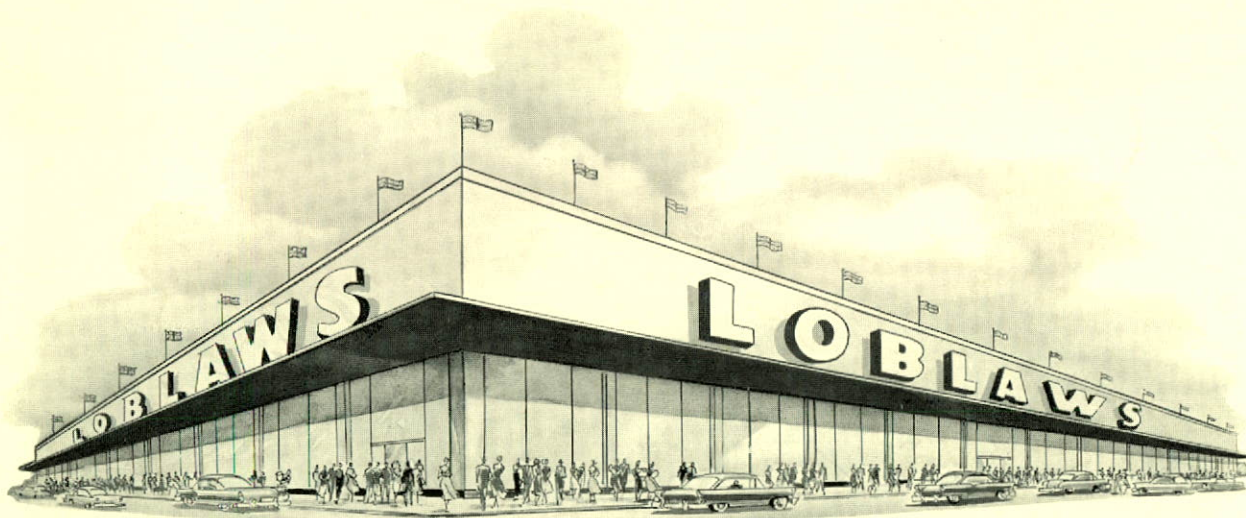


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*Annual Report*  
**LOBLAW GROCETERIAS CO., LIMITED**  
**FOR THE FISCAL YEAR ENDED JUNE 2, 1962**

*board of directors*

JUSTIN M. CORK

WM. E. CORK

G. E. HUFFMAN

R. G. MEECH, Q.C.

G. C. METCALF

G. D. McLEOD, F.C.A.

K. B. PALMER, Q.C.

*executive officers*

JUSTIN M. CORK

*Chairman of the Board*

GEORGE C. METCALF

*President*

R. G. MEECH, Q.C.

*Vice-President, Secretary and Treasurer*

G. E. HUFFMAN

*Vice-President and General Manager*

## *President's Report to Shareholders*

### *Outstanding Results*

- The Loblaw story for 1962 is the greatest in its 43 year history.
- A year of new records . . . new achievements.
- Earnings were at an all-time high.
- Sales exceeded all previous volume levels.
- Growth and development programs were successfully completed.

Your Company's impressive record of operating performance . . . its sound pattern of diversified operations . . . its continuing record of progress . . . have strengthened and advanced its position of dominant leadership . . . in the World's biggest industry . . . food.

The success with which we have met the challenges of the

past . . . creates the confidence and enthusiasm . . . to plan and achieve even higher objectives in the future.

### *Record Sales and Earnings*

Net income for the year was \$11,085,290 . . . an increase of \$377,000 or more than 3½% over the record earnings of \$10,708,309 reported for the year 1961.

After payment of dividends on the series 'A' and Series 'B' First Preference shares net earnings for the year . . . applicable to the combined outstanding Second Preference and Common shares . . . were equivalent to \$10.07 per share . . . compares with \$9.67 per share in 1961.

Canadian retail sales continued to maintain a strong, consistent upward growth trend . . . and for the fiscal period under review . . . increased substantially to \$497,916,545 . . .



## L I M I T E D      a n d      s u b s i d i a r y      c o m p a n i e s

the highest ever reported . . . and 5.7% above the previous record of \$471,031,934 in 1961.

Net profit on Canadian retail operations equalled 1.98% of sales.

