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The Twentieth Annual Report of

Chateau-Gai Wines

L I M I T E D

F O R T H E F I S C A L Y E A R E N D I N G A P R I L 3 0 T H , 1 9 4 8



C A N A D A ' S W I N E S O F D I S T I N C T I O N

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Chateau - Gai Wines

LIMITED

NIAGARA FALLS · ST. CATHARINES ST. THOMAS · LACHINE, QUE.



"Canada's Wines of Distinction"

EXECUTIVE OFFICES · 330 BAY ST.
TORONTO

January 17th, 1946

Miss Beatrice V. Simon,
Librarian of Purvis Hall,
McGill University,
1020 Pine Ave.,
Montreal, Que.

Dear Miss Simon:

We have for acknowledgment your letter of January 9th, and as requested we are pleased to enclose copies of our Financial Statements from 1928 up to and including April 30th, 1945; that is, with the exception of the report for 1930. We do not have a copy of this on file.

Yours very truly,

CHATEAU-GAI WINES LIMITED

G. L. W. Bamford
Secretary

G.L.W. Bamford
EGP

Christmas - For Millions

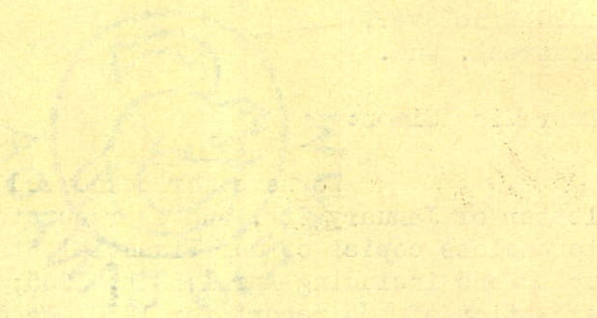
NIAGARA FALLS ST. CATHARINES ST. THOMAS LACHENAULT



EXECUTIVE OFFICES 150 BAY ST.
TORONTO

EDWARD SMITH

Lighter & Brighter



CHRYSLER

THE TWENTIETH ANNUAL REPORT OF

Chateau-Gai Wines

L I M I T E D

FOR THE FISCAL YEAR ENDING APRIL 30TH, 1948



HEAD OFFICE: NIAGARA FALLS, ONTARIO

C A N A D A ' S W I N E S O F D I S T I N C T I O N

Board of Directors

J. C. H. DUSSAULT, K.C. - - - - - MONTREAL, P.Q.
W. A. G. KELLEY - - - - - TORONTO, ONT.
A. W. MARSH - - - - - NIAGARA FALLS, ONT.
G. H. RENNIE, M.B.E. - - - - - TORONTO, ONT.
D. G. ROSS - - - - - TORONTO, ONT.
E. L. RUDDY - - - - - PICKERING, ONT.
A. G. SAMPSON - - - - - OAK RIDGES, ONT.

OFFICERS

President, Treasurer and General Manager - - - - A. G. SAMPSON
Secretary - - - - - G. L. W. BAMFORD

EXECUTIVES

Winery Superintendent - - - - - S. LEE
Asst. Superintendent - - - - - R. G. SWAN
Chief Enologist - - - - - J. PATERSON
Asst. Enologist - - - - - E. R. HAYNES
Asst. Treasurer - - - - - W. A. MARSHALL
Purchasing Agent - - - - - E. J. FOY

HEAD OFFICE

NIAGARA FALLS, ONTARIO

EXECUTIVE OFFICE

330 BAY STREET, TORONTO, ONT.

C A N A D A ' S W I N E S O F D I S T I N C T I O N

President's Report

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T H E S H A R E H O L D E R S :

Your Directors submit herewith the Twentieth Annual Report together with the Consolidated Balance Sheet and Statements of Earnings and Earned Surplus for the year ending April 30th, 1948, as certified by your Auditors.

The net working capital amounts to \$873,270.71, as compared with \$779,275.49 for the previous year.

The net operating profit for the year, after providing for all charges including depreciation and income taxes, amounted to \$119,245.04, or \$1.04 per share, the highest in the history of the Company. This compares most favourably with \$103,317.54 for the previous year, or 90c per share.

In the fiscal year just passed, your Directors declared and paid dividends amounting to 60c per share. With due regard to the excellent earnings of the past year, the Directors deem it advisable to declare a dividend of 40c per share to the shareholders of record May 27th, 1948, and payable on June 10th, 1948.

