted to 56¼¢ for the period from November 15, 1946 to the dividend payment date. Thereafter three quarterly dividends of \$1.12½ each were paid on April 1, July 1 and October 1, 1947. Dividends at the annual rate of \$1.00 per share and 75¢ per share were paid in quarterly instalments on the above dividend dates on the Class A and Common shares respectively.

Your Directors wish to record their appreciation of the loyal and efficient service rendered by the officers during the year, and also to commend to the shareholders the more than 3,900 employees of the Company and its subsidiaries whose loyal support and co-operation have contributed so much to the successful operation of your Company.

Your Directors look forward to the future with confidence.

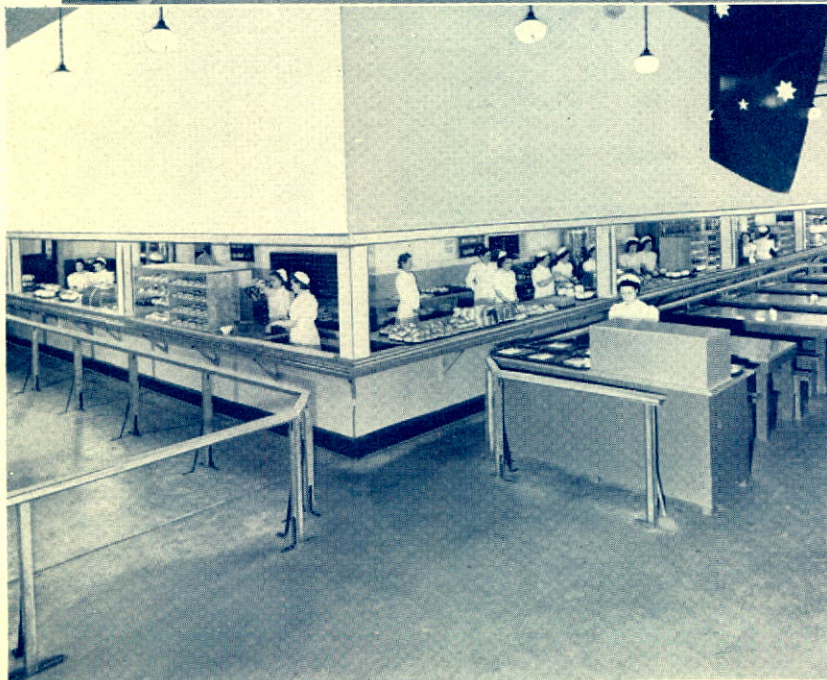
Submitted on behalf of the Board.

E. P. TAYLOR,  
*Chairman.*

H. L. WALKER,  
*President.*

January 14, 1948.

# HONEY DEW



*This beautiful Honey Dew  
Coffee Shop is located on  
Toronto's Yonge Street.*

*A typical plant cafeteria serviced by Industrial Food Services Limited.*

# Canadian Food Products Limited

Consolidated Balance

ASSETS	November 1, 1947	November 2, 1946
<b>CURRENT ASSETS:</b>		
Cash on hand and in banks.....	\$1,164,709.28	
Marketable securities (quoted value \$54,500.00).....	30,971.25	
Accounts receivable, less reserve.....	806,557.58	
Inventories as certified by responsible officials and valued at the lower of cost or market.....	1,181,599.80	
Life insurance, cash surrender value.....	27,130.53	
Prepaid rents, taxes, insurance, etc.....	107,017.26	
	\$3,317,985.70	\$2,366,565.11
REFUNDABLE PORTION OF EXCESS PROFITS TAX (ESTIMATED).....	256,427.65	256,427.65
MORTGAGE RECEIVABLE.....		22,000.00
<b>FIXED ASSETS:</b>		
Land.....	\$ 321,798.49	
Buildings.....	\$1,081,492.73	
Less Reserve for depreciation.....	255,566.80	
	825,925.93	
Installation costs—shops, etc.....	\$1,201,792.85	
Less Reserve for amortization.....	376,853.31	
	824,939.54	
Fixtures and equipment.....	\$3,277,530.94	
Less Reserve for depreciation.....	1,563,665.10	
	1,713,865.84	
GOODWILL, TRADE NAMES, FORMULAE, ETC.....	3,686,529.80	2,610,313.72
	1,432,180.68	1,432,180.68
	\$8,693,123.83	\$6,687,487.16

**NOTES:**

1. The 4½% Preference shares are:
  - (a) redeemable at the option of the company on thirty days' notice at \$103.00 per share and acc
  - (b) convertible into Common shares on the basis of four Common for each Preference share up to Nov
2. The Class A shares are convertible into Common shares at any time on the basis of one Common
3. During the fiscal year ended November 1, 1947 the company received payment for the sale of \$2.5  
October 18, 1946.