### *Outlook*

With a continuing growth . . . a continuing prosperity . . . a growing population . . . consumer purchasing power . . . we look forward to a future bright with promise.

Your Company continues to set the pace of leadership in a World of change . . . changing times . . . changing trends. We have maintained our pre-eminent position in the vital food business.

We have complete faith in the future. We have faith in the positive potential of the great food industry.

We face the stimulating challenges of the days ahead with driving enthusiasm . . . fully confident that imaginative planning . . . resolute leadership . . . energetic effort . . . will carry your Company to newer heights of achievement in the years to come.

### *Appreciation*

The notable performance of 1962 . . . was the result of an unbeatable combination . . . of the enthusiastic efforts of Management and Employees . . . the loyal support of customers and suppliers . . . and the continuing confidence of shareholders and friends.

For their contribution to our success we extend our most sincere appreciation.

Sincerely

  
President

September 18th, 1962

# L O B L A W      G R O C E T E R I A S      C O . ,

*Incorporated under the laws of Ontario*

*consolidated balance*

## assets

### CURRENT ASSETS

Cash	19,967,834	
Marketable securities, at cost (approximately market value)	1,426,700	
Accounts receivable, less allowance for doubtful accounts	13,508,207	
Properties held for sale under lease-back arrangements, at cost	1,559,340	
Merchandise inventories at the lower of cost or market	70,940,644	
Prepaid expenses	6,220,827	
Due from employees re pension fund	615,277	114,238,829

### INVESTMENTS, AT COST

National Tea Co. (see note 2)	69,220,777	
Other (approximately market value)	848,000	70,068,777

### FIXED ASSETS, AT COST:

Land, buildings and equipment	124,679,101	
Less Accumulated depreciation	55,106,928	69,572,173

### OTHER ASSETS

Preference shares, Loblaw Leased Properties Limited, at cost	10,767,500	
Preference shares, Creland Equipment Lessors Limited, etc., at cost	1,747,383	
Deferred charges to operations	1,164,508	
Mortgages receivable	2,413,672	
Deferred accounts receivable, less allowance for doubtful accounts	1,289,781	
Goodwill	1	17,382,845
		<u>\$271,262,624</u>

## auditor's report

To the Shareholders of LOBLAW GROCETERIAS CO., LIMITED:

We have examined the consolidated balance sheet of Loblaw Groceterias Co., Limited and its subsidiary companies as at June 2, 1962 and the consolidated statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied upon the reports of auditors of certain subsidiaries whose accounts have not been reviewed by us.

In our opinion the accompanying consolidated balance sheet and related consolidated statements of income and retained earnings, supplemented by the notes thereto, present fairly the combined financial position of Loblaw Groceterias Co., Limited and its subsidiary companies as at June 2, 1962 and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
September 18, 1962

THORNE, MULHOLLAND, HOWSON & MCPHERSON  
*Chartered Accountants*

# L I M I T E D      a n d      s u b s i d i a r y      c o m p a n i e s

sheet June 2, 1962

## liabilities

### CURRENT LIABILITIES:

Bank loans and overdrafts	- - - - -	\$ 9,246,057	
Notes payable	- - - - -	10,825,716	
Accounts payable and accrued liabilities	- - - - -	53,425,232	
Dividends payable	- - - - -	159,877	
Income taxes payable	- - - - -	4,386,064	
Long term debt due within one year	- - - - -	<u>3,162,500</u>	81,205,446

ADVANCE FROM LOBLAW COMPANIES LIMITED - - - - - 1,375,000

MORTGAGES PAYABLE - - - - - 1,501,906

LONG TERM DEBT (see note 4) - - - - - 60,556,294

REAL ESTATE CARRYING CHARGE RESERVE (see note 7) - - - - - 5,561,131

DEFERRED TAXES ON INCOME - - - - - 1,815,604

### MINORITY INTERESTS:

Preferred and Common shares and proportion of surplus of subsidiaries - - - - - 24,448,527

### SHAREHOLDERS' EQUITY:

Capital stock (see note 8)

#### Authorized:

1,469,618 First Preference shares, par value \$30.00 each, issuable in series (of which 6,179 shares were purchased and cancelled during year)  
577,515 Second Preference shares (redeemable) without par value  
600,000 Common shares without par value

#### Issued:

631,854 \$1.50 Cumulative Redeemable First Preference shares, Series A	- - - - -	18,955,620	
331,585 \$1.60 Cumulative Redeemable First Preference shares, Series B	- - - - -	9,947,550	
445,056 Second Preference shares }			
508,300 Common shares }	- - - - -	7,179,422	
Retained earnings	- - - - -	56,979,224	
Contributed surplus	- - - - -	<u>1,736,900</u>	94,798,716
			<u>\$271,262,624</u>

The accompanying notes are an integral part of this statement.