The principal changes in the fixed assets during the year cover the expenditure of approximately \$50,000.00 for modernization of equipment at our main production plant at Niagara Falls. These improvements are designed to further increase operating efficiency. Also to

C A N A D A ' S W I N E S O F D I S T I N C T I O N

be noted is the sale of the last of our surplus plants. This plant, located in Toronto, was disposed of for \$67,500.00 and was carried on our books at \$29,195.68. Because the profit on this transaction is non-recurring, we have not included it in the earnings of \$1.04 per share.

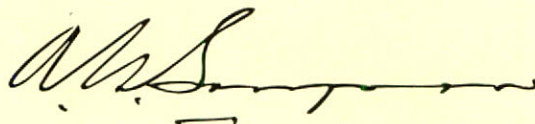
During the past year, your management has continued its policy of modernizing retail outlets. Last year's report to the shareholders advised that the Company's retail outlet at St. Thomas had been moved to modern premises located in Sarnia, Ontario. This year, the retail store at 940 St. Clair Avenue West, in Toronto, has been completely renovated. Plans are presently being completed to move the retail outlet situated at 27 Brock Avenue to 1388 Queen Street West, Toronto. This new store will be modernized in harmony with the retail outlets at Sarnia and on St. Clair Avenue, Toronto.

The Directors deeply feel the passing of one of their members, the Honourable W. D. Ross, who for so many years contributed greatly to the successful operations of this Company. It was also with regret that the Board accepted the resignation of Mr. C. H. Easson as a Director, due to ill-health. Mr. Easson's sound business judgment has been an instrumental factor in the continuing progress of the Company. In view of the loss of these two valued members at such a time, your Board considers that it has been extremely fortunate in obtaining Mr. Donald G. Ross and Mr. G. H. Rennie to fill these vacancies.

Your Directors submit that the very favourable earnings during the period under consideration are a reflection of the quality and esteem in which the Company's products are held. The increasing demand for Chateau-Gai Wines offers a very salutary prospect for the period directly ahead of us.

The Board wishes to take this opportunity to express its appreciation of the loyal and efficient service which the staff and employees continue to provide in the untiring discharge of their duties.

Submitted on behalf of the Board of Directors,



President.

330 Bay Street,
Toronto, Ontario.
June 10th, 1948.

CHAMPAGNE BY *Chateau-Gai*

CHAMPAGNE, the processing of which was discovered by a French Monk almost three centuries ago, has earned the title of the aristocrat of all wines—a toast of Old World courts and later a symbol of gaiety on festive celebrations to people throughout the world.

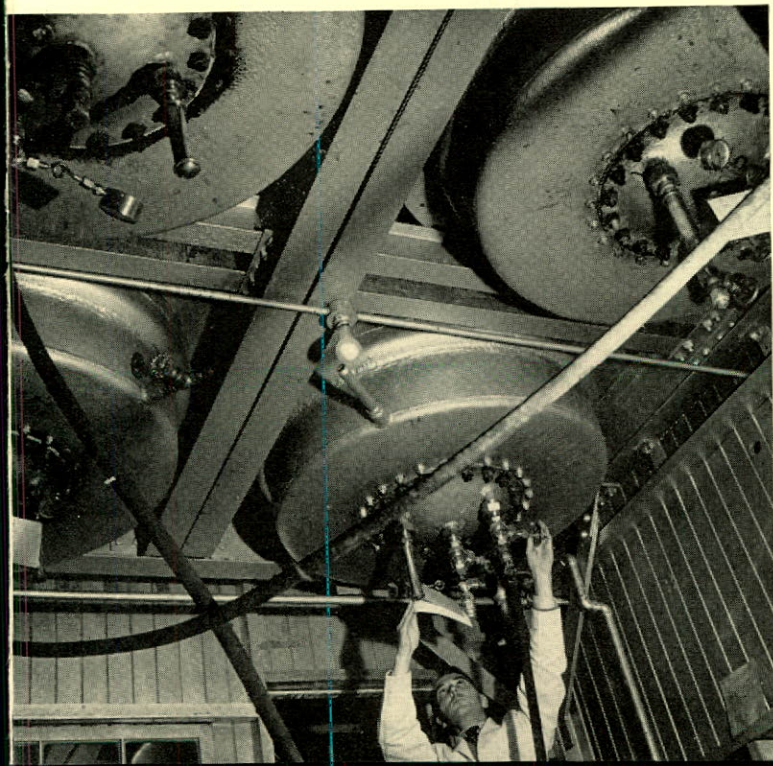
Since that time champagne making has become a world wide industry established by the principles and practices of the great Louis Pasteur.

