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ST. CATHARINES:

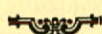
306 St. Paul St. - - - Phone 3356

ST. THOMAS:

378 Talbot St. - - - Phone 1900

Executive Offices:

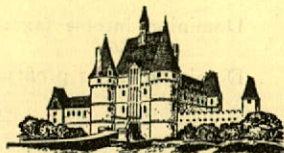
330 BAY ST. - - - - Phone AD. 1164
TORONTO, CANADA



ANNUAL REPORT

FOR THE YEAR ENDED

APRIL 30, 1944.



Chateau-Gai Wines
LIMITED

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**CONSOLIDATED STATEMENT OF EARNINGS AND EARNED SURPLUS OF
CHATEAU-GAI WINES LIMITED AND ITS SUBSIDIARY COMPANIES
FOR THE YEAR ENDED APRIL 30, 1944**

STATEMENT II.

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

BEFORE PROVIDING FOR THE FOLLOWING DEDUCTIONS \$ 118,478.91

Deduct:

Directors' fees	\$ 1,110.00	
Executive officers' salaries and legal fees	15,184.17	
		16,294.17
		\$ 102,184.74

Provision for depreciation		25,425.45

NET PROFIT BEFORE INCOME AND EXCESS PROFITS TAXES \$ 76,759.29

Deduct:

Dominion income taxes	\$ 14,853.62	
Dominion excess profits taxes	18,804.23	
		33,657.85

NET PROFIT FOR THE YEAR \$ 43,101.44

EARNED SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR 73,815.19

EARNED SURPLUS AT APRIL 30, 1944 \$ 116,916.63

CONSOLIDATED BALANCE SHEET

OF CHATEAU-GAI WINES LIMITED AND ITS SUBSIDIARY COMPANIES

AT APRIL 30, 1944

STATEMENT I.

ASSETS

CURRENT ASSETS

Cash	\$	20,472.50
Accounts receivable — less reserve		82,921.28
Stock of wine and supplies as determined and certified by responsible officials of the company and valued at the lower of cost or market		707,274.64
		\$ 810,668.42

DOMINION OF CANADA — Refundable portion of excess profits tax 2,807.77

FIXED ASSETS — Valued on the basis of appraisals by Sterling Appraisal Company Limited during March, 1928, with additions at cost.... \$ 915,613.16

LESS:

Reserve for depreciation	465,901.28	
		449,711.88

DEFERRED CHARGES 7,232.19

\$1,270,420.26

LIABILITIES

CURRENT LIABILITIES

Trade and sundry creditors	\$	43,728.32
Taxes		35,640.17
		\$ 79,368.49

DEFERRED CREDIT — Refundable portion of excess profits tax 2,807.77

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, 1944 — Statement II. 116,916.63

1,188,244.00

A. G. SAMPSON, *Director.*

C. H. EASSON, *Director.*

\$1,270,420.26

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, 1944, 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, 1944, according to the best of our information and the explanation given to us and as shown by the books of the companies.

DELOITTE, PLENDER, HASKINS & SELLS,

Auditors.

24 King Street West, Toronto,
May 23, 1944.

CHATEAU-GAI WINES LIMITED

TO THE SHAREHOLDERS:—

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

The financial position of your Company shows considerable improvement over last year. The Bank loan of \$99,500.00 has been paid off during the year. The liquid assets of the Company are on a ratio of 10 to 1 against current liabilities, as compared with 5 to 1 for the previous year.

Net profit before Income and Excess Profits Taxes for the year amounted to \$76,759.29, as compared with \$67,457.03 last year; or an increase for the year amounting to \$9,302.26. This is the first full year your Company has operated under the Government curtailing order, and, as a result, the sales have decreased over the previous year. Notwithstanding the decrease in sales, we were able to increase our earnings through economies effected in operating costs.

To appreciate the burden of taxation which your Company has to bear, it is necessary to note that \$334,000.00 has been paid in taxes during the fiscal year. This total is made up of Excise Tax, Sales Tax, Excess Profits Tax, Dominion Income Tax, and Provincial Retail Store Tax. Although this Company, along with other producers, is definitely allied with the Grape Growers and indeed absorbs the greater part of their crop, the industry is classed as non-essential and its difficulties in obtaining labor and supplies are increasing. The labor outlook necessary for the Fall crush is causing your Management great concern at this time.

The absence of imported wines in the domestic market has given the public a better opportunity to appraise and appreciate Canadian wines. Your Company continues to maintain a large stock and variety of well-aged wines in its cellars. We therefore look to the future with considerable optimism as to our ability to maintain and improve our position in the post-war days.

Your Directors have decided to declare a dividend of twenty-five cents per share payable to shareholders of record June 6th, 1944, payable June 12th, 1944.

Notwithstanding the large number of our employees who have joined the various military services, our depleted staff have continued to render loyal service to the Company, and your Directors wish to thank them for the efficient manner in which they have discharged their duties.

Submitted on behalf of the Board of Directors.

A. G. SAMPSON,
President.

330 Bay Street,
Toronto, Ontario.
May 31st, 1944.