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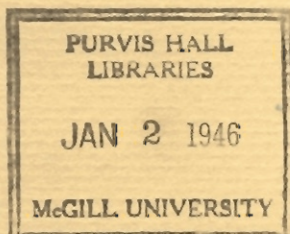
Canadian Food Products

L i m i t e d



SIXTEENTH ANNUAL REPORT

Year ended October 31st
1944



CANADIAN FOOD PRODUCTS LIMITED

REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

Your Directors present herewith a statement of the affairs and of the financial position of your Company for the fiscal year ended October 31st, 1944.

During the year substantially all of the outstanding share capital of Picardy Limited was acquired and the accounts of that Company and its subsidiary Picardy Candy (Alberta) Limited have been consolidated with the accounts of the parent company and its other subsidiaries.

HONEY DEW DIVISION

Sales in the 36 shops and restaurants showed a small increase notwithstanding continued shortages of staff. Two new shops were opened during the year at Niagara Falls, Ontario, both of which justified expectations.

INDUSTRIAL FOOD SERVICES DIVISION

This subsidiary which is engaged principally in the supplying of food and refreshments to workers in industrial plants maintained its volume of business. Whereas there was reduced employment in many of the munitions plants served, the loss of business so occasioned was made up for by new contracts with other industries. It is the aim of the management to replace the loss of volume as it occurs in plants making war materials to the fullest possible extent by new contracts with firms producing civilian goods. This catering service has always been and is being provided to munitions plants at very close to cost with the result that the operating profits of this company represent a small part of the combined profits of Canadian Food Products Limited and its subsidiaries.

WOMAN'S BAKERY DIVISION

The sales and profits of this subsidiary which operates a bakery and sixteen retail shops in the City of Toronto were satisfactory. Wartime restrictions on new construction and the shortage of supplies have again postponed the expansion of this business.

MUIRHEADS CAFETERIAS LIMITED

The operations of this subsidiary in its three cafeterias and two large industrial plants in the Toronto area were well maintained and resulted in an increased profit.

PICARDY LIMITED

This new subsidiary which operates a large central candy and bakery plant and eight shops in the City of Winnipeg has experienced increased sales and profits since it was acquired by your Company.

Cash offers have now been made to the minority shareholders of Picardy Candy (Alberta) Limited and to the other shareholders of Picardy Candy (Saskatchewan) Limited, with the

result that as of this date (January 12th) more than 75% of all classes of stock of these companies is now owned by Picardy Limited. Picardy Candy (Alberta) Limited and Picardy Candy (Saskatchewan) Limited operate shops in the cities of Calgary, Edmonton, Regina and Saskatoon.

It is the intention of your Directors to establish a central candy factory and bakery and a chain of Picardy Shops in British Columbia as soon as conditions permit.

BALANCE SHEET

During the year an additional \$550,000 of 5% Convertible Serial Debentures were sold. After the redemption of \$50,000 of debentures there remained \$700,000 outstanding at the end of the fiscal year.

The proceeds from the sale of the debentures were for the most part used to acquire capital assets, all of which have contributed to the profits of the Company.

Net working capital stood at \$511,249.14 at the end of the year with a ratio of current assets to current liabilities of 2 to 1.

CONSOLIDATED PROFITS

The net profits for the year amounted to \$246,634.45 in comparison with \$183,091.01 in the previous year. The following summary shows the comparative results for the past two fiscal years:

	1944	1943
Operating Profits.....	\$808,223.13	\$569,711.59
<i>Deduct:</i>		
Depreciation.....	\$138,887.99	\$110,664.78
Interest on Debentures.....	17,421.24	2,485.00
	<u>156,309.23</u>	<u>113,149.78</u>
Profits before taxes.....	\$651,913.90	\$456,561.81
Provision for Income and Excess Profits Taxes.....	427,515.90	302,134.28
	<u>\$224,398.00</u>	<u>\$154,427.53</u>
<i>Add:</i>		
Refundable Portion of Excess Profits Taxes—estimated.....	56,900.33	39,447.65
	<u>\$281,298.33</u>	<u>\$193,875.18</u>
Minority Interests.....	34,663.88	10,784.17
Net Profits.....	<u>\$246,634.45</u>	<u>\$183,091.01</u>