Chateau-Gai was the first winery on the American continent to perpetuate the rich traditions of France's famous Province of Champagne by importing to Canada the "Veritable Charmat" process. Chateau-Gai has the exclusive Canadian rights to this famed French-method process—by which the finest type of champagne is produced at a price within the pocketbook range of Mr. and Mrs. Average Canadian.

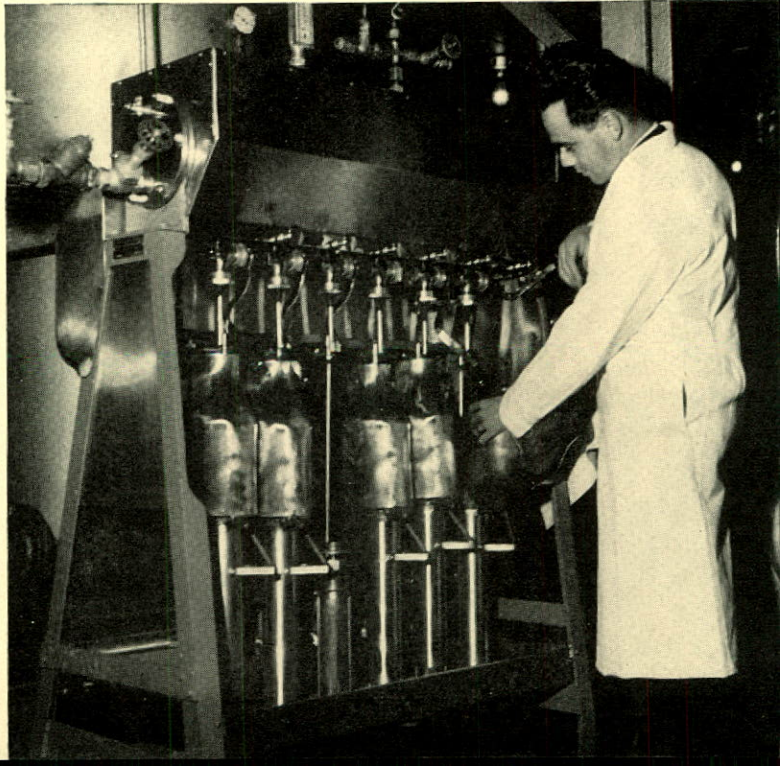
For more than twenty years, Chateau-Gai has held the reputation as the producer of Canada's first-quality champagne—a distinction that will be maintained as long as champagne is bottled under the Chateau-Gai Charmat trade-mark.

Chateau-Gai made the Charmat way is a naturally sparkling French-type champagne. Served very cold, it is a Canadian favorite for weddings, birthdays, or any special occasion you can name.

CHARMAT PROCESS — CONTROLLED FERMENTATION



CHARMAT PROCESS — MODERN BOTTLING EQUIPMENT



Chateau-Gai

L I M I T E D

A N D I T S S U B S I D I A R I E S

C O N S O L I D A T E D B A L A N C E S H E E T

ASSETS

CURRENT ASSETS

Cash - - - - -	\$ 5,526.72	
Accounts Receivable less reserve - - - - -	123,657.06	
Stock of wine and supplies as determined and certified by responsible officials of the company and valued at the lower of cost or market -	1,151,587.22	
		<u>\$1,280,771.00</u>

MORTGAGES RECEIVABLE - - - - - 31,799.94

DOMINION OF CANADA—Refundable portion of excess profits tax - - - - 17,053.63

LIFE INSURANCE—Cash surrender value of \$50,000.00 policy on the life of an official of the company - - - - - 8,436.50

FIXED ASSETS—Valued on the basis of appraisals by Sterling Appraisal Company Limited during March, 1928, with additions at cost - - \$ 905,386.68

Less:

Reserve for depreciation - - - - - 482,255.97

423,130.71

DEFERRED CHARGES - - - - - 23,404.86

\$1,784,596.64

THE SHAREHOLDERS,

CHATEAU-GAI WINES LIMITED:

We have examined the books and accounts of Chateau-Gai Wines Limited and of its subsidiary companies for the year ended April 30, 1948, properly drawn up so as to exhibit a true and correct view of the state of the affairs of Chateau-Gai Wines Limited and of its subsidiary companies.