Approved on be  
E. P. TAYLOR  
H. L. WALKER

**AUDITORS' REPORT**

We have made an examination of the above consolidated balance sheet of Canadian Food Products Limited and earned surplus accounts for the year ended on that date. In connection therewith we examined the general ledger of Canadian Food Products Limited, Woman's Bakery Limited, Muirheads Cafeterias, Limited, Federal System of Bakeries Limited, Picardy Candy (Alberta) Limited and Picardy Candy (Saskatchewan) Limited certified by

On the foregoing basis, we report that in our opinion the above consolidated balance sheet and surplus accounts of Canadian Food Products Limited and its subsidiary companies according to the best of our knowledge and belief, as auditors, have been complied with.

Toronto, December 16, 1947.



# ited and Subsidiary Companies

heet, November 1, 1947

## LIABILITIES

	November 1, 1947	November 2, 1946
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses.....	\$ 847,664.33	
Provision for income and excess profits taxes after payments on account.....	454,160.13	
	\$1,301,824.46	\$1,843,349.43
<b>FIRST MORTGAGE AND COLLATERAL TRUST SERIAL BONDS:</b>		
\$500,000.00 3½% bonds maturing \$100,000.00 annually 1948 to 1952 inclusive and \$300,000.00 4% bonds maturing \$100,000.00 annually 1953 to 1955 inclusive.....	800,000.00	900,000.00
<b>MINORITY INTERESTS IN SUBSIDIARY COMPANIES.....</b>	<b>49,259.20</b>	<b>54,594.92</b>
<b>CAPITAL STOCK AND SURPLUS:</b>		
Capital stock:		
Authorized:		
50,000 4½% Cumulative Convertible Redeemable Preference shares, par value \$100.00 each:		
100,000 Class A shares of no par value, convertible, carrying a cumulative preferential annual dividend of \$1.00 per share:		
500,000 Common shares of no par value:		
Issued:		
25,000 4½% Preference shares.....	\$2,500,000.00	
100,000 Class A shares)		
200,000 Common shares)	1,777,220.10	
Rest account (capital surplus).....	963,051.01	
Earned surplus, including \$256,427.65 refundable portion of excess profits tax.....	1,301,769.06	
	6,542,040.17	3,889,542.81
	\$8,693,123.83	\$6,687,487.16

ed dividends;  
mber 1, 1951, and thereafter up to November 1, 1956, on the basis of three Common for each Preference share.  
are for each Class A share.  
0,000.00 par value of the above 4½% Preference shares sold under an underwriting agreement dated

lf of the Board  
R, Director  
ER, Director

### THE SHAREHOLDERS

ucts Limited and its subsidiary companies as of November 1, 1947 and of the consolidated profit and loss  
tested the accounting records and other supporting evidence of the parent company, Industrial Food Services  
ed, Barker's Biscuits Limited, Willards Chocolates, Limited and Suchard Canada Limited and made a  
d not make a detailed audit of the transactions. We have had submitted to us financial statements of Picardy  
eir respective auditors, which statements have been incorporated in the consolidated accounts above mentioned.  
November 1, 1947 is properly drawn up so as to exhibit a true and correct view of the state of the combined  
information and the explanations given us and as shown by the books of the companies. All our requirements,

THORNE, MULHOLLAND, HOWSON & McPHERSON,  
Chartered Accountants.

