



## RETAIL STORES

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### TORONTO:

878 Yonge St. - - Phone MI. 9449  
940 St. Clair W. - Phone LA. 6111  
448 Queen St. E. - Phone EL. 0669  
27 Brock Ave. - Phone ME. 5300

### ST. CATHARINES:

306 St. Paul St. - - - Phone 3356

### ST. THOMAS:

378 Talbot St. - - - Phone 1900

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### *Executive Offices:*

330 BAY ST. - - - - Phone AD. 1164  
TORONTO, CANADA



# ANNUAL REPORT

FOR THE YEAR ENDED

APRIL 30, 1943.



*Chateau-Gai Wines*  
LIMITED

*Head Office:*

NIAGARA FALLS,

PURVIS HALL CANADA.  
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McGILL UNIVERSITY

**CONSOLIDATED STATEMENT OF EARNINGS AND EARNED SURPLUS OF  
CHATEAU-GAI WINES LIMITED AND ITS SUBSIDIARY COMPANIES  
FOR THE YEAR ENDED APRIL 30, 1943**

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STATEMENT II.

NET EARNINGS FROM THE SALE OF WINE, CIDER AND GRAPE JUICE

BEFORE PROVIDING FOR THE FOLLOWING DEDUCTIONS ..... \$ 111,510.10

*Deduct:*

Directors' fees .....	\$ 750.00	
Executive officers' salaries and legal fees .....	16,190.90	
	16,940.90	

\$ 94,569.20

Provision for depreciation .....		27,112.17
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NET PROFIT BEFORE INCOME AND EXCESS PROFITS TAXES ..... \$ 67,457.03

*Deduct:*

Dominion income taxes .....	\$ 15,075.74	
Dominion excess profits taxes .....	25,747.11	
	40,822.85	

NET PROFIT FOR THE YEAR ..... \$ 26,634.18

EARNED SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR ..... 58,320.19

\$ 84,954.37

*Deduct:*

Loss on sale of property and plant, Niagara Falls, Ontario .....		11,139.18
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EARNED SURPLUS AT APRIL 30, 1943 ..... \$ 73,815.19

**CONSOLIDATED BALANCE SHEET**  
**OF CHATEAU-GAI WINES LIMITED AND ITS SUBSIDIARY COMPANIES**

AT APRIL 30, 1943

STATEMENT I.

ASSETS		
CURRENT ASSETS		
Cash .....	\$	6,708.46
Marketable securities — pledged to loans .....		29,365.00
(Market Value \$31,080.00)		
Accounts receivable — less reserve .....		81,724.92
Stock of wine and supplies as determined and certified by responsible officials of the company and valued at the lower of cost or market .....		728,372.61
	\$	846,170.99
Dominion of Canada — Refundable portion of excess profits tax .....		2,486.77
FIXED ASSETS — valued on the basis of appraisals by Sterling Appraisal Company Limited during March, 1928, with additions at cost... \$ 906,459.91		
LESS:		
Reserve for depreciation .....		442,504.51
		463,955.40
DEFERRED CHARGES .....		7,076.61
		<u>\$1,319,689.77</u>

LIABILITIES		
CURRENT LIABILITIES		
Loans payable .....	\$	99,500.00
Trade and sundry creditors .....		28,060.08
Taxes .....		44,500.36
	\$	172,060.44
DEFERRED CREDIT — Refundable portion of excess profits tax .....		2,486.77
CAPITAL AND SURPLUS		
<i>Capital Stock</i>		
Authorized		
200,000 shares without nominal or par value		
Issued		
114,000 shares .....	\$1,071,327.37	
<i>Surplus — Earned</i>		
Balance April 30, 1943 — Statement II. ....	73,815.19	
		<u>1,145,142.56</u>
A. G. SAMPSON, <i>Director.</i>		
A. W. MARSH, <i>Director.</i>		<u>\$1,319,689.77</u>

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, 1943, and report that we have obtained all the information and explanations we have required. In our opinion the above balance sheet is 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, as consolidated, at April 30, 1943, according to the best of our information and the explanations given to us and as shown by the books of the companies.

DELOITTE, PLENDER, HASKINS & SELLS,

24 King Street West, Toronto,  
 May 21, 1943.

*Auditors.*

# CHATEAU-GAI WINES LIMITED

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TO THE SHAREHOLDERS:—

Your Directors submit herewith their Annual Report, together with the Consolidated Statements for Chateau-Gai Wines Limited and its subsidiary companies, certified by your Auditors.

The net earnings for the year were \$94,569.20 before depreciation, Income and Excess Profits Taxes, as compared with \$91,984.73 for the previous year. Net earnings after taxes amount to \$26,634.18, as compared with \$30,707.07 for last year.

Taxes, which have always been a heavy burden in the operation of your Company, continue to increase. Excise Tax, Sales Tax, Income and Excess Profits Taxes, and Provincial Tax, during the past year amounted to \$392,711.66, or \$3.44 for each share outstanding.

Our sales up to the end of December, 1942, had increased 18% over the same period for the previous year. This increase was almost entirely offset by the Government's curtailment order of December, 1942. This order restricted the sale of wine for the 12 months ending October 31st, 1943, to 80% of the sales made in the 12 months ending October 31st, 1942. The retroactive operation of this order had the effect of further reducing the sales which could be made during the balance of the restriction period, that is from December, 1942, to October, 1943.

Operating conditions during the past year have been trying and expensive. Although your industry is closely allied with a branch of the farming industry which depends upon it to absorb a large proportion of its production, the Government has placed the wine industry in the non-essential class, and while continuing to levy heavy taxes upon it, offers it no relief whatever through priorities on supplies which are essential to its operation, and which are becoming more and more difficult to obtain. Moreover, recent Government regulations point to a drastic shortage of labour in the near future. Unless the Government adopts a more realistic attitude towards the Wine Industry, the Grape Growers of this Province will before long find themselves in a precarious position.

Despite these difficulties, your Company has managed to maintain a strong financial position. The working capital shows a ratio of \$4.90 of current assets to each dollar of current liabilities. Your Directors will continue to expend every effort to conserve this position while guarding jealously and maintaining the high standard of quality of your products.

Your Board wishes to express its appreciation of the loyalty and efficient service which the Staff and Employees continue to render in the discharge of their duties.

Submitted on behalf of the Board of Directors.

A. G. SAMPSON,  
*President.*

330 Bay Street,  
Toronto, Ontario.  
June 1st, 1943.