24 King Street West, Toronto, May 22, 1948.

Pai Wines

T E D

A R Y C O M P A N I E S

S H E E T A T A P R I L 3 0, 1 9 4 8

STATEMENT I

LIABILITIES

CURRENT LIABILITIES

Demand loan	\$ 255,000.00
Trade and sundry creditors	74,219.36
Taxes	78,280.93
	\$ 407,500.29

CAPITAL AND SURPLUS

Capital Stock

Authorized

200,000 shares without nominal or par value

Issued

114,000 shares - - - - - \$1,071,327.37

Surplus—Earned

Balance April 30, 1948—Statement II - - - - - 305,768.98

1,377,096.35
\$1,784,596.64

Approved on behalf of the Board, E. L. RUDDY, *Director*.
 A. G. SAMPSON, *Director*.

1948, and report that we have obtained all the information and explanations we have required. In our opinion the above balance sheet is
 companies, as consolidated, at April 30, 1948, according to the best of our information and the explanations given to us and as shown by the

DELOITTE, PLENDER, HASKINS & SELLS, *Auditors*.

Chateau-Gai Wines

L I M I T E D
A N D I T S S U B S I D I A R Y C O M P A N I E SCONSOLIDATED STATEMENT OF EARNINGS AND EARNED SURPLUS
FOR THE YEAR ENDED APRIL 30, 1948