# Canadian Food Products Limited

AND SUBSIDIARY COMPANIES

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

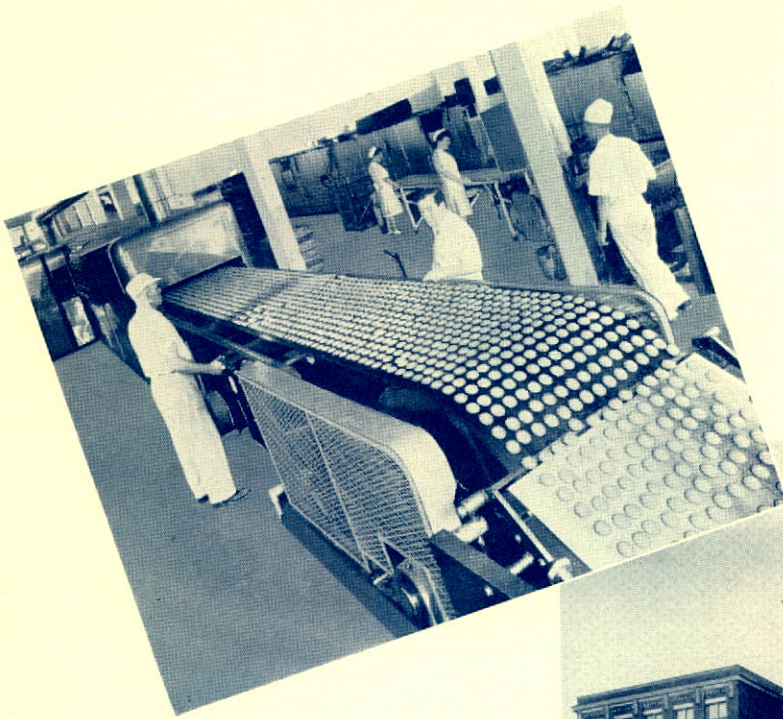
For the year ended November 1, 1947

Profit from Operations (including \$17,207.13 profit realized on sale of securities) before providing for the undermentioned items.....	\$1,620,738.46
Provision for Depreciation and Amortization.....	410,971.78
	<hr/>
Interest on First Mortgage and Collateral Trust Serial Bonds.....	\$1,209,766.68
	32,608.84
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Provision for Income and Excess Profits Taxes.....	\$1,177,157.84
	565,000.00
	<hr/>
	\$ 612,157.84
DEDUCT:	
Profits earned by subsidiaries accruing to minority interests.....	2,067.43
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NET PROFIT FOR YEAR.....	<u>\$ 610,090.41</u>

## CONSOLIDATED EARNED SURPLUS ACCOUNT

For the year ended November 1, 1947

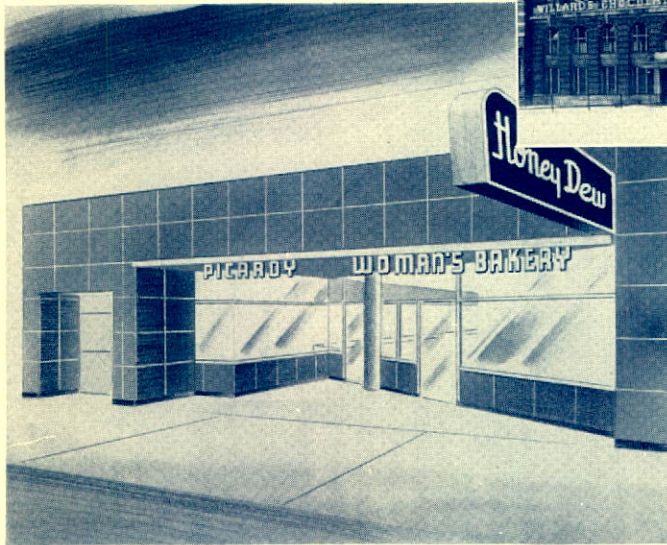
Consolidated Earned Surplus, November 2, 1946.....	\$1,040,116.15
Net Profit for Year.....	610,090.41
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	\$1,650,206.56
Dividends paid:	
4½% Preference shares, \$3.93¾ per share.....	\$ 98,437.50
Class A shares, 1.00 per share.....	100,000.00
Common shares, .75 per share.....	150,000.00
	<hr/>
	348,437.50
CONSOLIDATED EARNED SURPLUS, NOVEMBER 1, 1947.....	<u>\$1,301,769.06</u>