Part of the increase in operating profits is due to the introduction of Picardy Limited and its subsidiary into the consolidation this year for the first time; the balance is the result of substantially improved operating profits of the parent company and its other subsidiaries. It is of interest to note the extent to which income and excess profits taxes affect the final results in each of the years. The refundable portion of the excess profits taxes for the 1944 fiscal year amounts to \$56,900.33 and the balance sheet reflects an accumulated amount of \$115,237.21 in respect of this feature.

EXCESS PROFITS TAX PROVISION

The Standard Profits of your Company and certain of its subsidiaries will not be finally determined until applications now before the Board of Referees have been heard and dealt with. Notwithstanding the fact that it has been the Company's practice to provide for taxation on a basis which it has considered to be adequate and one that should be sustained when the Standard Profits of all companies are finally settled, nevertheless an additional \$50,000 applicable to prior and current periods was added to the reserve for taxes at the time of the public sale of debentures.

DIVIDENDS

Four quarterly dividends aggregating \$65,774.72 were paid during the year. These dividends are currently at the yearly rate of \$2.50 per share which represents an increase of 50c. per share per annum over the rate prevailing during the first six months of the fiscal year.

Your directors wish to record their appreciation of the loyal and efficient services rendered by the Executive Vice-President and other officers during the period under review and also to commend to the shareholders the more than 3,600 employees of the Company and its subsidiaries who once more carried the burden of a greater demand for our goods and services than we could provide.

Your Directors look forward to the future with confidence.

Submitted on behalf of the Board.

E. P. TAYLOR,
President.

January 12th, 1945.

CANADIAN FOOD PRODUCTS LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended October 31, 1944

Including the results of operations for the parent and three subsidiaries
for the full year and for the other two subsidiaries for ten months.

Profit from Operations before providing for the undermentioned items.....		\$808,223.13
Provision for Depreciation and Amortization.....		138,887.99
		669,335.14
Interest on Debentures.....		17,421.24
		651,913.90
Provision for Income and Excess Profits Taxes.....	\$427,515.90	
<i>Less</i> Refundable Portion of Excess Profits Tax.....	56,900.33	370,615.57
		281,298.33
DEDUCT:		
Profits earned by subsidiaries prior to acquisition.....	\$ 22,474.36	
Profits earned by subsidiaries accruing to minority interests.....	12,189.52	34,663.88
		\$246,634.45
NET PROFIT FOR YEAR		\$246,634.45

CONSOLIDATED EARNED SURPLUS ACCOUNT
For the year ended October 31, 1944

Earned Surplus, November 2, 1943.....		\$436,144.20
<i>Add</i> Net Profit for year.....		246,634.45
		682,778.65
DEDUCT:		
Appropriation for Possible Additional Taxes on Income.....	\$ 50,000.00	
Dividends paid.....	65,774.72	115,774.72
		\$567,003.93
CONSOLIDATED EARNED SURPLUS, OCTOBER 31, 1944		\$567,003.93

CANADIAN FOOD PRODUCTS
LIMITED

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Board of Directors

E. W. BICKLE	Toronto
J. A. GAIRDNER	Toronto
D. H. GIBSON	Toronto
WALTER G. LUMBERS	Toronto
D. WORTS SMART	Toronto
E. P. TAYLOR	Toronto
HOWARD L. WALKER	Toronto

Officers

President	E. P. TAYLOR
Vice-President	WALTER G. LUMBERS
Executive Vice-President	HOWARD L. WALKER
Secretary	R. G. McMULLEN
Treasurer	H. L. SLATER, C.A.

Bankers

THE BANK OF NOVA SCOTIA

Transfer Agent and Registrar

THE TRUSTS AND GUARANTEE COMPANY LIMITED
TORONTO

Trustee for Debenture Holders

NATIONAL TRUST COMPANY, LIMITED
TORONTO

Auditors

THORNE, MULHOLLAND, HOWSON & MCPHERSON