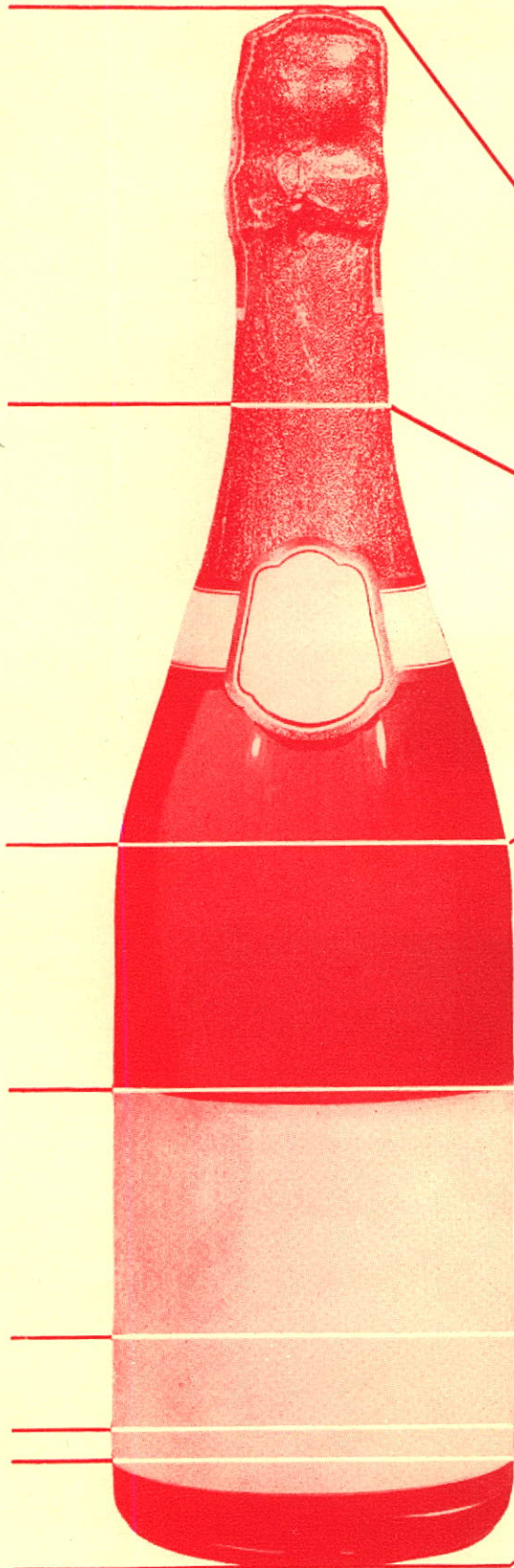
STATEMENT II

NET EARNINGS FROM THE SALE OF WINE AND GRAPE JUICE BEFORE PROVIDING FOR THE FOLLOWING DEDUCTIONS - - - - -	\$263,247.03
Directors' Fees - - - - -	\$ 690.00
Executive Officers' remuneration and legal fees - - - - -	21,132.11
	<hr/> 21,822.11
NET OPERATING PROFIT BEFORE DEPRECIATION AND INCOME TAXES - - - -	\$241,424.92
Provision for depreciation - - - - -	\$34,489.53
Provision for Dominion and Provincial taxes on income - - - - -	87,690.35
	<hr/> 122,179.88
NET OPERATING PROFIT - - - - -	\$119,245.04
PROFIT ON SALE OF TORONTO PROPERTY - - - - -	38,304.32
NET PROFIT FOR THE YEAR - - - - -	\$157,549.36
EARNED SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR - - - - -	199,565.99
REFUNDABLE PORTION OF EXCESS PROFITS TAX TRANSFERRED FROM DE- FERRED CREDITS - - - - -	17,053.63
	<hr/> \$374,168.98
DIVIDENDS PAID DURING THE YEAR - - - - -	68,400.00
EARNED SURPLUS AT APRIL 30, 1948 - - - - -	<hr/> <hr/> \$305,768.98