Approved on behalf of the Board.

G. C. METCALF, Director

R. G. MEECH, Director



# **LOBLAW GROCETERIAS CO., LIMITED and subsidiary companies**

## *consolidated statement of income* YEAR ENDED JUNE 2, 1962

Income from all operations before taking into consideration the undernoted items and after the application against rental expense of applicable portion of the real estate carrying charge reserve - - - - -		\$ 28,790,676
<i>Add:</i>		
Dividends from National Tea Co. and other investment income - - - - -	\$ 2,665,203	
Income from sale of investments and capital assets of U.S. subsidiary - - - - -	1,447,680	4,112,883
<i>Deduct:</i>		32,903,559
Allowance for depreciation - - - - -	7,000,097	
Interest on sinking fund bonds, debentures and other long term debt - - - - -	3,112,805	
Other interest - - - - -	1,866,173	11,979,075
Income before taxes thereon - - - - -		20,924,484
Taxes on income - - - - -		7,686,530
<i>Deduct:</i>		13,237,954
Minority interest in income - - - - -		2,152,664
NET INCOME FOR YEAR - - - - -		<u>\$ 11,085,290</u>

## *consolidated statement of retained earnings* YEAR ENDED JUNE 2, 1962

Retained earnings at beginning of year - - - - -		\$ 50,257,359
Net income for year - - - - -		11,085,290
<i>Deduct:</i>		61,342,649
Dividends, First Preference shares, Series A - - - - -	\$ 949,772	
Dividends, First Preference shares, Series B - - - - -	530,536	
Dividends, Second Preference shares - - - - -	1,148,244	
Dividends, Common shares - - - - -	1,311,414	
Expenses re sale of Series F debentures - - - - -	376,389	
Consolidated goodwill written off - - - - -	47,070	4,363,425
RETAINED EARNINGS AT END OF YEAR - - - - -		<u>\$ 56,979,224</u>

# LOBLAW GROCETERIAS CO., LIMITED and subsidiary companies

notes to consolidated financial statement YEAR ENDED JUNE 2, 1962

1. The accounts of Loblaw Inc., a U.S. corporation, are reflected at par of exchange.

2. During the year Loblaw Inc. acquired contractual rights to 1,362,963 shares of National Tea Co. capital stock as a result of transactions related to the sale of the operating assets of certain of its divisions (which the company continued to manage and operate under agreement). The quoted market value of these shares, together with those held by Loblaw Groceterias Co., Limited amounted to \$68,696,000.

3. The taxes on income, as shown in the consolidated statement of income, are after a reduction of approximately \$757,000 because of the intention of the company and certain subsidiary companies to claim for tax purposes depreciation to the extent of approximately \$1,400,000 in excess of the amount provided for the year in the accounts. The net accumulated amount to date by which taxes otherwise payable have been so reduced is approximately \$4,105,000.

4. Long term debt:

Notes payable:

Due 1962 to 1964	- - - - -	\$ 1,950,000
Due 1965 to 1968	- - - - -	2,000,000
Due 1969 to 1977	- - - - -	5,400,000
Due 1978	- - - - -	1,000,000
		<u>\$10,350,000</u>

Less Due within one year included in current liabilities	- - - - -	525,000	9,825,000
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Mortgages payable:

Payable in quarterly instalments of \$20,000 each	880,000
Payable in quarterly instalments of \$15,625 each	1,015,625
Payable in quarterly instalments of \$25,000 each	1,675,000
	<u>\$ 3,570,625</u>

Less Due within one year included in current liabilities	- - - - -	242,500	3,328,125
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4 $\frac{3}{4}$ % Twenty-year sinking fund debentures maturing March 1, 1973 and March 1, 1974 less \$490,000 due March 1, 1963 included in current liabilities		9,500,000
Carried forward	- - - - -	<u>\$22,653,125</u>