*An interior view of the Barker's Biscuits plant in Toronto.*



*The home of Willards Chocolates, Toronto.*



*Under one roof the customer can purchase Picardy candies, Woman's Bakery baked goods and enjoy Honey Dew food in this recently opened shop at one of the busiest corners in Toronto.*



*The smart, stream-lined plant of Window Bakeries in Vancouver.*

# *Pension Plan*

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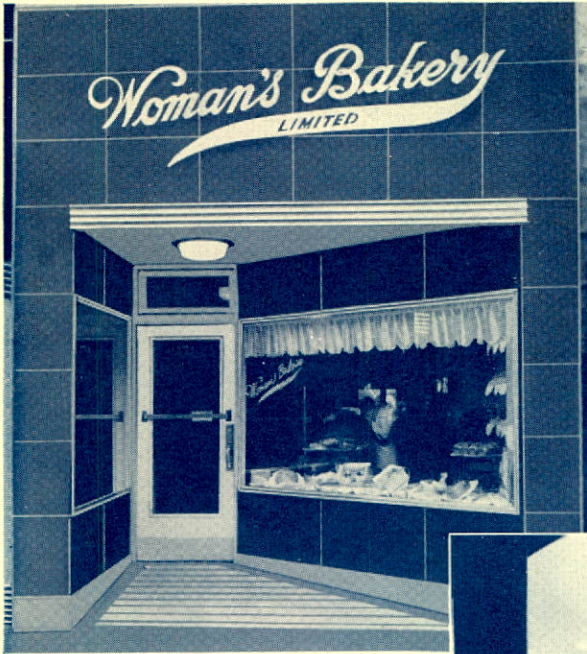
In accordance with the policy of the Directors and Management of Canadian Food Products Limited, we are pleased to report that a Retirement Income Plan has now been inaugurated in every Company under our Management.

The Retirement Income Plan has been a major item in our employee relations programme inasmuch as not one of the Companies had a Retirement Plan of its own in operation before becoming a part of Canadian Food Products Limited.

The benefits are generous and provide for recognition of a maximum period of twenty years past service, irrespective of how long any of the Companies have been associated with this Organization.

The Company has assumed large obligations in this Plan both for current and past services, but your Management is confident that the undertaking of such obligations will be completely justified.

It is our constant desire to establish within the minds of every employee a sense of security and well-being which comes from the realization that loyal and efficient service is being recognized by Management. It is felt that the Retirement Income Plan is one of the best ways of showing a genuine interest in our employees.



*A Woman's Bakery shop in the heart of downtown Toronto.*

*An interior view of a section of the recently modernized Muirheads Cafeteria-Restaurant on Adelaide Street, Toronto.*



*Picardy candies and baked goods are created in this attractive Winnipeg plant.*

# Officers and Directors

## *Board of Directors*

E. W. BICKLE	Toronto
D. H. GIBSON	Toronto
WALTER G. LUMBERS	Toronto
M. W. McCUTCHEON, K.C.	Toronto
J. M. PRITCHARD	Montreal
W. P. SCOTT	Toronto
D. WORTS SMART	Toronto
E. P. TAYLOR	Toronto
HOWARD L. WALKER	Toronto

## *Officers*

Chairman of the Board	E. P. TAYLOR
President	HOWARD L. WALKER
Vice-President	WALTER G. LUMBERS
Executive Vice-President	A. M. TALBOT
Vice-President and Treasurer	H. L. SLATER, C.A.
Secretary	H. R. DOUGLAS

## *Bankers*

THE BANK OF NOVA SCOTIA  
IMPERIAL BANK OF CANADA  
THE CANADIAN BANK OF COMMERCE  
THE ROYAL BANK OF CANADA  
BANK OF MONTREAL

## *Transfer Agents and Registrars*

CROWN TRUST COMPANY, TORONTO  
NATIONAL TRUST COMPANY, LIMITED  
MONTREAL, WINNIPEG AND VANCOUVER

THE EASTERN TRUST COMPANY  
HALIFAX AND SAINT JOHN

## *Trustee for Bond Holders*

NATIONAL TRUST COMPANY, LIMITED, TORONTO

## *Auditors*

THORNE, MULHOLLAND, HOWSON & MCPHERSON

## *Solicitors*

FRASER, BEATTY, TUCKER, McINTOSH & STEWART