C A N A D A ' S W I N E S O F D I S T I N C T I O N

DISTRIBUTION OF DOLLAR OF SALES

1947-8



FOR PACKAGES AND
OTHER COSTS **26c**

EXCISE, SALES AND
RETAIL TAXES **27c**

FOR THE GRAPE GROWER **15c**

FOR WAGES AND
SALARIES **16c**

INCOME TAXES **6c**

DEPRECIATION **2c**

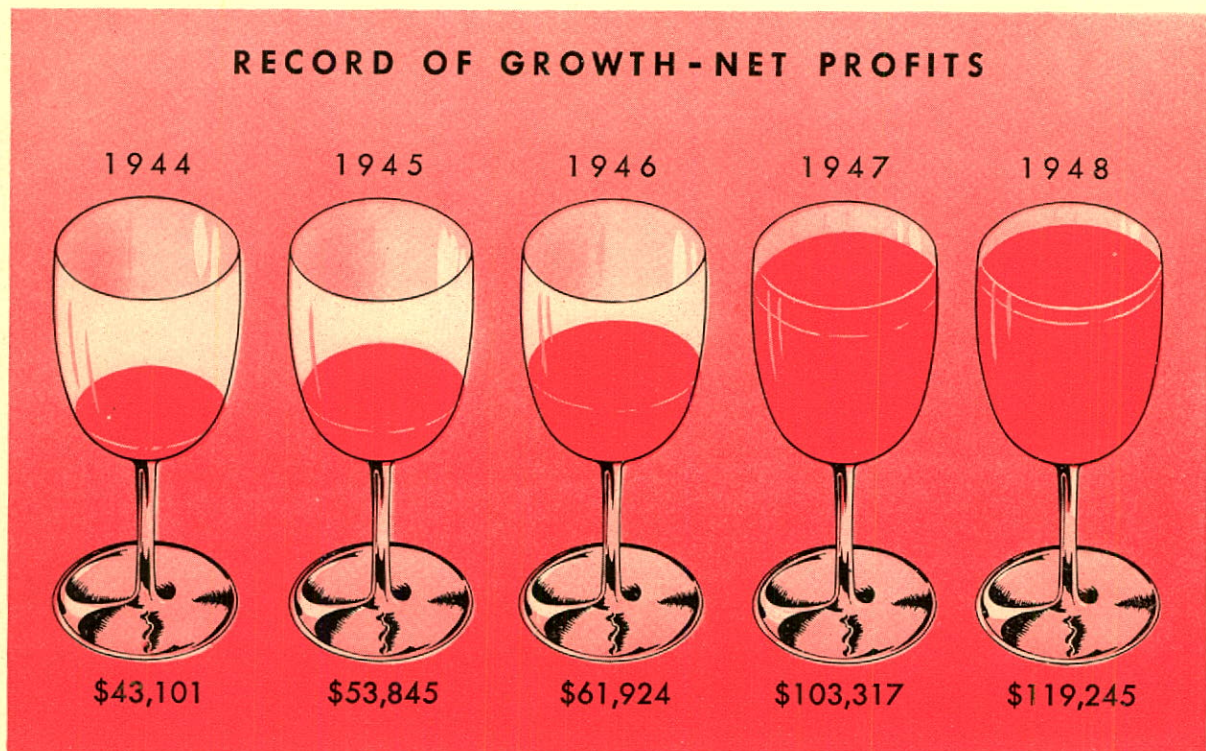
(NET PROFIT)
THE REMAINDER **8c**

TOTAL **\$1.00**

RECORD OF GROWTH - COMBINED EARNINGS (BEFORE TAXES)



RECORD OF GROWTH - NET PROFITS



OUR POLICY WITH THE GRAPE GROWER

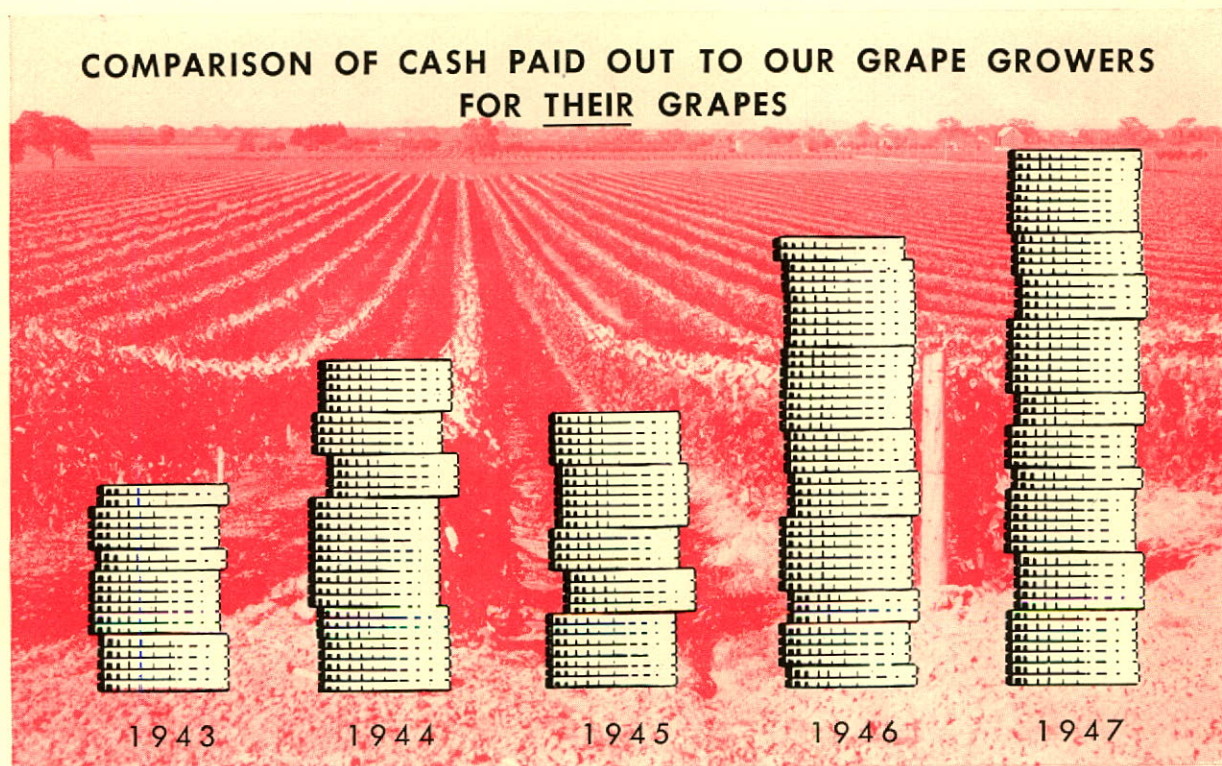
THE MOTTO "Jack of all trades, master of none" has a practical application to the business affairs of Chateau-Gai Wines.