Brought forward	- - - - -	\$22,653,125
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4% Debentures, Series C:

Serial debentures maturing October 15, 1962 to 1965 less \$400,000 due October 15, 1962 included in current liabilities	- - - - -	\$ 1,200,000
Sinking fund debentures maturing October 15, 1975 less \$80,000 due October 15, 1962 included in current liabilities	- - - - -	<u>7,440,000</u>
		8,640,000

4 $\frac{3}{4}$ % Sinking fund debentures, Series D (convertible into Class A shares of Loblaw Companies Limited) maturing October 1, 1976 less \$360,000 due October 1, 1962 included in current liabilities

9,840,000

6% Sinking fund debentures, Series E (carrying warrants to purchase Class A shares of Loblaw Companies Limited) maturing September 1, 1977 less \$320,000 due September 1, 1962 included in current liabilities

6,400,000

5 $\frac{3}{4}$ % Sinking fund debentures, Series F maturing November 1, 1981 less \$400,000 included in current liabilities

9,600,000

6% Sinking fund debentures of a subsidiary company (carrying warrants to purchase shares of the subsidiary company) maturing November 1, 1977 less \$100,000 due November 1, 1962 included in current liabilities

2,500,000

Other bonds and debentures of subsidiary companies less instalments of \$245,000 due within one year included in current liabilities

923,169

\$60,556,294

5. There are contracts outstanding for the further expansion of the retail facilities of the company and its subsidiaries, the total amount of which, although substantial, cannot be accurately determined at this time.

6. The aggregate minimum rentals (exclusive of taxes, insurance and other occupancy charges to be paid by the company and its subsidiaries) under long term leases (extending beyond five years from the balance sheet date) in effect at June 2, 1962 for each of the periods shown are as follows:

1963-1967	\$48,804,429	1978-1982	\$ 22,843,944
1968-1972	44,073,288	1983-1987	13,190,839
1973-1977	32,956,322	After 1987	3,401,721
Total minimum rent liability			<u>\$165,270,543</u>



During the year certain assets were sold for an aggregate consideration of \$900,000 and long term leases were entered into with respect to the same assets.

7. The real estate carrying charge reserve originates from the excess of sale price over depreciated cost of certain properties sold and is being amortized over the periods of long term leases entered into by the companies on the respective properties. Amortization charges during the year amounted to \$576,389.
8. During the year the company purchased for cancellation 6,179 \$1.50 First Preference shares at a cost of \$200,082. The premium of \$14,712 on these purchases has been charged to contributed surplus.

The \$1.50 Cumulative Redeemable First Preference shares, Series A, carry a cumulative preferential dividend of \$1.50 per share, have a priority on winding up of \$33.50 per share, together with all unpaid preferential dividends, may be purchased for cancellation at market but not exceeding \$35.00 and cost of purchase and all unpaid preferential dividends and are redeemable at \$35.00 per share, together with all unpaid preferential dividends. The company is obligated to apply to the retirement of the \$1.50 Cumulative Redeemable First Preference shares, Series A, an amount not exceeding \$200,000 in each fiscal year of the company, provided that such shares are available for purchase at a price not exceeding \$33.50 per share.

The \$1.60 Cumulative Redeemable First Preference shares, Series B, carry a cumulative preferential dividend of \$1.60 per share, have a priority on winding up of \$30.00 per share, together with all unpaid preferential dividends, may be purchased for cancellation at market but not exceeding \$31.50 and costs of purchase and all unpaid preferential dividends and are redeemable at \$31.50 per share, together with all unpaid preferential dividends. The company is obligated to apply to the retirement of the \$1.60 Cumulative Redeemable First Preference shares, Series B, an amount not exceeding \$100,000 in each fiscal year of the company, provided that such shares are available for purchase at a price not exceeding \$30.00 per share.

The Second Preference shares carry a cumulative preferential dividend of 50¢ per share and participate equally with the Common shares after payment of 50¢ per share annually on the latter. The Second Preference shares have a priority on winding up of \$15.00 per share and may be purchased for cancellation at market but not exceeding \$50.00 per share and are redeemable at \$50.00 per share.

9. The trust indenture and indentures supplemental thereto, under which the debentures of the company and subsidiary companies were issued, contain restrictions on the payment of cash dividends and the redemption, reduction or purchase of capital stock.