It is the unalterable policy of Chateau-Gai Wines that wine-making is a full-time industry, and that successful operations can be best achieved by constant diligence to that industry to the exclusion of all others. It is not the intention of Chateau-Gai Wines to invade the grape-growing field because your Board of Directors is of the unanimous opinion that when better grapes are grown, the grape grower will produce them. Viticulture is a unique science that requires the full skill, knowledge and patience of the experienced grape grower.

Meanwhile, Chateau-Gai stands firmly behind the grape grower and will do all in its power to encourage new and finer types of grapes for which we have been paying premium prices ranging from \$5.00 to \$40.00 per ton. Since the advent of the present administration of the Company, this has been the consistent policy of Chateau-Gai.

Since no industry can survive without equitable profit we believe the grape grower should set out experimental rows of special grape varieties to learn the practicability and extra cost, if any, of growing them on his own farm. With this information the wine industry will be in a position to say whether the extra cost is practical for their use.

Chateau-Gai's prosperity is the growers' prosperity. By working together to produce the best grapes and the best wines, the mutual interests of both groups will be best served.



Our Retail Stores

STORE #1 • 878 YONGE STREET, TORONTO

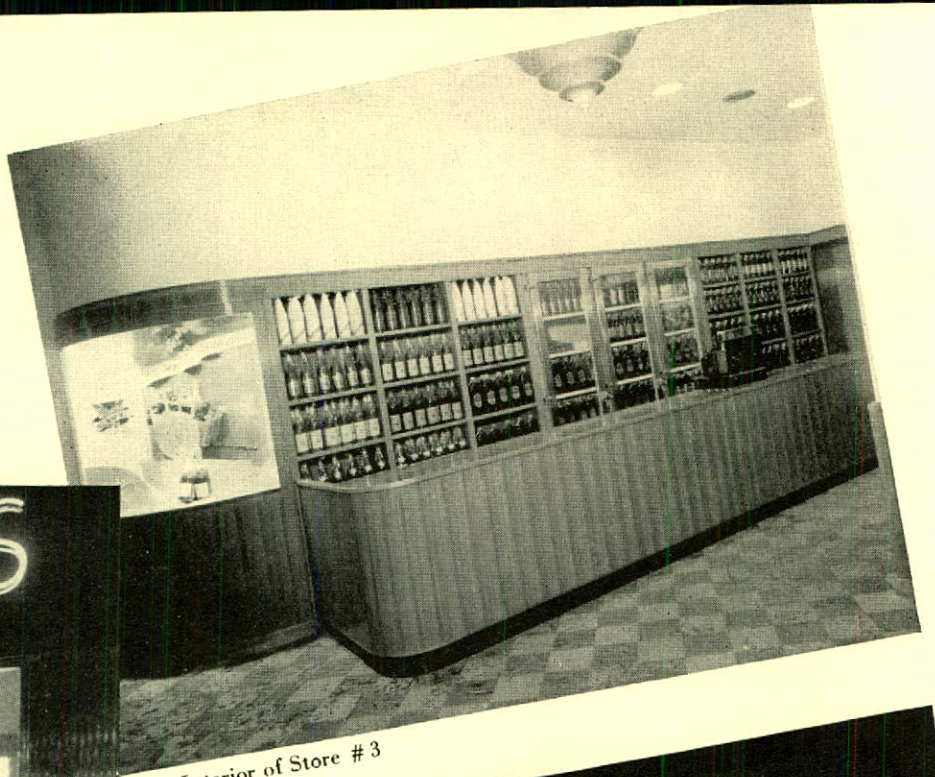
STORE #2 • 169 LOCHIEL STREET, SARNIA

STORE #3 • 306 ST. PAUL STREET, ST. CATHARINES

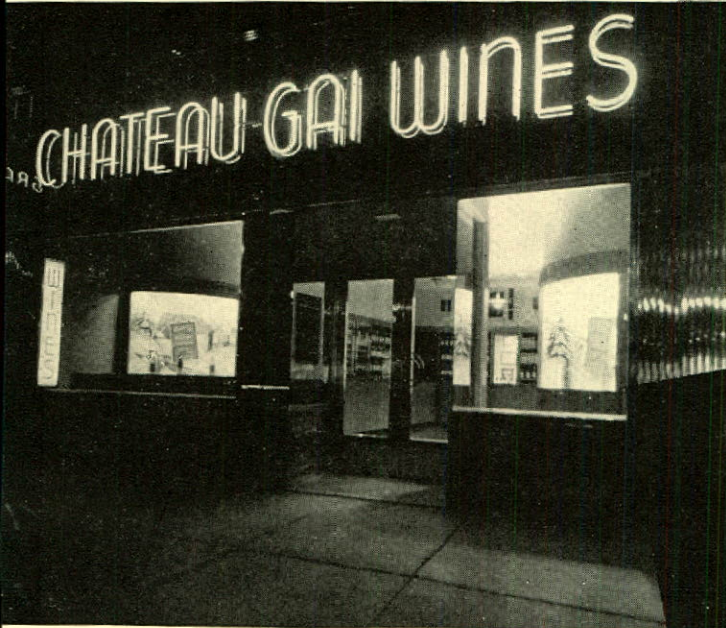
STORE #4 • 940 ST. CLAIR WEST, TORONTO

STORE #5 • 1388 QUEEN STREET WEST, TORONTO

STORE #6 • 448 QUEEN STREET EAST, TORONTO



Interior of Store #3



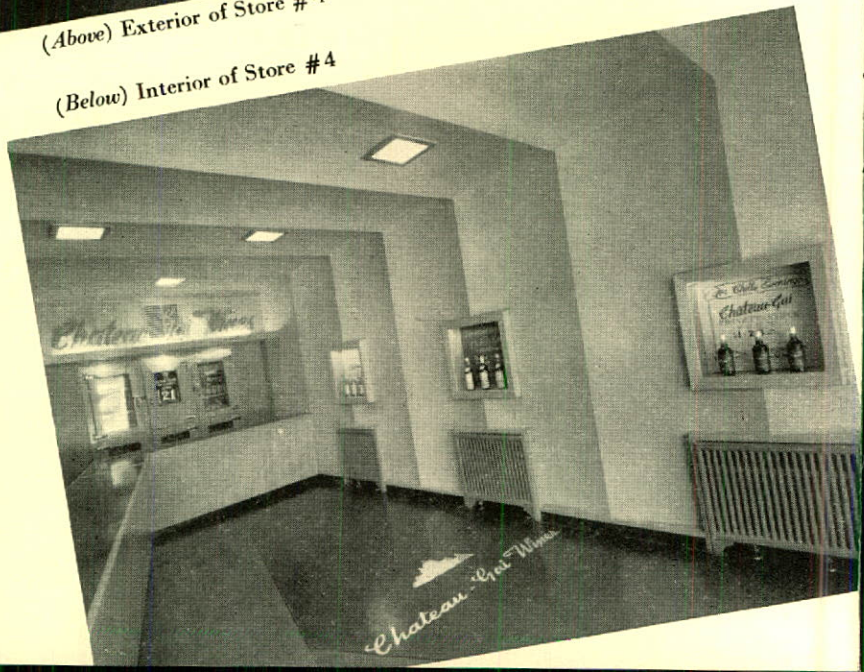
(Above) Exterior of Store #3

(Below) Exterior of Store #2



(Above) Exterior of Store #4

(Below) Interior of Store #4



Wine List

Aperitifs

PRIVATE STOCK SHERRY
CHATEAU-GAI SHERRY
CHATEAU-GAI COCKTAIL



Table Wines

CHATEAU-GAI CLARET
CHATEAU-GAI WHITE DINNER WINE



Sparkling Wines

CHATEAU-GAI CHAMPAGNE
CHATEAU-GAI BURGUNDY



Vermouths

CHATEAU-GAI VERMOUTH DRY, FRENCH TYPE
CHATEAU-GAI VERMOUTH SWEET, ITALIAN TYPE



Dessert Wines

PRIVATE STOCK PORT
CHATEAU-GAI PORT



and for your further enjoyment

White Wines

OLD NIAGARA SHERRY
OLD LONDON SHERRY
WHITE LABEL CATAWBA
IMPERIAL SHERRY
VIN ST. PIERRE BLANC
OLD NIAGARA GOLD LABEL SHERRY

Red Wines

OLD NIAGARA PORT
OLD LONDON PORT
WHITE LABEL PORT
VIN ST. PIERRE ROUGE
OLD NIAGARA GOLD LABEL PORT

produced by

Chateau-Gai Wines
LIMITED

C A N A D A ' S W I N E S O F D I S T I N C T I O N





